



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

June 1, 2026

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

Attention: Mike McNiven
Board Secretary

Re: Newfoundland and Labrador Hydro – Application for Extension to Filing Date for Non-Firm Rate Report and an Extension to Rate No. 5.1L -- Non-Firm Energy

In Board Order P.U. 34(2023), the Board of Commissioners of Public Utilities (“Board”) approved Newfoundland and Labrador Hydro's (“Hydro”) application for non-firm rates for the Labrador Interconnected System and the Island Industrial Customers. The Labrador Interconnected System Non-Firm Energy rate is to remain in place until the earlier of a further order of the Board, or September 1, 2026. The Board directed Hydro to file a report addressing the Labrador Interconnected System Non-Firm Rate and the Island Industrial Customer Non-Firm Rate by June 1, 2026.

On April 10, 2026, Hydro filed a request with the Board to extend the deadline for filing the report on the Labrador Interconnected System Non-Firm Rate and the Island Industrial Customer Non-Firm Rate by one year, to June 1, 2027. Hydro further requested that the Labrador Interconnected System Non-Firm Energy rate remain in place to September 1, 2027. Hydro is formalizing that request within the detailed application.

In its Order, the Board noted the necessity for Hydro to have the time and operational experience to address the issues outstanding from the original application. Hydro notes that there has only been one customer utilizing the non-firm rate on the Labrador Interconnected System. Another customer has recently been approved for connection and will be interconnected and able to receive non-firm service by 2027.

Hydro notes that, on April 23, 2026, Blockchain Labrador Corporation (“Blocklab”) opposed Hydro’s April 10, 2026 request for extension. Blocklab stated that Hydro’s extension request should not be granted as the original approval of the rate was premised on the acceptance of Hydro’s submissions at the time. Blocklab characterized these submissions as being speculative and unproven and asserts that the rate can and should only continue if Hydro can justify that the assumptions are still valid and that the non-firm rate is justified. Blocklab argued that if Hydro does not do so, that the Board should order that the current non-firm rates should revert to the rates charged prior to the decision.

Blocklab also submitted that as only one customer was utilizing the non-firm rate, the rate is not one of general application and should not be considered past June 1, 2026 or September 1, 2026 at the latest.

As Hydro notes in its enclosed application, the Board found that the evidence demonstrated that the proposed Labrador Interconnected System non-firm rate should be approved, and accepted that it is reasonable to base non-firm rates on the market value of exports as the revenue derived from export

sales represents the opportunity cost of offering the non-firm power to consumers in Labrador. As noted by the Board, this approach is consistent with Hydro's existing non-firm rates for the Labrador Industrial customers and with regulatory practice in other Canadian jurisdictions.¹

The Board did note that the approved rates were a reasonable "first step" that depended on Hydro gaining further operational experience. The Board acknowledged that certain aspects of the rate design—such as pricing methodology, update frequency, minimum pricing, and cost recovery—were based on limited data and evolving assumptions tied to export markets and system operations. This was to allow for consideration of the aspects of the rate, not the overall rate itself. The Board's concern was not lack of evidence, but rather the need to validate and refine rate design over time, which is a normal regulatory practice for new service offerings.

Blocklab's submission that the rate is not a rate of general application and should not be continued because it presently serves only one customer is unsupported. Rates are approved based on service class and availability, not current subscription volume. The rate was designed and proposed as a generic non-firm service offering, not a customer specific contract. Low uptake does not change that.

Finally, Blocklab's suggestion that the current non-firm rate should revert to the rates charged prior to the decision is problematic because there was no specific non-firm rate for the Labrador Interconnected System. The previous Secondary Energy Rate had been available only for customers on the Labrador Interconnected grid engaged in fuel switching and the energy delivered under the terms of that service was to be used solely for the operation of the equipment engaged in fuel switching. That would not apply to Blocklab. As Blocklab, and the other customer whose interconnection is currently underway, are not entitled to firm power as a result of Order in Council OC2022-266, the cessation of the existing rate would result in a cessation of service to both customers.

Conclusion

To ensure that the required report reflects sufficient operational experience and data Hydro respectfully requests that the Board extend the deadline for filing the report on the Labrador Interconnected System Non-Firm Rate and the Island Industrial Customer Non-Firm Rate by one year, to June 1, 2027.

Correspondingly, Hydro requests that the Labrador Interconnected System Rate No. 5.1L - Non-Firm Energy remain in place to September 1, 2027. This extension will allow Hydro to provide a more comprehensive report reflecting the anticipated connection of the new customer in Labrador, as well as any additional insights from ongoing operations.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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

¹ Board Order No. P.U. 34(2023), pp. 5/6–39/3.

Mike McNiven
Board of Commissioners of Public Utilities

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ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
Ryan Oake
Board General

Consumer Advocate

Adrienne H.Y. Ding, O'Dea Earle
Justin W. King, O'Dea Earle
Consumer Advocate General

Linde Canada Inc.

Sheryl E. Nisenbaum
Tina Lahey

Newfoundland Power Inc.

Dominic J. Foley
Douglas W. Wright
Regulatory Email

Teck Resources Limited

Darren Hennessey

Island Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Glen G. Seaborn, Poole Althouse

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 the approval of an extension for the filing of a report regarding the Labrador Interconnected System and Island Industrial Customer Non-Firm Rates and an extension of the Labrador Interconnected System rate to September 1, 2027.

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

THE APPLICATION OF HYDRO STATES THAT:

A. Background

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2024*, 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 of Commissioners of Public Utilities (“Board”) has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. On September 15, 2022, Hydro filed an application for approval of a Labrador Interconnected System Non-Firm rate, revisions to the non-firm rate for Island Industrial Customers and the discontinuance of the Secondary Energy Rate on the Labrador Interconnected System. Hydro filed a revision to that application on March 29, 2023 including new proposals for a revision to its Supply Cost Variance Deferral Account and a minimum floor price for the non-firm rate.

4. In Board Order No. P.U. 34(2023), the Board accepted Hydro's proposals for non-firm rates for both the Labrador Interconnected System and Island Industrial Customers. The Board stated that the evidence demonstrated that the proposed Labrador Interconnected System non-firm rate should be approved, and accepted that it is reasonable to base non-firm rates on the market value of exports as the revenue derived from export sales represents the opportunity cost of offering the non-firm power to consumers in Labrador. As noted by the Board, this approach is consistent with Hydro's existing non-firm rates for the Labrador Industrial customers and with regulatory practice in other Canadian jurisdictions.¹
5. The Board accepted that the proposal is intended to be revenue neutral as the revenue recovered through the sale of non-firm energy based on export market prices would replace the revenue that would be recovered through the sale of the energy as exports.²
6. The Board also accepted the proposed amendments to the Island Industrial Customer Non-Firm Rate, pending Hydro's receipt of the necessary information and experience to address outstanding issues.
7. While Hydro's application for non-firm rates was approved, Hydro was ordered to file an application and a report addressing the Labrador Interconnected System Non-Firm Rate and the Island Industrial Customer Non-Firm Rate by June 1, 2026. The Labrador Interconnected System Rate No. 5.1L, Non-Firm Energy, was approved, effective March 1, 2024 until further Order of the Board or no later than September 1, 2026.
8. On April 10, 2026, Hydro filed a request with the Board to extend the deadline for filing the report on the Labrador Interconnected System Non-Firm Rate and the Island Industrial Customer Non-Firm Rate by one year, to June 1, 2027.
9. Hydro further requested that the Labrador Interconnected System Rate No. 5.1L - Non-Firm Energy remain in place to September 1, 2027.
10. Hydro advised that there has only been one customer utilizing the non-firm rate on the Labrador Interconnected System. Another customer has recently been approved for connection and will be interconnected and able to receive non-firm service by 2027.

¹ Board Order No. P.U. 34(2023), pp. 5/39-6/3.

² Board Order No. P.U. 34(2023), p. 6/3-6.

11. In the Board Order approving the Labrador Interconnected System non-firm rates, the Board noted that the non-firm rates were a reasonable “first step” that depended on Hydro gaining further operational experience. The Board acknowledged that key aspects of the rate design—such as pricing methodology, update frequency, minimum pricing, and cost recovery—were based on limited data and evolving assumptions tied to export markets and system operations. The report required by the Board is to be informed by actual experience with export activity and non-firm service, to reassess whether the rate structure and underlying assumptions remain appropriate over the longer term.
12. The proposed extension will allow Hydro to provide the more comprehensive report reflecting the anticipated connection of the new customer in Labrador, as well as any additional insights from ongoing operations. As noted above, the Board approved the non-firm rates on the basis that Hydro would continue to gather information as it gained experience with export markets and the provision of non-firm service.
13. Granting the requested extension will allow Hydro to file a report that more fully responds to the matters identified by the Board for further examination. An extension will therefore further, rather than undermine, the purpose of the Board’s direction in Board Order No. P.U. 34(2023).
14. As the Labrador Interconnected System Rate No. 5.1L - Non-Firm Energy Rate is currently approved only until September 1, 2026, Hydro respectfully submits that extending the filing deadline without extending the rate’s effective period would create unnecessary regulatory uncertainty.
15. Extending the effective period of Rate No. 5.1L to September 1, 2027 will maintain rate continuity, avoid the need for interim or placeholder rate proceedings; and ensure that any changes to the non-firm rate are considered based on a comprehensive report addressing the outstanding issues.
16. Granting the requested extension will not prejudice any party. All parties will have a full opportunity to participate in the subsequent application. The extension maintains the present circumstances pending the development of the report.
17. Therefore, Hydro believes it would be reasonable to grant an extension of the deadline to file report addressing the Labrador Interconnected System Non-Firm Rate and the Island Industrial Customer Non-Firm Rate, and to extend Rate No. 5.1L, Non-Firm Energy to September 1, 2027.

B. Hydro's Requests

18. Hydro requests the Board approve:

- (i) An extension of time for Hydro to file its report addressing the Labrador Interconnected System Non-Firm Rate and the Island Industrial Customer Non-Firm Rate to June 1, 2027; and
- (ii) Extension of Rate No. 5.1L, Non-Firm Energy to September 1, 2027.

19. Hydro submits that granting the requested extension is reasonable, will not prejudice any party, and will support the development of a comprehensive report addressing the issues identified by the Board as requiring further analysis and regulatory experience, consistent with the Board's regulatory objectives.

C. Communications

20. 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 1st day of June 2026.

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

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 the approval of an extension for the filing of a report regarding the Labrador Interconnected System and Island Industrial Customer Non-Firm Rates and an extension of the Labrador Interconnected System rate to September 1, 2027.

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 1st day of June 2026, before me:



Barrister, Newfoundland and Labrador
Witnessed through the use of audio-visual technology
in accordance with the *Commissioners for Oaths Act*
and *Commissioners for Oaths Regulations*



Dana Pope, CPA (CA), MBA