



Newfoundland and Labrador Hydro
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June 28, 2024

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Application for July 1, 2024 Island Industrial Customer Conservation and Demand Management Cost Recovery Adjustment

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for approval of the proposed Island Industrial Customer Conservation and Demand Management ("CDM") Cost Recovery Adjustment, to become effective July 1, 2024.

Hydro is proposing an increase of 0.001 cents per kWh to the existing CDM Cost Recovery Adjustment of 0.005 cents per kWh, for a total CDM Cost Recovery Adjustment of 0.006 cents per kWh. The estimated billing impact of this increase for the Island Industrial Customer class based on the 2023 energy consumption would be approximately 0.01% or \$3,341 annually.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
Board General

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

Linde Canada Inc.
Sheryl E. Nisenbaum
Peter Strong

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

Teck Resources Limited
Shawn Kinsella

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

Conservation and Demand Management Cost Recovery Adjustment

Effective July 1, 2024

June 28, 2024

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*”), pursuant to Subsection 70(1) of the *Act*, for the approval of a change in the Conservation and Demand Management (“*CDM*”) Cost Recovery Adjustment to be charged to Island Industrial Customers effective July 1, 2024.

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*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submits for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations that relate to that service.
3. Subsection 70(1) of the *Act* provides that a public utility shall not charge, demand, collect or receive compensation for a service performed by it until the Board has approved a schedule of rates, tolls, and charges for the services provided by the public utility.
4. In Board Order No. P.U. 22(2017), the Board approved Hydro’s Rules and Regulations for CDM Cost Recovery, which require the CDM Cost Recovery Adjustment to be updated annually reflecting the ongoing amortizations and the deferred CDM program costs for the previous year.
5. In Order No. P.U. 37(2022), the Board approved a Revised CDM Cost Recovery Adjustment Definition effective as of January 1, 2023. The Revised CDM Cost Recovery Adjustment

Definition increased the amortization period of annual CDM costs from seven to ten years for both historical balances and annual charges.

6. In Board Order No. P.U. 19(2023), the Board approved an Island Industrial Customer CDM Cost Recovery Adjustment of 0.005 cents per kWh effective July 1, 2023.

B. Application

7. Approval by the Board of the proposed Island Industrial Customer CDM Cost Recovery Adjustment will permit for recovery of deferred customer energy conservation program costs, as provided for, and intended by, Board Order No. P.U. 22(2017) and Board Order No. P.U. 37(2022).

8. Schedule 1 to this application provides the calculation of the proposed CDM Cost Recovery Adjustment of 0.006 cents per kWh to be effective as of July 1, 2024. The proposed CDM Cost Recovery Adjustment is 0.001 cents per kWh higher than the existing CDM Cost Recovery Adjustment of 0.005 cents per kWh.

9. Schedule 2 to this application provides an updated Island Industrial Customer rate sheet, reflecting the revised Island Industrial Customer CDM Cost Recovery Adjustment.

C. Newfoundland and Labrador Hydro's Request

10. Hydro requests the Board approve its proposed Island Industrial Customer CDM Cost Recovery Adjustment of 0.006 cents per kWh, as set out in Schedule 1 of this application, to be effective as of July 1, 2024.

D. Communications

11. 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 28th day of June 2024.

NEWFOUNDLAND AND LABRADOR HYDRO



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

Calculation of the Proposed Island Industrial Customer
Conservation and Demand Management Cost Recovery
Adjustment



Newfoundland and Labrador Hydro
Calculation of Conservation and Demand Management ("CDM") Cost Recovery Adjustment - Island Industrial Customers

Line No	2023 Energy Sales (kWh)	Percent of Total kWh	Allocation of Recoverable Amount (\$000)
1 A) Island Interconnected Recoverable Allocation¹			
2	5,858,252,958	88.2%	362
3	334,067,646	5.0%	21
4	445,935,437	6.7%	28
5			From Page 2, Line 22
6	6,638,256,041	100.0%	410
7			
8			
9 B) Calculation of Island Industrial Customer CDM Cost Recovery Adjustment			
10	Island Industrial Current Year Allocation (\$000)	2	Line 4/10 years
11	2023 Energy Sales - Island Industrial Customers (kWh)	334,067,646	From Line 4
12	2024 CDM Cost Recovery Adjustment (cents per kWh)	0.0006	[(Line 10 x 1,000)/(Line 11)] x 100
13	2023 CDM Cost Recovery Adjustment (cents per kWh)	0.0003	
14	2022 CDM Cost Recovery Adjustment (cents per kWh)	0.0005	
15	2021 CDM Cost Recovery Adjustment (cents per kWh)	0.0003	
16	2020 CDM Cost Recovery Adjustment (cents per kWh)	0.0010	
17	2019 CDM Cost Recovery Adjustment (cents per kWh)	0.0005	
18	2018 CDM Cost Recovery Adjustment (cents per kWh)	0.0004	
19	2017 CDM Cost Recovery Adjustment (cents per kWh)	0.0020	
20	Total CDM Cost Recovery Adjustment (cents per kWh)	0.006	Line 12 + Line 13 + Line 14 + Line 15 + Line 16 + Line 17 + Line 18 + Line 19

¹Totals may not add due to rounding.

Conservation and Demand Management Cost Recovery Adjustment Effective July 1, 2024
Schedule 1, Page 2 of 2

Conservation and Demand Management Account Amortization (\$000)¹

Line No	Year	System Balance	As Filed - Seven-Year Amortization										As of June 30, 2023										Revised - Ten-Year Amortization									
			CDM										CDM										CDM									
			2017	2018	2019	2020	2021	2022	Amount Amortized	Remaining Account Balance	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1		Island Interconnected	646	646	646	646	646	646	3,878	646	162	162	162	162	-	-	-	-	-	-	162	162	162	162	162	-	-	-	-	-	-	
2	2016	Hydro Rural Isolated	549	549	549	549	549	549	3,297	549	137	137	137	137	-	-	-	-	-	-	137	137	137	137	137	-	-	-	-	-	-	
3		Total²	1,196	1,196	1,196	1,196	1,196	1,196	7,175	1,196	299	299	299	299	-	-	-	-	-	-	299	299	299	299	299	-	-	-	-	-	-	
4		Island Interconnected	-	68	68	68	68	68	342	137	27	27	27	27	27	-	-	-	-	-	27	27	27	27	27	-	-	-	-	-	-	
5	2017	Hydro Rural Isolated	-	142	142	142	142	142	1,053	421	84	84	84	84	84	-	-	-	-	-	84	84	84	84	84	-	-	-	-	-	-	
6		Total²	-	211	211	211	211	211	1,053	421	84	84	84	84	84	-	-	-	-	-	84	84	84	84	84	-	-	-	-	-	-	
7		Island Interconnected	-	-	63	63	63	63	253	190	32	32	32	32	32	32	-	-	-	-	32	32	32	32	32	-	-	-	-	-	-	
8	2018	Hydro Rural Isolated	-	-	155	155	155	155	620	465	78	78	78	78	78	78	-	-	-	-	78	78	78	78	78	-	-	-	-	-	-	
9		Total²	-	-	218	218	218	218	873	655	109	109	109	109	109	109	-	-	-	-	109	109	109	109	109	-	-	-	-	-	-	
10		Island Interconnected ³	-	-	-	6	6	6	18	24	3	3	3	3	3	3	-	-	-	-	3	3	3	3	3	-	-	-	-	-	-	
11	2019	Hydro Rural Isolated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12		Total⁴	-	-	-	6	6	6	18	24	3	3	3	3	3	3	-	-	-	-	3	3	3	3	3	-	-	-	-	-	-	
13		Island Interconnected	-	-	-	-	97	97	195	487	61	61	61	61	61	61	61	-	-	-	61	61	61	61	61	-	-	-	-	-	-	
14	2020	Hydro Rural Isolated	-	-	-	-	192	192	384	959	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	
15		Total^{2,4}	-	-	-	-	289	289	578	1,446	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181		
16		Island Interconnected	-	-	-	-	-	45	45	268	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21		
17	2021	Hydro Rural Isolated	-	-	-	-	-	167	167	1,000	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111		
18		Total²	-	-	-	-	-	211	211	1,268	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141		
19		Island Interconnected	-	-	-	-	-	-	-	211	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
20	2022	Hydro Rural Isolated	-	-	-	-	-	-	-	885	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88	88		
21		Total²	-	-	-	-	-	-	-	1,095	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110		
22		Island Interconnected	-	-	-	-	-	-	-	410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
23	2023	Hydro Rural Isolated	-	-	-	-	-	-	-	955	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
24		Labrador Interconnected	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
25		Total¹	-	-	-	-	-	-	-	1,365	137	137	137	137	137	137	137	137	137	137	137	137	137	137	137	137	137	137	137	137		
26		Island Interconnected	646	715	778	784	881	926	4,731	2,372	336	377	377	377	215	188	156	153	92	62	41	591	687	687	687	549	493	415	415	295	184	96
27		Hydro Rural Isolated	549	691	846	846	1,038	1,205	5,177	5,098	97	1,063	1,063	1,063	765	680	571	568	387	246	137	97	1,063	1,063	1,063	765	680	571	568	387	246	137
28		Grand Total	1,196	1,406	1,625	1,631	1,920	2,131	9,908	7,470	927	1,063	1,063	1,063	765	680	571	568	387	246	137	927	1,063	1,063	1,063	765	680	571	568	387	246	137

¹ Totals may not add due to rounding.
² Consistent with the "2022 Conservation and Demand Management Report," Newfoundland and Labrador Hydro, March 31, 2023, p. 13, Table 5.
³ Amortization for Island Industrial Customer's portion of 2019 Island Interconnected costs began July 1, 2020. Newfoundland Power Inc.'s portion was deferred per Order-in-Council OC2020-081 and amortization began July 1, 2021.
⁴ The total for 2019 and 2020 of \$2.1 million includes activity for 2019 of \$1.5 million and 2020 of \$0.6 million.
⁵ Consistent with the "2023 Electrification, Conservation and Demand Management Report," Newfoundland and Labrador Hydro, April 10, 2024, p. 5, Table 2, Board Order No. P.U. 37(2022) approved recovery of Labrador Interconnected program costs effective January 1, 2023 which will be dealt with through Hydro's General Rate Applications.

Schedule 2

Island Industrial Customer Rate Sheets



INDUSTRIAL – FIRM

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Base Rate*

Demand Charge

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.73 per kilowatt (kW) per month of billing demand.

Firm Energy Charge

Base Rate	@ 4.428¢ per kWh
RSP Adjustment - Current Plan	@ 0.589¢ per kWh
Project Cost Recovery Rider	@ 0.888¢ per kWh
CDM Cost Recovery Rider	@ 0.006¢ per kWh

Specifically Assigned Charges

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Corner Brook Pulp and Paper Limited	\$13,311
Braya Renewable Fuels (Newfoundland) GP Inc.	\$107,678
Teck Resources Limited	\$51,789
Vale	\$145,352

*Subject to RSP Adjustments and CDM Cost Recovery Adjustment

RSP Adjustments refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a ten-year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

Adjustment for Losses

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

INDUSTRIAL – NON-FIRM

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate

Non-Firm Energy Charge: Non-Thermal Generation Source (¢ per kWh)

Hydro will inform the Customer of the Non-Firm Energy charge on the first business day following the 21st day of the month preceding the month for which the rate is being set.[]

Energy charges shall be the greater of:

- (i) The energy charge applicable to Rate No. 2.4L – General Service 1,000 KVA and Over provided in Hydro’s Schedule of Rates Rules and Regulations; and
- (ii) The applicable On-Peak Energy Rate or Off-Peak Energy Rate

The following formula shall apply to calculate the On-Peak Energy Rate and Off-Peak Energy Rate:

On-Peak Energy Rate:

The non-firm energy charge for the on-peak period for the calendar month shall be calculated monthly based on the weighted average of:

- (iii) the settlement price for NYISO Zone A Day-Ahead Peak Calendar-Month 5 MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees; and
- (iv) the settlement price for ISO New England Mass Hub 5 MW Peak Calendar-Month Day-Ahead LMP Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees.

Off-Peak Energy Rate

The non-firm energy charge for the off-peak period for the calendar month shall be calculated monthly based on the weighted average of:

- (v) the settlement price for NYISO Zone A Day-Ahead Off-Peak Calendar-Month 5 MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees; and
- (vi) the settlement price for ISO New England Mass Hub Day-Ahead Off-Peak Calendar-Month 5

MW Futures after the end of trading on the nineteenth day of the previous month, converted to Canadian dollars using the exchange rate of the same day, and adjusted for losses and other market fees.

The weightings applied to each market price to calculate the on-peak and off-peak energy charges will reflect the percentage of kWh exports sold (i.e., including exports from regulated and non-regulated Hydro) based on each market for the previous calendar month.

Peak and Off-Peak Periods

The winter on-peak period is 7 am to 10 pm, Monday to Friday, for the months of December to March and the non-winter peak period is 8 am to 10 pm, Monday to Friday, for the period April to November. The off-peak period will include all other hours.

Non-Firm Energy Charge: Thermal Generation Source (¢ per kWh)

The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 \div (1 - C))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

- 1) Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
- 2) Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
- 3) Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl

Adjustment for Losses for Thermal Generation Source

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

INDUSTRIAL – WHEELING

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate

Energy Charge

All kWh (net of losses)* @ 0.831¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

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; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“Hydro”), pursuant to Subsection 70(1) of the *Act*, for the approval of a change in the Conservation and Demand Management (“CDM”) Cost Recovery Adjustment to be charged to Island Industrial Customers effective July 1, 2024.

AFFIDAVIT

I, Dana Pope, 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, 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 28th day of June, 2024, before me:



Commissioner for Oaths, Newfoundland and Labrador



Dana Pope, CPA (CA), MBA

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