

June 19, 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**

Blockchain Labrador Corp. (“BlockLAB”) provides the following comments with respect to the application of Hydro for the approval of an extension for the filing of a report regarding the Labrador Interconnected System and Labrador Industrial Customer Non-Firm Rates by one year, to June 1, 2027, and an extension of the Labrador Interconnected System rate to September 1, 2027.

BlockLAB requests that the Board:

- a. deny Hydro's request to extend the existing non-firm rate beyond June 1, 2026, or September 1, 2026, at the latest, and direct that the rate revert to the rate structure in effect prior to Board Order No. P.U. 34 (2023) pending the filing and disposition of Hydro's comprehensive rate application;

or, in the alternative,

- b. if the Board grants Hydro's requested extension, direct Hydro to use the extension period to test and evaluate one or more alternative pricing methodologies, including pricing mechanisms more closely tied to actual export market conditions, and to report the results to the Board as part of its comprehensive review of the non-firm rate.

## **Background**

Board Order NO. P.U. 34 (2023) (the “Order”) approved the non-firm rates to come into effect on March 1, 2024, and remain in place pending further order of the Board or no later than September

1, 2026. Hydro was required to file, on or before June 1, 2026, an application requesting “new non-firm rates which will include a comprehensive report supporting the application proposals by June 1, 2026”.

The Order was premised on the acceptance of Hydro’s submissions which, as detailed in the Decision, were largely speculative and unproven. The new application and report were to address those concerns.

The questions raised during the process leading up to the Decision raised, *inter alia*, five (5) issues set out on page 6 of the Decision;

- i. the basis for the export market price,
- ii. the monthly pricing updates,
- iii. the proposed minimum price,
- iv. the proposed basic customer charge for Labrador Interconnected customers ,and
- v. the absence of a demand or capacity charge.

The Board held that, while it accepted monthly pricing at the time of the Order, more study and analysis was required to determine whether the non-firm rates should be updated more frequently; how minimum prices should be established; whether there should be a monthly charge to recover administrative costs; whether there should be a demand or capacity charges; the use of the Holyrood thermal Generating Station as a proxy for the Labrador Interconnected non-firm rate; and whether there should be a revision to the Supply Cost Variance Deferral Account. It indicated that the rate would be reviewed when more experience is gained with export sales and the provision of non-firm service. The Order was, in effect, provisional on Hydro’s proving and validating the submissions on which the Board relied and ordered to be proven by a new application and report.

The Board stated that the proposed non-firm rates for the Labrador Interconnected System was a reasonable first step “on the basis that Hydro will continue to gather information as it gains more experience in export activity and the provision of non-firm service”.

Accordingly, the onus rests with Hydro to demonstrate that the assumptions underlying the Board’s decision remain valid and that the continued application of the non-firm rate is justified. If Hydro elects not to provide that evidence and avoids the accountability contemplated by the Board, it is respectfully submitted that the proper and equitable remedy is for the Board to order that the current non-firm rates revert to the rates that were in effect prior to the Decision.

### **Blocklab is the only client utilizing the non-firm rate on the Labrador Interconnected System**

When Hydro filed its request with the Board on April 10, 2026, seeking an extension of the reporting deadline, it acknowledged that there is currently only one customer utilizing the non-

firm rate on the Labrador Interconnected System, namely BlockLAB. Hydro advises in its Application that another customer has recently been approved for connection and is expected to be interconnected and eligible to receive non-firm service in 2027.

Accordingly, the non-firm rate is not presently a rate of general application. Rather, it applies exclusively to a single customer. In these circumstances, there is no compelling basis to continue the existing rate beyond June 1, 2026, or, at the latest, September 1, 2026.

The evidence demonstrates that BlockLAB is the sole customer subject to the non-firm rate and is being charged a rate that does not reflect Hydro's lost profits or true costs.

Moreover, granting the requested relief would have a negligible impact on Hydro's revenues. Hydro has admitted that BlockLAB is the only customer taking service under the rate to date. As a result, reverting to the prior rate structure pending a proper evidentiary review would not materially affect Hydro's financial position, while ensuring that the sole affected customer is not subjected to an unsupported and inequitable rate.

### **Non-Firm Rate for the Labrador Interconnected System**

Hydro submits that BlockLAB's position 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 applicable to customers on the Labrador Interconnected System. Hydro states that the former Secondary Energy Rate was only available to customers connected to the Labrador Interconnected System who were engaged in fuel switching, and that the energy supplied under that service was required to be used solely for the operation of equipment associated with fuel switching. Hydro submits that this rate structure does not apply to BlockLAB.

Hydro further submits that, 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, discontinuation of the existing non-firm rate would result in the cessation of service to both customers.

BlockLAB maintains that Hydro bears the onus of demonstrating that the assumptions underlying the Board's decision remain valid and that the continued application of the non-firm rate is justified. BlockLAB submits that Hydro should not be permitted to discontinue service because Hydro has failed to comply with the Board's Decision. BlockLAB submits that the fair and reasonable disposition is for the Board to direct Hydro to continue providing non-firm power at the existing industrial rate, or alternatively, to establish the non-firm rate at the existing industrial rate.

## **Alternative Pricing Methodologies in Extension Period**

Hydro states in its Application states that the requested extension will allow it to provide a more comprehensive report reflecting the anticipated connection of a new customer in Labrador, as well as any additional insights from ongoing operations. Hydro further submits that granting the extension will enable it to file a report that more fully responds to the matters identified by the Board for further examination.

Blocklab submits that Hydro has now accumulated more than two years of actual operating experience under the existing non-firm rate, with BlockLAB as the sole customer taking service under that rate. This period of operation should provide a sufficient evidentiary basis to evaluate whether the current pricing methodology has achieved its stated objectives, namely maximizing Hydro's revenues and appropriately reflecting export opportunity costs.

Based on BlockLAB's experience under the rate, there have been numerous occasions where the actual electricity prices in the New York and New England markets differed materially from the monthly price charged to BlockLAB. This raises a legitimate question as to whether the current methodology accurately captures the real-time market value of the energy and the actual export opportunities available to Hydro.

It is Blocklab's understanding that Hydro currently relies on a pricing methodology that establishes the non-firm rate through a monthly calculation, with a pricing reset occurring approximately on the 19<sup>th</sup> day of each month. While this approach may provide administrative simplicity, it may not adequately reflect the volatility and variability of the export markets upon which the methodology is intended to be based.

If the Board determines that Hydro should be granted the requested extension, BlockLAB respectfully submits that the extension period should be used to generate meaningful additional evidence rather than merely continue the existing methodology unchanged. In particular, the Board should direct Hydro to test and evaluate at least one alternative pricing methodology during the extension period. Potential alternatives could include:

- daily variable pricing;
- hourly variable pricing;
- day-ahead market pricing; or
- any other dynamic pricing structure tied more directly to prevailing export market conditions.

Blocklab is willing to participate in a pilot or trial of any such alternative pricing methodology. It is respectfully submitted that testing one or more alternative approaches would provide Hydro and the Board with substantially more useful information regarding the relationship between non-

firm pricing and actual export opportunity costs than would simply extending the current methodology for an additional year. Such a process would better advance the Board's objective of determining whether the existing rate remains just, reasonable, and supported by the evidence.

### **Market Data Source**

BlockLAB further submits that there may be an issue regarding the market data source used to calculate the non-firm rate.

It is BlockLAB's understanding that the non-firm rate originally approved by the Board was based on export market pricing derived from CME market data. Subsequently, Hydro appears to have transitioned to using ICE market data as the reference source for determining the rate. If that understanding is correct, Hydro implemented a change to a key component of the pricing methodology without obtaining specific approval from the Board.

BlockLAB submits that the choice of market data source is not merely an administrative matter. The selected data source forms part of the foundation upon which the non-firm rate is calculated and may materially affect the resulting prices charged to customers. As such, a change in the market reference used to establish the rate may constitute a material modification to the methodology that was originally reviewed and approved by the Board.

At a minimum, BlockLAB submits that Hydro should be required to explain when and why the change was made, identify the impact of the change on the rates charged under the non-firm service, and demonstrate that the use of ICE market data remains consistent with the objectives and assumptions underlying the Board's original approval of the rate.

If Hydro did in fact change the market data source without prior Board approval, BlockLAB respectfully submits that the Board should examine whether such a change was appropriate and whether any resulting impacts on customers should be considered as part of the current proceeding.

### **Summary**

Over the past two years, BlockLAB has acted as a cooperative customer and has worked with Hydro in good faith in the implementation and operation of the non-firm service. BlockLAB is not opposed to Hydro obtaining additional operational experience or gathering further information to assist the Board in its review of the rate.

However, if the rationale for the requested extension is to learn from actual operating experience and to assess the effectiveness of the existing pricing methodology, then the extension period should be used to generate meaningful additional evidence. Simply continuing the current

methodology unchanged for another year is unlikely to provide materially different insights than those already available from more than two years of operating history.

Accordingly, BlockLAB submits that, if the extension is granted, Hydro should be directed to use the extension period to evaluate one or more alternative pricing methodologies and compare the results against the existing approach. Such an exercise would provide the Board with a more robust evidentiary record and assist in determining whether the current methodology appropriately reflects export opportunity costs, maximizes Hydro's revenues, and results in just and reasonable rates.

In BlockLAB's submission, a structured evaluation of alternative pricing models would provide significantly greater value to the Board than merely extending the status quo and collecting additional data under the same methodology.

BlockLAB requests that the Board:

- a. deny Hydro's request to extend the existing non-firm rate beyond June 1, 2026, or September 1, 2026, at the latest, and direct that the rate revert to the rate structure in effect prior to Board Order No. P.U. 34 (2023) pending the filing and disposition of Hydro's comprehensive rate application;

or, in the alternative,

- b. if the Board grants Hydro's requested extension, direct Hydro to use the extension period to test and evaluate one or more alternative pricing methodologies, including pricing mechanisms more closely tied to actual export market conditions, and to report the results to the Board as part of its comprehensive review of the non-firm rate;
- c. require Hydro to explain and justify any change in the market data source used to calculate the non-firm rate, including the transition from CME market data to ICE market data, if such a change has occurred, and to quantify the impact of that change on customers taking non-firm service; and
- d. grant such further and other relief as the Board considers just and appropriate.

BlockLAB submits that these measures would provide the Board with a more complete evidentiary record and better enable it to determine whether the non-firm rate remains just, reasonable, and consistent with the objectives identified in Board Order No. P.U. 34 (2023).

Should you have any questions, please contact the undersigned.

Yours truly,

CURTIS DAWE

A handwritten signature in blue ink, appearing to read "Paul D. Dicks". The signature is fluid and cursive, with the first name "Paul" being the most prominent part.

Paul D. Dicks, K.C.  
PDD/lw