

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P.U. 25(2020)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 of the acquisition and installation of equipment to
10 connect and integrate a photovoltaic and battery
11 operated storage system at Mary’s Harbour,
12 pursuant to section 41 of the *Act*.
13

14
15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
16 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
17 and is also subject to the provisions of the *EPCA*; and
18

19 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,
20 purchase or lease of improvements or additions to its property where:
21

- 22 a) the cost of construction or purchase is in excess of \$50,000; or
 - 23 b) the cost of the lease is in excess of \$5,000 in a year of the lease
- 24

25 without prior approval of the Board; and
26

27 **WHEREAS** in Order No. P.U. 6(2020) the Board approved Hydro’s 2020 Capital Budget in the
28 amount of \$107,576,100; and
29

30 **WHEREAS** the Board approved supplementary 2020 capital expenditures

- 31 (i) in Order No. P.U. 7(2020) in the amount of \$2,059,400 for the construction and
32 installation of an electric vehicle fast charging network, including Level 3 direct
33 current fast chargers and Level 2 chargers at 14 locations across the island
34 between St. John’s and Port Aux Basques;
- 35 (ii) in Order No. P.U. 14(2020) in the amount of \$7,638,200 for capital projects
36 necessary for the continued operation of the Holyrood Thermal Generation
37 Station; and

1 **WHEREAS** on August 11, 2020 Hydro filed an application with the Board requesting approval
2 of the acquisition and installation of equipment to connect and integrate a photovoltaic and battery
3 operated storage system at Mary's Harbour, in the amount of \$532,860, excluding HST, to be fully
4 contributed by St. Mary's River Energy LLP ("SMRE") (the "Application"); and
5

6 **WHEREAS** Hydro owns and operates a diesel generating station located in Mary's Harbour on
7 the south coast of Labrador and purchases energy as per a Power Purchase Agreement signed in
8 September 2017 from SMRE, an independent power producer which supplies hydroelectric power;
9 and
10

11 **WHEREAS** SMRE wishes to provide additional energy to its energy generation capacity in the
12 form of solar energy through a photovoltaic and battery energy storage ("PV/BESS") plant, which
13 will consist of 188 kW of photovoltaic generation and 334.5 kW/669 kWh of battery energy
14 storage and will deliver power to the system through a distribution line near an existing
15 communication tower; and
16

17 **WHEREAS** Hydro will purchase this additional energy based on a rate calculated at 90% of
18 Hydro's avoided diesel fuel cost; and
19

20 **WHEREAS** to integrate this solar generated and battery stored energy into the Mary's Harbour
21 electrical system and Hydro's diesel generating station, Hydro must upgrade the diesel generating
22 station and the distribution system; and
23

24 **WHEREAS** this project will establish an electrical interconnection and a communication link with
25 the PV/BESS facility and integrate the PV/BESS facility with the control system at the diesel
26 generating station so that the community can receive power from the PV/BESS facility; and
27

28 **WHEREAS** Hydro submitted that the proposed capital expenditures will allow for the safe and
29 reliable operation of the PV/BESS facility, along with the hydro plant, thus reducing the amount
30 of fuel consumed at the diesel generating station by displacing it with renewable energy; and
31

32 **WHEREAS** SMRE will be paying all costs associated with the project, estimated to be \$532,860,
33 which includes a 7% operations and maintenance factor to cover future maintenance requirements,
34 plus HST; and
35

36 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,
37 Dennis Browne, Q.C.; Hydro's Island Industrial customers: Corner Brook Pulp and Paper Limited,
38 NARL Refining Limited Partnership, Vale Newfoundland and Labrador Limited; the communities
39 of Sheshatshui, Happy Valley-Goose Bay, Wabush, and Labrador City; Praxair Canada Inc.; Teck
40 Resources Limited; and the Iron Ore Company of Canada; and
41

42 **WHEREAS** the Board issued requests for information which were answered by Hydro on August
43 20, 2020; and
44

45 **WHEREAS** on August 25, 2020 Hydro noted that no comments were received and requested that
46 the Board approve the Application as submitted; and

1 **WHEREAS** the Board is satisfied that the proposed 2020 supplemental capital expenditures, to
2 be recovered from SMRE, will allow for the safe and reliable operation of the PV/BESS facility,
3 along with the hydro plant, thus reducing the amount of fuel consumed at the diesel generating
4 station by displacing it with renewable energy.
5
6

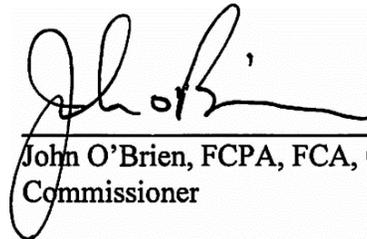
7 **IT IS THEREFORE ORDERED THAT:**
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- 9 1. The proposed capital expenditure for the acquisition and installation of equipment to connect
10 and integrate a photovoltaic and battery operated storage system at Mary's Harbour is
11 approved.
12
13 2. The recovery of the associated costs of the capital expenditure through a charge of \$532,860
14 plus HST to St. Mary's River Energy LLP, as supported by the Agreement filed with the
15 Application, is approved.
16
17 3. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 27th day of August, 2020.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary