

March 21, 2017

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro – Application by Newfoundland and Labrador Hydro pursuant to sections 70 and 71 of the Act for approval of a Net Metering Program – Response Consumer Advocate's Request for Joint Hearing

Further to the Board's correspondence dated March 17, 2017, the following is Newfoundland and Labrador Hydro's (Hydro) response to the Consumer Advocate's request that the Board reconsider its decision that a public hearing into Hydro's and Newfoundland Power Inc.'s (Newfoundland Power) applications for a Net Metering Program is not required.

Procedural Background

On February 24, 2017, the Consumer Advocate filed correspondence with the Board requesting a joint public hearing on the net metering applications filed by Hydro and Newfoundland Power.

On March 2, 2017, both Hydro and Newfoundland Power responded to the Consumer Advocate's request. Both utilities submitted that a public hearing was not necessary as the process established by the Board was sufficient to ensure that the public could participate in the process and to ensure that adequate information was provided to the Board to permit the Board to make an informed decision on the matter.

On March 10, 2017, the Consumer Advocate responded to the utilities' submissions. In its correspondence, the Consumer Advocate stated that it was not satisfied to leave the marketing of net metering in the hands of the utilities. The Consumer Advocate also suggested that net metering could assist with supply.

The Board's Decision

On March 15, 2017, the Board advised the Consumer Advocate that it had considered the Consumer Advocate's request for a joint public hearing. In denying the Consumer Advocate's request, the Board stated that public hearings are scheduled where it is necessary and appropriate, based on the circumstances of the particular hearing, with a view to effective and efficient management of the regulatory calendar. The Board indicated that it was satisfied that a final determination on the utilities' net metering applications can be made on the basis of the

written record and that it does not believe that a public hearing is the most efficient or effective means of communicating information about net metering to customers as this responsibility lays with the utilities.

The Consumer Advocate's Request

On March 17, 2017, the Consumer Advocate responded to the Board's decision indicating that he was not satisfied with the Board's refusal to hold a public hearing. The Consumer Advocate has asked the Board to reconsider its decision based on the fact that a hearing will demonstrate that: i) the 5MW limit is insufficient; ii) an effective net metering program would target specific areas for participation; iii) net metering will be more of a necessity for rate payers in the post Muskrat Falls era; and iv) net metering, if left in the hands of the utilities, will meet the same fate as time of use rates.

Hydro's Reply

Hydro's position that a public hearing is not necessary remains unchanged, mainly for the reasons outlined in its response of March 2, 2017. With respect to the Consumer Advocate's correspondence of March 17, 2017, Hydro makes the following further submissions, as outlined below.

With respect to the Consumer Advocate's specific request that the Board reconsider its decision, Hydro submits that the Consumer Advocate has not suggested or provided evidence that the Board's decision contains any errors in fact or law and, therefore, is incorrect. Further, the Consumer Advocate has not raised any new concerns or provided any new information from that which was previously submitted to the Board. In the absence of an error or new evidence, Hydro submits that there is no basis for the Board to alter or amend its decision.

The Consumer Advocate submits that the provincial subscription limit of 5 MW is insufficient. The 5 MW limitation is imposed by legislation pursuant to the *Net Metering Exemption Order*, issued by the government under the *Electrical Power Control Act, 1994*. While Hydro can appreciate that the Consumer Advocate has a position on this amount, it is an amount set by legislation and one that cannot be varied by the Board. As set out in Hydro's application, if the provincial subscription level is achieved, Hydro recommends that a comprehensive review of the program be undertaken to determine if the net metering program should be expanded.

The Consumer Advocate has also suggested that net metering could assist with supply in the post Muskrat Falls era. With respect to the Consumer Advocate, while the solar and wind projects that will typically be part of the net metering program will supply energy and capacity to the system, they will not supply not *firm capacity*.¹ Solar and wind cannot be guaranteed to be

¹ **Energy** - The amount of electricity produced over a period of time, typically measured in watt hours, kilowatt hours, or megawatt hours, that the utility supplies or a customer uses over a period of time. The energy supplied to electricity consumers is usually recorded as kilowatt hours, megawatt hours (1000 kWhs), gigawatt hours (1000 MWhs), or terawatt hours (1000 GWhs).

Capacity - The maximum output of electricity a generating unit is providing at one point in time, typically measured in watts, kilowatts, and megawatts.

Firm Capacity - Firm capacity is the amount of energy available for production or transmission which can be (and in many cases must be) guaranteed to be available at a given time.

producing electricity when the system requires it, such as at the system peak.² For example, in the winter months, Hydro typically experiences its peak demand at times when it is still dark outside. As such, it is anticipated that solar will not be available to the system during those times. For this reason, Hydro does not consider this type of non-firm energy to be part of Hydro's capacity that is available to the system on peak.³

In contrast, the Hydro's capacity assistance agreements guarantee access to firm capacity. As well, the small hydro generating projects referenced by the Consumer Advocate, such as Mobile, Petty Harbour, and Rose Blanche, can store water and be turned on when required, providing firm capacity, and therefore are not comparable to solar and wind. The Consumer Advocate is suggesting that Hydro rely upon *non-firm energy supply* that may not be available when it is needed by Hydro to supply its customers, which Hydro submits is not good utility practice.

Hydro further submits that the Consumer Advocate's comments regarding the ability of the utilities to provide information to customers are unfounded and would highlight the success of the utilities joint takeCharge program.

Conclusion

Hydro's position that a hearing is unnecessary remains unchanged for the reasons set out in its correspondence of March 2, 2017 and as further detailed above.

Once approved by the Board, Hydro looks forward to implementing and promoting its Net Metering Program such that interested customers can avail of the program.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Tracey L. Pennell
Senior Counsel, Regulatory

TLP/bs

cc: Gerard Hayes – Newfoundland Power

Dennis Browne, Q.C. – Consumer Advocate

² In Hydro's 2013 Amended General Rate Application, the parties agreed, in the Supplemental Settlement Agreement, that for cost of service methodology purposes, that Hydro's wind purchases (54 MW) would be treated as 100% energy related.

³ Further, on February 9, 2017, demand on Hydro's system reached a new record peak of 1,708 MW at 7:10 a.m. While both the St. Lawrence and Fermeuse wind farms were online at this time, neither were producing energy due to lack of wind and therefore were unavailable to assist with the system peak.