

Seal Cove Hydro Plant Runner Replacement (Other), p. 10 of 96, \$540,000

Q. In the report under Tab 1.5 Seal Cove Hydro Plant G1 Runner Replacement, Appendix A, page A-2, NP mentions “a water power rental rate of \$0.80 per MWh”. Please provide a history of this charge, how it applies to NP’s hydro facilities, and the relevant legislation relating to the charge.

A. Newfoundland Power is required under the Water Resources Act to obtain a Water Use License for each hydroelectric development that the Company owns and operates. A Water Use License is required for water use and allocation and granting of water rights for water power generation within the Province. The duration of a Water Use License is typically 50 years. Once the License is expired for any hydroelectric development the Company will file an application with the Department of Environment to renew the License for that particular development.

There are two separate costs that are associated with a Water Use License:

- 1) Application Fee for a Water Use License; and
- 2) Annual rent for the Water Use License.

The Application Fee for a Water Use License under the Water Resources Act is a onetime fee that is paid when the application for the Water Use License is submitted to the Department of Environment. This fee is dependent upon the capacity of the hydroelectric development.¹

In addition to the application fee for the Water Use License, the Company is also required each year to pay a water power rental rate of \$0.80 per MWh of power that the Company generates. This rate is set out in Paragraph 4.1 of the Newfoundland and Labrador Regulation 64/03, the *Water Power Rental Regulations 2003* under the *Water Resources Act*.

¹ The application fee for Water Use License associated with water power generation is included as Attachment A.

Application Fee for Water Use License

SCHEDULE 1 - APPLICATION FEES FOR WATER USE LICENCE

In accordance with Section 21 of the *Executive Council Act*, the following fees must be paid upon filing an application for a Water Use Licence under the *Water Resources Act*, SNL 2002 cW-4-01.

MUNICIPAL PURPOSE

Municipality with population up to 500 persons	\$100
More than 500 up to 1,000 persons	\$150
More than 1,000 up to 5,000 persons	\$250
More than 5,000 persons	\$500

AGRICULTURAL, COMMERCIAL AND INDUSTRIAL PURPOSES

Agricultural	\$100
Marine Aquaculture	\$100
Commercial (Except water bottling and other finished water based products)	\$100
Industrial	\$500
Cooling, washing dust or sand or gravel, and asphalt plants	\$200
Other temporary withdrawals (i.e. portable pumps)	\$100
Water removal from surface, groundwater resources or icebergs for water bottling and other finished water based products	\$1,000

WATER POWER GENERATION PURPOSE

Plants with capacity up to 5 MW	\$2,000
More than 5 up to 10 MW	\$5,000
More than 10 MW	\$10,000

REQUEST FOR AMENDMENT

Request for Amendment of a Water Use Licence	\$50
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IMPORTANT:

Please make your cheque or money order payable to the **Newfoundland Exchequer Account** or attach a cashier's receipt for the correct amount. **HST must be added.** The application cannot be evaluated and assessed until payment in full has been received.

FOR DEPARTMENTAL USE ONLY

Account# 1225-500-4150-2800 (Water Rights)

Payment Enclosed: \$ _____ Verified by: _____ Date: _____ Receipt#: _____

NON-REFUNDABLE APPLICATION FEES FOR EACH PURPOSE ARE DUE UPON FILING AN APPLICATION