

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

AN ORDER OF THE BOARD

NO. P.U. 24(2019)

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 the
9 approval of a change in the CDM Cost Recovery
10 Adjustment to be charged to Island Industrial
11 customers effective July 1, 2019.
12

13
14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
16 and is also subject to the provisions of the *EPCA*; and
17

18 **WHEREAS** on May 31, 2019 Hydro filed an application requesting approval to charge a CDM
19 Cost Recovery Adjustment to Island Industrial customers of 0.011 cents per kWh, effective July
20 1, 2019 (the “Application”); and
21

22 **WHEREAS** the Application submitted that approval of the proposed Island Industrial customer
23 CDM Cost Recovery Adjustment would permit recovery of deferred customer energy conservation
24 program costs as provided for in Order Nos. P.U. 49(2016) and P.U. 22(2017); and
25

26 **WHEREAS** in Order Nos. P.U. 49(2016) and P.U. 22(2017) the Board approved the deferral of
27 annual customer energy conservation program costs in a Conservation and Demand Management
28 (“CDM”) Cost Deferral Account with recovery over a seven-year period through the CDM Cost
29 Recovery Adjustment, to be updated annually to reflect the ongoing amortizations and the deferred
30 CDM program costs for the previous year; and
31

32 **WHEREAS** in Order No. P.U. 26(2017) the Board approved rates for Island Industrial customers,
33 including a CDM Cost Recovery Adjustment of 0.009 cents per kWh to be effective from July 1,
34 2017 to June 30, 2018; and
35

36 **WHEREAS** in Order No. P.U. 21(2018) the Board approved rates for Island Industrial Customers,
37 including a CDM Cost Recovery Adjustment of 0.010 cents per kWh to be effective from July 1,
38 2018 to June 30, 2019; and

1 **WHEREAS** the Application provided information and support in relation to the increase in the
2 proposed CDM Cost Recovery Adjustment to 0.011 cents per kWh from 0.010 cents per kWh,
3 including the *2018 Conservation and Demand Management Report*, dated April 1, 2019; and
4

5 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,
6 Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited, NARL Refining Limited
7 Partnership, and Vale Newfoundland & Labrador Limited (the “Industrial Customer Group”);
8 Teck Resources Limited and Praxair Canada Inc.; and
9

10 **WHEREAS** on June 12, 2019 the Industrial Customer Group advised that they did not have any
11 comments on the Application on the basis of Hydro’s representation that the billing impact of the
12 Application is limited to approximately \$7,000; and
13

14 **WHEREAS** on June 14, 2019 Hydro filed a reply requesting the Application be approved as
15 submitted; and
16

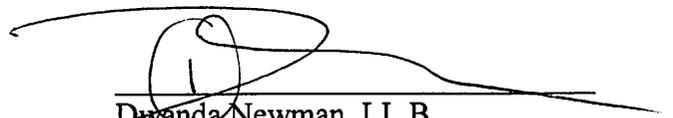
17 **WHEREAS** the Board received no other comments in relation to the Application; and
18

19 **WHEREAS** the Board is satisfied that the proposed Island Industrial customer CDM Cost
20 Recovery Adjustment of 0.011 cents per kWh will provide for recovery of deferred customer
21 energy conservation costs in accordance with Order Nos. P.U. 49(2016) and P.U. 22(2017) and
22 should be approved.
23

24 **IT IS THEREFORE ORDERED THAT:**
25

- 26 1. The proposed Island Industrial customer rates, to be effective on all electrical consumption on
27 and after July 1, 2019, as set out in Schedule A to this Order, are approved on an interim basis.
28
29 2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

DATED at St. John’s, Newfoundland and Labrador, this 17th day of June, 2019.


Dwanda Newman, LL.B.
Vice Chair


John O’Brien, FCPA, FCA, CISA
Commissioner


Cheryl Blyndon
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – FIRM (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Base Rate*:

Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.90 per kilowatt (kW) per month of billing demand.

Firm Energy Charge:

Base Rate @ 3.521 ¢ per kWh

RSP Adjustment:

RSP Adjustment:

Current Plan @ 0.302 ¢ per kWh
Fuel Rider @ 0.000 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours @ 0.302 ¢ per kWh

CDM Cost Recovery

Adjustment @ 0.011 ¢ per kWh

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – FIRM (INTERIM)

Specifically Assigned Charges:

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Corner Brook Pulp and Paper Limited	\$ 11,458
North Atlantic Refining Limited	\$ 104,051
Teck Resources Limited	\$ 50,030
Vale	\$ 144,378

***Subject to RSP Adjustments and CDM Cost Recovery Adjustment:**

RSP Adjustments refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a seven year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – Non-Firm (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Non-Firm Energy Charge (¢ per kWh):

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2013 (3.47%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 618 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL - WHEELING (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate:

Energy Charge:

All kWh (Net of losses)* @ 0.423 ¢ per kWh

*For the purpose of this Rate, losses shall be 3.47%, the average system losses on the Island Interconnected Grid for the last five years ending in 2013.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.