

December 6, 2023

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Dear Ms. Galarneau:

Re: Application for Approval of the Terms of a Capacity Assistance Agreement between Newfoundland and Labrador Hydro and Corner Brook Pulp and Paper Limited – Newfoundland Power's Comments

On November 16, 2023, Newfoundland and Labrador Hydro ("Hydro") filed an application for approval of the terms of a Capacity Assistance Agreement ("CAA") between Hydro and Corner Brook Pulp and Paper Limited ("CBPP") (the "Application"). The previous CAA between the parties, which was approved by the Board in Order No. P.U. 4 (2021), expired on April 30, 2023. Hydro states that CBPP has advised that it will no longer provide capacity assistance at the terms in the previous CAA.¹ CBPP has agreed, effective December 1, 2023, to provide capacity assistance to Hydro based on the terms proposed in the Application.²

Hydro's *Winter Readiness Report* and *Near-Term Reliability Report* identify supply risks in relation to the 2023-2024 winter season. This elevated supply risk is expected to continue throughout the medium term, largely due to uncertainty regarding Labrador-Island Link and Holyrood Thermal Generating Station reliability. In Hydro's *Reliability and Resource Adequacy Study – 2022 Update*, Hydro estimates that it may need to build up to 480 MW of capacity by 2032.³ The analyses completed by Hydro in both its *Near-Term Reliability Report* and *Reliability and Resource Adequacy Study* assume 90 MW of CBPP's capacity assistance.⁴

In Newfoundland Power's view, the 90 MW in capacity assistance is required on the Island Interconnected System to mitigate both near-term and long-term risks to customer reliability. For this reason, the Company supports Hydro's Application. With respect to the terms of the CAA, Newfoundland Power observes that the terms were reached between two arm's-length parties and, more broadly, the cost for CBPP capacity assistance is lower than Hydro's forecast marginal cost of capacity over the 15-year term of the CAA.⁵

¹ See the response to Request for Information PUB-NLH-017.

² Ibid.

³ See the response to Request for Information PUB-NLH-008.

⁴ See the responses to Requests for Information PUB-NLH-008 and PUB-NLH-012.

⁵ See the response to Request for Information PUB-NLH-008.

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Yours truly,

A handwritten signature in blue ink that reads "Dominic Foley". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Dominic Foley
Legal Counsel

ec. Shirley Walsh
Newfoundland & Labrador Hydro

Paul Coxworthy
Stewart McKelvey

Shawn Kinsella
Teck Resources Limited

Dennis Browne, KC
Browne Fitzgerald Morgan & Avis

Sheryl Nisenbaum
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