

1 Q. Footnote 2 of the Application states that pending approval of the terms of the new Capacity
2 Assistance Agreement Corner Brook Pulp and Paper has agreed to provide capacity assistance to
3 Hydro under the terms approved in Order No. P.U. 4(2021). If the application is not approved,
4 will Hydro continue to have access to 105MW of capacity at a fixed cost of \$2.9 million plus the
5 variable costs for the winter of 2023/2024?

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8 A. Newfoundland and Labrador Hydro (“Hydro”) requested that Corner Brook Pulp and Paper
9 Limited (“CBPP”) continue to provide the interim capacity assistance, pending the Board of
10 Commissioners of Public Utilities’ (“Board”) decision on this application, under the terms
11 approved in Board Order No. P.U. 4(2021).¹ However, CBPP advised that after
12 November 30, 2023 they were no longer in a position to provide capacity assistance at the terms
13 previously approved in Board Order No. P.U. 4(2021).

14 During the interim period while the application is being considered, CBPP has agreed to provide
15 capacity assistance to Hydro based on the terms proposed in this application, allowing Hydro to
16 continue to have capacity assistance in place after November 30, 2023.

17 The incremental cost to Hydro for one month of capacity assistance at the proposed rate versus
18 the rate from the agreement approved in Board Order No. P.U. 4(2021) is \$172,500, calculated
19 as follows:

Proposed Rate in this Application:	\$6.66 per kW per Month x 90 MW = \$600,000
Rate Approved in Board Order No. P.U. 4(2021):	\$4.75 per kW per Month x 90 MW = \$427,500
Incremental Cost to Hydro:	\$172,500

20 If there is one call during the month, there would have been an additional cost of \$140,400
21 under the previous contract rate due to the variable fee, i.e., (variable fee of \$0.26 per kW per
22 hour when used) – (a single call at 90 MW for 6 hours) = \$140,400. There would be no additional

¹*Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 4(2021), Board of Commissioners of Public Utilities, January 26, 2021.

1 cost under the proposed capacity assistance agreement, reducing the incremental cost to
2 \$32,100.

3 If this application is not approved, CBPP has indicated that they will no longer provide available
4 capacity assistance at the rates approved in Board Order No. P.U. 4(2021) for the 2023–2024
5 winter period.