

1 Q. Re: Application for Exemption to Regulation 17 — Wabush Airport

2 Citation (pages 6-7 pdf):

3 9. Hydro has received a request for service from Transport Canada for an
4 exemption to the load restriction to allow for an increase to its electrical supply
5 for two purposes.³ The first is a request for an additional peak load of 550 kW
6 to upgrade the Airport Terminal Building's heating system. The second is for
7 additional peak load of 275 kW to construct a new Runway Sweeper Garage and
8 Sand & Urea shed. The total request is 825 kW. The request for an exemption is
9 attached as Schedule 1, and provides information with respect to the purposes
10 of the application. Revised information with respect to the estimated peak loads
11 are provided in Schedule 2 to this application.

12 a. Would any additions or modifications to the Labrador power system be required in order to
13 deliver an additional 825 kW to the Wabush Airport? If so, please describe them in detail,
14 with an indication of their costs.

15 b. If any such additions or modifications would be required, please provide an analysis of the
16 rate impacts of these investments for Labrador Interconnected customers, over the first 5
17 years following commissioning.

18 c. If no such additions or modifications would be required, is it correct to assume that the
19 exemption would have a negative rate impact, due to the additional sales? Please explain
20 your response in detail.

21 d. Does this new load have the effect of accelerating the need for new transmission
22 investment in Labrador West? If so, please explain why, and provide an updated schedule
23 of anticipated future transmission investments. If not, please explain why not.

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26 A. a. There are no additions or modifications required to the transmission system in order to
27 supply this load to Labrador West. It is possible that modifications to the distribution system
28 will be required in order to provide an additional 825 kW to the Wabush Airport. This

1 analysis will be conducted if the exemption application is approved as it would otherwise be
2 unnecessary.

3 As stated in Newfoundland and Labrador Hydro's ("Hydro") application, the additional load
4 in Wabush would increase the potential for requests for curtailment of the power supplied
5 to the existing industrial customers and customers with whom Hydro has contracts
6 permitting curtailment.¹

7 b. Further to response to part a, the modifications and costs associated with distribution
8 system modifications to provide an additional 825 kW to Wabush Airport will undergo the
9 required analysis if the exemption application is approved. It is anticipated that the capital
10 cost less any contribution requirements will not have a measureable rate impact for other
11 customers on the Labrador Interconnected System.

12 c. Increases in sales between test years on the Labrador Interconnected System is recorded as
13 additional revenue for Hydro. The impact of increased sales on customer rates will be
14 reflected when rates are set after the next general rate application proceeding. When the
15 increase in sales is reflected in the test year forecast then it is correct to assume that the
16 incremental impact of the increased sales from this request would contribute to lower costs
17 per kWh to provide service to Hydro Rural customers on the Labrador Interconnected
18 System. However, the impact on average customer rates resulting from incremental sales
19 associated with additional customer load of 825 kW is not material. To illustrate, the
20 average monthly demand was approximately 362,988 kW for the Labrador Interconnected
21 System in the 2019 Test Year forecast and the Wabush request reflects approximately 0.2%
22 of this load forecast.

23 d. The service to Transport Canada does not accelerate the need for new transmission
24 investment in Labrador West from its current status. Hydro's update to the Board of
25 Commissioners of Public Utilities on February 3, 2022, included as LAB-NLH-001, Attachment
26 2, provided the firm capacity requested and confirmed by region under the Network
27 Additions Policy process. The confirmed requests for Labrador West total 581 MW, which

¹"Application for Exemption to Regulation 17—Temporary Restriction for Load Additions in Labrador East and West and Approval of an Upstream Capacity Charge pursuant to the Network Additions Policy—Wabush Airport," Newfoundland and Labrador Hydro, April 4, 2022, p. 3, para. 12.

1 would necessitate transmission and generation investment. As noted in that
2 correspondence, Hydro is conducting further discussions with customers followed by system
3 impact studies to identify the transmission system upgrades required.

4 To serve the Transport Canada load during periods of when there are transfer capability
5 limitations in Labrador West, Hydro will curtail customers that have contracts permitting
6 curtailment.