

1 Q. **Re: Reg. 17 Exemption Application, p. 2 (page 5 pdf)**

2 **Citation 1:**

3 7. On March 17, 2021, in Board Order No. P.U. 17(2021), the Board approved the
4 *Network Additions Policy – Labrador Interconnected System (“Network Additions*
5 *Policy”)* effective April 1, 2021. The *Network Additions Policy* is intended to limit
6 rate increases that can result from investment in new transmission assets to serve
7 new load requests and to achieve a reasonable balance in the sharing of the
8 benefits and the costs of new transmission investments between new and existing
9 customers.

10 Does Hydro agree that, in order to achieve a reasonable balance in the sharing of the benefits and
11 costs of new transmission investments between new and existing customers, it is reasonable to
12 expect new applicants to make efficient use of the electrical energy provided to them? If not, why
13 not?

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16 A. Newfoundland and Labrador Hydro’s (“Hydro”) responsibility is to provide customers in the
17 province with equitable access to reliable power, delivered at the lowest possible cost, in an
18 environmentally responsible manner, consistent with reliable service.¹ Hydro is also required to
19 provide access to the distribution of power in the province in a non-discriminatory manner.

20 While Hydro encourages energy efficiency for all customers and does so through customer facing
21 education and incentive programs, Hydro does not place expectations on customers with respect to
22 how they use electricity, regardless of when they were connected. The *Network Additions Policy*, in
23 specifying the contribution requirements from applicants on the Labrador Interconnected System,
24 is intended to assist in achieving the balance of shared benefits and costs between existing and new
25 customers. Hydro notes that a customer’s energy efficiency could result in lower fees incurred
26 pursuant to the *Network Additions Policy*, as the Upstream Capacity Charge, for those customers
27 with anticipated peak demand of less than 1500 kW, is calculated on a per kW basis.²

¹ *Electrical Power Control Act, 1994*, s. 3.

² The Upstream Capacity Cost is computed based on the applicant’s projected increased Peak Demand valued at the Expansion Cost per kW. This calculation is also used for customers whose peak demand requests exceed 1500 kW, if there is no acceleration of the Transmission Expansion Plan.