

**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

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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

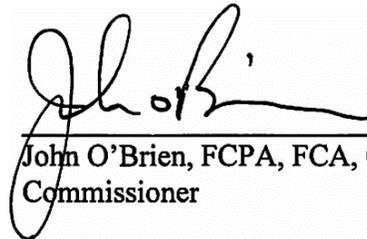
7 **IT IS THEREFORE ORDERED THAT:**  
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- 9 1. The proposed capital expenditure for the acquisition and installation of equipment to connect  
10 and integrate a photovoltaic and battery operated storage system at Mary's Harbour is  
11 approved.  
12  
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 27<sup>th</sup> 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