

June 6, 2023

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

Attention: Cheryl Blundon  
Director of Corporate Services and Board Secretary

**Re: 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 – Labrador Camp Services**

Please find attached Newfoundland and Labrador Hydro's ("Hydro") application for approval of an exemption to Regulation 17, which temporarily limits load additions in Labrador East and West pursuant to Section 71 of the *Public Utilities Act*. The application further requests approval of an Upstream Capacity Charge related to the customer's application for service, pursuant to Section 8(ii) of the *Network Additions Policy – Labrador Interconnected System ("Network Additions Policy")*.<sup>1</sup>

Hydro received a request for service from Labrador Camp Services Ltd. ("Labrador Camp Services") for service to a number of double-unit trailers to act as housing for new and current staff of Tacora Resources Inc. ("Tacora"). The total estimated peak for each unit is 25 kW; however, with 39 units, the total estimated peak for the development is 975 kW. Further detail is provided in the attached application including the request for exemption at Schedule 2 to the application. Hydro believes that there are special circumstances surrounding the application for service for this project, namely that the service meets a defined need in the community, and that an exemption for service is warranted.

As per the *Network Additions Policy*, approved and effective as of April 1, 2021, a customer that makes an application for service from the Labrador Interconnected System for a demand request of less than 1,500 kW is responsible for paying an Upstream Capacity Charge (i.e., a contribution required from an applicant who is requesting an increase in access to Capacity on Common Assets). The Upstream Capacity Charge for the Labrador Camp Services request is calculated as shown in Schedule 3 to the application, showing an Upstream Capacity Charge of \$360,375.00. Labrador Camp Services' confirmation of their acceptance of this contribution is attached as Schedule 4 to the application.

Hydro notes that Labrador Camp Services has advised that their request for service is an urgent one, as Tacora requires the accommodations for September/October 2023 and construction must start as early as possible.

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<sup>1</sup> Newfoundland and Labrador Hydro (2020). *Network Additions Policy – Labrador Interconnected System*.  
<<https://nlhydro.com/wp-content/uploads/2021/03/Network-Additions-Policy.pdf>>

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



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Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/sk

Encl.

**Board of Commissioners of Public Utilities**  
Jacqui H. Glynn  
PUB Official Email

**Labrador Interconnected Group**  
Senwung F. Luk, Olthuis Kleer Townshend LLP  
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

**Newfoundland Power Inc.**  
Dominic J. Foley  
Lindsay S.A. Hollett  
Regulatory Email

**Island Industrial Customer Group**  
Paul L. Coxworthy, Stewart McKelvey  
Denis J. Fleming, Cox & Palmer  
Dean A. Porter, Poole Althouse

**Consumer Advocate**  
Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Iron Ore Company of Canada**  
Gregory A.C. Moores, Stewart McKelvey

# Exemption to Regulation 17

Labrador Camp Services Ltd.

June 6, 2023

An application to the Board of Commissioners of Public Utilities



**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“EPCA”) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (“Act”), and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”) for an exemption, pursuant to Section 71 of the *Act*, to Regulation 17 which limits new load additions in Labrador East and West, and for the approval of an Upstream Capacity Charge pursuant to Section 8(ii) of the *Network Additions Policy – Labrador Interconnected System*.

**To: The Board of Commissioners of Public Utilities (“Board”)**

**THE APPLICATION OF HYDRO STATES THAT:**

**A. Background**

1. Hydro, a corporation continued and existing under the *Hydro Corporation Act, 2007*,<sup>1</sup> is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2. On May 31, 2018, Hydro filed an application for approval of a proposed new regulation permitting a restriction for load additions in Labrador East pursuant to Section 71 of the *Act*, to address the forecast capacity shortfalls and reliability issues for the Labrador East System pending completion of the Muskrat Falls to Happy Valley Interconnection Project (“Project”).<sup>2</sup>
3. In Board Order No. P.U. 32(2018), the Board accepted that a moratorium should be implemented for the 2018–2019 winter season and ordered Hydro to file for approval a revised regulation, effective until May 30, 2019, reflecting the findings of the Board.<sup>3</sup> Hydro filed a

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<sup>1</sup> *Hydro Corporation Act, 2007*, SNL 2007 c H-17.

<sup>2</sup> “Newfoundland and Labrador Hydro (Hydro) — Application for Temporary Restriction for Load Additions in Labrador East,” Newfoundland and Labrador Hydro, May 31, 2018.

<sup>3</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 32(2018), Board of Commissioners of Public Utilities, September 11, 2018.

revised regulation on September 21, 2018,<sup>4</sup> which was approved in Board Order No. P.U. 36(2018) (“Regulation 17”).<sup>5</sup>

4. On April 23, 2019, Hydro filed an application for an extension of the effective date of Regulation 17 pending further Order of the Board.<sup>6</sup> That application was approved in Board Order No. P.U. 18(2019).<sup>7</sup>
5. Hydro applied for further revision of Regulation 17 on September 25, 2019.<sup>8</sup> In Board Order No. P.U. 34(2019), the Board approved Hydro’s request to extend the application of Regulation 17 to Labrador West and to increase the load restriction threshold from 100 kW to 200 kW.<sup>9</sup>
6. On March 17, 2021, the Board approved the *Network Additions Policy – Labrador Interconnected System*<sup>10</sup> (“*Network Additions Policy*”) effective April 1, 2021.<sup>11</sup> The *Network Additions Policy* is intended to limit rate increases that can result from investment in new transmission assets to serve new load requests and to achieve a reasonable balance in the sharing of the benefits and the costs of new transmission investments between new and existing customers.
7. The *Network Additions Policy* specifies that customer contributions be based on Hydro’s Transmission Expansion Plan with the peak demand for a new customer being the key determinant of the cost assignment. A Basic Capacity Investment Credit is applied for all applicants for permanent service on the first 200 kW and cost assignment would then be determined based on the customer’s placement in three groupings—peak loads of up to 200 kW; peak loads between 200 kW and 1,500 kW; and peak loads greater than 1,500 kW.

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<sup>4</sup> “Newfoundland and Labrador Hydro (Hydro) – Application for Temporary Restriction for Load Additions in Labrador East,” Newfoundland and Labrador Hydro, September 21, 2018.

<sup>5</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 36(2018), Board of Commissioners of Public Utilities, October 5, 2018.

<sup>6</sup> “Application for Extension of Temporary Restriction for Load Additions in Labrador East,” Newfoundland and Labrador Hydro, April 23, 2019.

<sup>7</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 18(2019), Board of Commissioners of Public Utilities, May 23, 2019.

<sup>8</sup> “Application for the Revision of Regulation 17 and Expansion to Temporarily Restrict Load Additions in Labrador West,” Newfoundland and Labrador Hydro, September 25, 2019.

<sup>9</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 34(2019), Board of Commissioners of Public Utilities, October 29, 2019.

<sup>10</sup> Newfoundland and Labrador Hydro (2020). *Network Additions Policy – Labrador Interconnected System*. <<https://nlhydro.com/wp-content/uploads/2021/03/Network-Additions-Policy.pdf>>

<sup>11</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 7(2021), Board of Commissioners of Public Utilities, March 17, 2021.

8. In response to the Board's query regarding the status of Regulation 17 post approval of the *Network Additions Policy*, Hydro recommended that the existing restrictions remain in place while the system expansion needs for reliable service to customers in Labrador West and Labrador East were determined. This is due to the continued system capacity restrictions that exist in the region.<sup>12</sup>

**B. Exemption to Regulation 17**

9. Hydro has received a request for service from Labrador Camp Services Ltd. ("Labrador Camp Services") for the construction of trailers to serve as accommodation for employees of Tacora Resources Inc. ("Tacora"). Labrador Camp Services intends to construct 39 trailers, each of which will contain two single-bedroom apartments. Each trailer has an estimated peak demand of 25 kW, with the total estimated peak demand for the entire complement of trailers totalling 975 kW. Labrador Camp Services is aware of the 200 kW load restriction and has requested that Hydro exercise its discretion and apply for an exemption. Labrador Camp Service's application for service is attached to this application as Schedule 1 and its request for exemption is attached as Schedule 2.
10. As detailed in the request from Labrador Camp Services at Schedule 2, the units are necessary for Tacora to provide housing to new and current employees to enable the necessary staffing required for their operations. Labrador Camp Services referenced the issues with housing currently facing the Labrador West region.
11. In the Board's approval of Regulation 17, the Board stated in part:

When Hydro has reason to believe there are special circumstances surrounding an application for service in Labrador East that will result in the addition of load requirements of greater than 100 kW, where it may be appropriate to approve service connections and upgrades, Hydro may apply to the Board for a variance or exemption to this Regulation.<sup>13</sup>
12. To assist with determining the special circumstances under which it would be appropriate to support an application for variance or exemption to the regulation, Hydro identified several

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<sup>12</sup> "Restriction on Load Additions on the Labrador Interconnected System – Update," Newfoundland and Labrador Hydro, April 7, 2021.

<sup>13</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 36(2018), Board of Commissioners of Public Utilities, October 5, 2018, sch. A.

examples of the types of businesses that may qualify. These included: industrial development such as the manufacture, assembly or processing of tangible merchandise, or the extraction of raw materials; emergency services such as fire departments, hospitals, etc.; and services which meet a defined need in the community, such as schools, medical clinics, daycare centres, etc.

13. As Hydro has noted in previous applications, the objective of Regulation 17 is not to prevent the development and construction of community infrastructure, particularly where they are for emergency services or serve a defined need. It is evident from the information provided herein and in the attachments to this application that the proposed infrastructure is necessary for the continued operation of an industrial organization that provides substantial employment in the area and would have the added benefit of alleviating some of the demands on housing in that area. Hydro believes an exemption to Regulation 17 is warranted.

**C. Network Additions Policy**

14. When a customer makes an application for service from the Labrador Interconnected System, they may be required to make a customer contribution as determined through the *Network Additions Policy*. As per Section 5.1 of the *Network Additions Policy*, when a customer makes an application for a demand request of less than 1,500 kW, they are responsible for paying an Upstream Capacity Charge, which is a contribution required from an applicant who is requesting an increase in access to Capacity on Common Assets. The Upstream Capacity Charge is calculated as the Upstream Capacity Cost less the Basic Capacity Investment Credit. The calculation for the Labrador Camp Services request is attached as Schedule 3, showing an Upstream Capacity Charge of \$360,375.00. Labrador Camp Services' confirmation of their acceptance of this contribution is attached as Schedule 4.
15. Hydro will conduct a two-year review of the reasonableness of the forecast peak demand used in computing the Upstream Capacity Charge. If the customer's actual peak demand exceeds the forecast peak demand used in computing the Upstream Capacity Charge by greater than 10%, the Upstream Capacity Charge will be recalculated and will result in an additional charge to the customer that paid the Upstream Capacity Charge, pursuant to Section 6.1 of the *Network Additions Policy*.

16. Section 8(ii) of the *Network Additions Policy* requires Hydro to apply to the Board for approval of all Upstream Capacity Charges that are calculated as greater than \$200,000, which is the case herein.

**D. Newfoundland and Labrador Hydro's Request**

17. This application requests approval of an exemption to Regulation 17, allowing Hydro to provide service to the units as requested by Labrador Camp Services.
18. This application further requests approval of the Upstream Capacity Charge in the amount of \$360,375.00 calculated pursuant to the *Network Additions Policy*.

**E. Communications**

19. Communications with respect to this Application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

**DATED** at St. John's in the province of Newfoundland and Labrador on this 6th day of June 2023.

**NEWFOUNDLAND AND LABRADOR HYDRO**



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Shirley A. Walsh  
Counsel for the Applicant  
Newfoundland and Labrador Hydro,  
500 Columbus Drive, P.O. Box 12400  
St. John's, NL A1B 4K7  
Telephone: (709) 685-4973



# Schedule 1

## Request for Service

Labrador Camp Services Ltd.





## REQUEST FOR SERVICE GENERAL INFORMATION

### CUSTOMER INFORMATION

Name	LABRADOR CAMP Services
Current Address	4 Third Avenue, PO Box 368, A2V 2K6 LABRADOR CITY
Service Address	
Phone Number	709-280-1285

### GENERAL SERVICE ONLY

1.	Nature of business:	Double - Single bedroom apartments	
2.	Location of Premises:	Yes	No
	Public Road	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Within Community	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Municipal or Other Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Permanent Service	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.	Single Phase Service	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Three Phase Service	<input type="checkbox"/>	<input type="checkbox"/>
4.	Service Voltage:	120/240	
5.	Service Size in Amps:	150	Service Conductor Size (mcm): 2/0
	Lugs Required:	<input type="checkbox"/> Single, <input type="checkbox"/> Double	
6.	Please provide breakdown of connected load (attach separate sheet if more room required).		
		1 Phase	3 Phase
	Lighting (kW)	5	---
	Heating (kW)	20	---
	Miscellaneous (kW)	15	---
	Motors (kW)	---	---
	Total (kW)	40	---
7.	Estimated Peak Demand: (Total kW of load expected to be on at the same time) 25 kilowatts		
8.	Estimated annual load factor: Or estimated annual consumption (kWh)		
9.	If applicable, the expected service life:		
10.	A copy of the customer's electrical drawings.		
11.	A copy of the customer's site plan. <input checked="" type="checkbox"/>		
12.	Date service required (ready for connection). July 1/2023		
13.	Primary metering requested (extra charges may apply). (subject to the customer supplying and maintaining all distribution facilities beyond the point of supply)		
14.	Temporary / Construction power requested (extra charges may apply).		

Customer/Electrician signature verifies that his information is accurate and understands information is subject to a 2 year review:

Prepared by: Ted Davis Ted Davis Date: Mar 23, 2023  
709-897-4497

# Schedule 2

## Request for Exemption

Labrador Camp Services Ltd.





**[External] Request for Exemption for LCS**

barry.callahan@bellaliant.com barry.callahan@bellaliant.com  
To: ShirleyWalsh

05/24/2023 01:54 PM

From: "barry.callahan@bellaliant.com barry.callahan@bellaliant.com"  
<barry.callahan@bellaliant.com>

To: ShirleyWalsh@nlh.nl.ca

History: This message has been replied to.

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**[External Sender: Please use caution when replying, opening attachments, or clicking on links]**

Hi Shirley,

I understand that our application exceeds the 200-kilowatt limit for hook ups. We are asking for an exemption on our application due to the housing crisis that the Labrador West area is facing.

Labrador Camp Services Ltd. have been asked to provide accommodations for Tacora Industries to house new & current employees, without these units Tacora will not be able to continue their operations. Also, constructing these units will free up housing in the community for new employees with families that want to move to the area.

This matter is urgent, Tacora require these accommodations for September/October of 2023 for the new hires, meet this deadline, we need to start construction as soon as possible.

Thanks

Barry

# Schedule 3

## Upstream Capacity Charge Calculation

Labrador Camp Services Ltd.



**Upstream Capacity Charge Calculation - Labrador Camp Services Ltd.**

trailers 39  
peak/ea 25  
total peak 975

**Labrador Camp Services Ltd. (975 kW):**

Basic Capacity Investment Credit:  $200 \text{ kW} \times \$465 = \$93,000$   
Upstream Capacity Cost:  $975 \times \$465 = \$453,375.00$   
Upstream Capacity Charge:  $\$453,375 - \$93,000 = \$360,375$

**Upstream Capacity Charge Calculation**

[1] Applicants Peak Demand Request (kW) = 975 kW  
[2] Basic Capacity Investment (kW) = 200 kW  
[3] Expansion Cost (\$/kW) = \$465/kW  
[4] Basic Capacity Investment Credit (\$) = Basic Capacity Investment (kW) x Expansion Cost (\$/kW) = [2] x [3] =  $200 \text{ kW} \times \$465 = \$93,000$   
[5] Upstream Capacity Cost (\$) = Applicants Peak Demand Request (kW) x Expansion Cost (\$/kW) = [1] x [3] =  $975 \text{ kW} \times \$465 = \$453,375$   
[6] Upstream Capacity Charge (\$) = Upstream Capacity Cost (\$) - Basic Capacity Investment Credit (\$) = [5] - [4] =  $\$453,375 - \$93,000 = \$360,375$

# Schedule 4

## Confirmation of Acceptance

Labrador Camp Services Ltd.





Newfoundland and Labrador Hydro  
Hydro Place, 500 Columbus Drive  
P.O. Box 12400, St. John's, NL  
Canada A1B 4K7  
t. 709.737.1400 | f. 709.737.1800  
nlhydro.com

May 24, 2023

Labrador Camp Services  
4 Third Avenue,  
P.O. Box 368  
Labrador City, NL A2V 2K6

Attention: Barry Callahan

**All information contained in this letter is subject to the approval of the Board of Commissioners of Public Utilities ("Board"). All calculations are subject to change, based on the ruling of the Board.**

Dear Mr. Callahan:

Further to your application for service in or about Labrador City, Newfoundland and Labrador, please be advised that the Network Additions Policy ("Policy") approved by the Board, requires customers to pay a contribution as determined through the Policy. The Policy is intended to limit rate increases that can result from investment in new transmission assets to serve new load requests, and to achieve a reasonable balance in the sharing of the benefits and the costs of new transmission investments between new and existing Customers. For your information, the Policy can be found at <https://nlhydro.com/nap/>

The customer contributions specified in the Policy include an Upstream Capacity Charge, which is a contribution required from an applicant who is requesting an increase in access to Capacity on Common Assets. As per section 5.1 of the Policy, when a customer makes an application for a demand request of less than 1500 kW, they are responsible for paying an Upstream Capacity Charge which is the Upstream Capacity Cost less the Basic Capacity Investment Credit. The calculation for your request is attached to this letter and shows an Upstream Capacity Charge of \$360,375.00.

Under the Policy, Applicants that pay an Upstream Capacity Charge are not required to pay a Customer Contribution for the replacement of those Common Assets at the end of the asset life. Hydro will conduct a 2-year review of the reasonableness of the forecast Peak Demand used in computing Upstream Capacity Charges. If the Customer's actual Peak Demand exceeds the forecast Peak Demand used in computing the Upstream Capacity Charge by greater than 10%, the Upstream Capacity Charge will be recalculated and will result in an additional charge to the Customer that paid the Upstream Capacity Charge.

This Contribution, as well as your request for an exemption under the Regulation 17 Load Restriction for Labrador, will require approval by the Board. If you wish to proceed with this request please sign below and return to the undersigned so that Hydro may proceed with the application to the Board for approval of this project.



Should you require additional information, please contact the undersigned.

Yours truly,

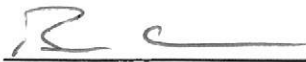
**NEWFOUNDLAND AND LABRADOR HYDRO**



Murray Collier  
Customer Service Technical Support Supervisor

If you wish to proceed with your application at this time, please sign below.

I wish to proceed with my application for service at this time. I agree to pay to Hydro a contribution known as an Upstream Capacity Charge of \$360,375.00 pursuant to the Network Additions Policy. I acknowledge I will be subject to a 2 year review of the reasonableness of the forecast Peak Demand used in computing Upstream Capacity Charge and that if the actual Peak Demand exceeds the forecast Peak Demand used in computing the Upstream Capacity Charge by greater than 10%, the Upstream Capacity Charge will be recalculated and will result in an additional charge.



Barry Callahan  
Labrador Camp Services

# Affidavit



**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 ("*EPCA*") and the *Public Utilities Act, RSNL 1990*, Chapter P-47 ("*Act*"), and regulations thereunder

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro ("*Hydro*") for an exemption, pursuant to Section 71 of the *Act*, to Regulation 17 which limits new load additions in Labrador East and West, and for the approval of an Upstream Capacity Charge pursuant to Section 8(ii) of the *Network Additions Policy*.

**AFFIDAVIT**

I, Kevin Fagan of St. John's in the province of Newfoundland and Labrador, make oath and say as follows:

- 1) I am Vice President, Regulatory and Stakeholder Relations for Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

SWORN at St. John's in the )  
province of Newfoundland and )  
Labrador this 6th day of )  
June, 2023 before me )

  
Commissioner for Oaths, Newfoundland and Labrador

  
Kevin Fagan

**SAMANTHA KEATS**  
A Commissioner for Oaths in and for  
the Province of Newfoundland and Labrador.  
My commission expires on December 31, 2027