

1 Q. What was the basis on which Hydro determined that it had the right to discriminate against
2 other applicants for firm power in favour of IOC and Tacora? Did it apply to the PUB for such
3 approval? If not, why not? If it did apply, did it disclose that it had other applicants for such
4 power, including Blocklab, which was a current customer of NL Hydro?

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7 A. Currently, Newfoundland and Labrador Hydro (“Hydro”) does not have available capacity on the
8 Labrador Interconnected System to meet the demand requested from prospective
9 cryptocurrency business. To provide service to all applicants requesting service, Hydro would
10 need to build generation; and, under existing regulatory policy, the costs of the additional
11 generation would need to be recovered from all customers on the Labrador Interconnected
12 System. This cost was expected to require an investment in the hundreds of millions of dollars
13 and would materially increase the electricity rates for all customers on the Labrador
14 Interconnected System. Order in Council OC2022-266, exempts Hydro from the legislative
15 obligation to supply firm electrical service to applicants from cryptocurrency industries. To avoid
16 material increases in the costs to supply customers on the Labrador Interconnected System and
17 to ensure customer rates remain stable, Hydro denied all applications for new firm service for
18 cryptocurrency operations. Cryptocurrency customers currently receiving firm energy have
19 continued to receive service; however, no additional firm load connections are being permitted
20 for these customers.

21 Due to the Order in Council, Hydro was not required to apply to the Board of Commissioners of
22 Public Utilities (“Board”) to deny the provision of firm service to cryptocurrency customers. With
23 respect to the service agreement with BlockLAB,¹ the Board approved the terms of the
24 Temporary Service Agreement with BlockLAB which was scheduled to expire on
25 December 31, 2022 (but has been extended while the non-firm rate regulatory process is
26 ongoing).²

¹ Blockchain Labrador Corporation (“BlockLAB”).

² *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 36(2022), Board of Commissioners of Public Utilities, December 16, 2022.