

November 7, 2014

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

Attention: G. Cheryl Blundon, Director of Corporate Services and Board Secretary

Ladies and Gentlemen:

**Re: Application of Newfoundland and Labrador Hydro for Approval of Agreement with
Corner Brook Pulp and Paper Limited for Capacity Assistance**

In relation to the above noted, please find enclosed the original and twelve (12) copies of the Consumer Advocate's Requests for Information numbered CA-NLH-01 to CA-NLH-20.

An electronic copy will be forwarded in due course.

We trust the foregoing is found to be in order.

Yours very truly,

O'DEA, EARLE

THOMAS JOHNSON

cc: Newfoundland Power
Attention: Mr. Gerard Hayes

Newfoundland and Labrador Hydro
Attention: Mr. Geoffrey Young

Island Industrial Customers
Attention: Paul Coxworthy

Vale Newfoundland & Labrador Limited
Attention: Tom O'Reilly, Q.C.

Mr. Danny Dumaresque

Praxair Canada Inc.
Attention: Ms. Sheryl Nisenbaum

Grand Riverkeeper Labrador Inc.
Attention: Ms. Roberta Frampton Benefiel

IN THE MATTER OF

the *Electrical Power Control Act*, R.S.N.L. 1994, Chapter E-5.1 (the "EPCA") and the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47 (the "Act"), and regulations thereunder;

AND

IN THE MATTER OF

an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Sections 70(1), 71 and 80 of the *Act*, of the Capacity Assistance Agreement between Newfoundland and Labrador Hydro and Corner Brook Pulp and Paper.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NLH-1 to CA-NLH-20**

Issued: November 7, 2014

1

2 CA-NLH-1 (October 28, 2014 Cover Letter submitted with Application) It is
3 stated that the capacity payment proposed for CBPP is \$28/kW per
4 winter for a total annual payment of \$1,680,000. Which customer
5 classes will be responsible for paying the \$1,680,000, how much
6 will be allocated to each of these classes, and what will be the
7 impact on the rates for each of these classes?

8

9 CA-NLH-2 (October 28, 2014 Cover Letter submitted with Application) It is
10 stated that the capacity payment proposed for CBPP is \$28/kW per
11 winter for a total annual payment of \$1,680,000. How does this
12 payment compare (both in \$ and \$/kW) to the payment
13 Newfoundland Power will receive (or avoid paying) for its
14 Curtailable Service Load under the mechanism proposed in
15 Hydro's recent application?

16

17 CA-NLH-3 (Re: October 2014 Evidence submitted as part of Application) It is
18 stated on page 1 lines 22 to 23 that Hydro has negotiated a capacity
19 assistance arrangement with CBPP and is having similar
20 discussions with Vale. Please confirm that the other Industrial
21 Customers have indicated that they are not interested in pursuing
22 capacity assistance arrangements.

23

24 CA-NLH-4 (Re: October 2014 Evidence submitted as part of Application) It is
25 stated on page 1 lines 22 to 23 that Hydro has negotiated a capacity
26 assistance arrangement with CBPP and is having similar
27 discussions with Vale. Is the capacity assistance arrangement with
28 CBPP considered to be a regular rate option that is available to all
29 industrial customers? If so, what are the terms and conditions
30 relating to availability?

31

1 CA-NLH-5 (Re: October 2014 Evidence submitted as part of Application) It is
2 stated on page 1 line 23 that Hydro is discussing a similar capacity
3 assistance arrangement with Vale. What is the status of discussions
4 with Vale and what is the probability that an arrangement will be
5 in place prior to the upcoming 2014/15 winter period?

6

7 CA-NLH-6 (Re: October 2014 Evidence submitted as part of Application) It is
8 stated on page 1 line 23 that Hydro is discussing a similar capacity
9 assistance arrangement with Vale. Please explain why it makes
10 sense to negotiate such an arrangement when Vale's load is
11 changing as it ramps up operations and given that Vale is already
12 receiving what amounts to a discounted demand charge in that it is
13 not subject to a demand ratchet.

14

15 CA-NLH-7 (Re: October 2014 Evidence submitted as part of Application) It is
16 stated on page 1 line 23 that Hydro is discussing a similar capacity
17 assistance arrangement with Vale. What is the monthly forecast of
18 demand in MW and energy in MWh for Vale over the next four
19 years?

20

21 CA-NLH-8 (Re: October 2014 Evidence submitted as part of Application) It is
22 stated on page 1 footnote 1 that Hydro considered all types of
23 capacity assistance including "*that which can be provided through*
24 *a customer transferring load to its own backup generation*". Please
25 provide an example of how this might be implemented and
26 Hydro's potential net gain in capacity resources. Is this practiced
27 elsewhere?

28

29 CA-NLH-9 (Re: October 2014 Evidence submitted as part of Application) It is
30 stated on page 1 footnote 1 that Hydro considered all types of
31 capacity assistance including "*having customers add their*

generation capacity to Hydro's system”. Please provide an example of how this might be implemented and Hydro's potential net gain in capacity resources. Is this practiced elsewhere?

4

5 CA-NLH-10 (Re: October 2014 Evidence submitted as part of Application) The
6 table on page 2 provides a summary list of terms and conditions of
7 interruptible load programs in other Canadian jurisdictions. Please
8 add a row to the table showing testing requirements.

9

10 CA-NLH-11 (Re: October 2014 Evidence submitted as part of Application)
11 Please provide the same table on page 3 with columns showing the
12 capacity assistance program proposed for CBPP and
13 Newfoundland Power's Curtailable load based on Hydro's recent
14 Application.

15

16 CA-NLH-12 (Re: October 2014 Evidence submitted as part of Application) On
17 page 3 lines 11 to 12 it is stated "*The capacity assistance*
18 *arrangement with CBPP during the 2013/14 winter season*
19 *provided a lower fixed payment and a high variable payment*".
20 What was the basis for this approach?

21

22 CA-NLH-13 (Re: October 2014 Evidence submitted as part of Application) On
23 page 3 lines 11 to 12 it is stated "*The capacity assistance*
24 *arrangement with CBPP during the 2013/14 winter season*
25 *provided a lower fixed payment and a high variable payment*".
26 Please provide a comparison of the capacity and energy payments
27 to CBPP under the capacity arrangement for last winter and the
28 capacity arrangement proposed for the coming winter to the
29 annualized fixed cost of the 120 MW combustion turbine under
30 construction at Holyrood and the marginal production cost of: 1)
31 Holyrood TGS, and 2) the new 120 MW combustion turbine under

1 construction at Holyrood.
2

3 CA-NLH-14 (Re: October 2014 Evidence submitted as part of Application)
4 Please provide the same table on page 5 with the annualized cost of
5 generation based on the new 120 MW combustion turbine under
6 construction at Holyrood.
7

8 CA-NLH-15 (Application para. 8) It is stated "*Hydro determined a variable rate
9 based on a shared savings principle which reflects the facts that,
10 as Hydro experiences incidental fuel savings by deferring the start-
11 up of its most inefficient generator, CBPP assumes a certain
12 degree of business risk in providing capacity assistance*". Please
13 provide further clarification of this statement. Specifically, please
14 quantify: 1) CBPP's business risk in providing capacity assistance,
15 and 2) the cost of the most inefficient generator whose operation
16 will be avoided by calling on CBPP capacity assistance.
17

18 CA-NLH-16 Please provide an updated list of control actions available to Hydro
19 during system emergencies being sure to show where CBPP
20 capacity assistance and Newfoundland Power curtailable load are
21 slotted within the hierarchy of available control actions.
22

23 CA-NLH-17 (Vale October 27, 2014 letter to Board entitled *Newfoundland and
24 Labrador Hydro – Application for Approval of the Rate to be
25 charged to Newfoundland Power*) Vale lists a number of concerns
26 with the application relating to the treatment of NP curtailable
27 load. On page 7 Vale states: 1) "*NP curtailable power should not
28 be treated in the same manner as the NP generation credit*" (lines
29 5 to 6), 2) "*Vale submits that IC capacity assistance should be
30 treated in the same manner as NP generation credit*" (lines 8 to 9),
31 and 3) "*all customers (NP and IC) curtailable power should be*

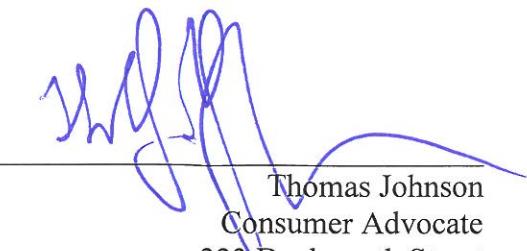
treated the same" (lines 9 to 10). Now that Hydro has followed up its submission on NP curtailable load with this submission relating to capacity assistance from CBPP, how does Hydro respond to each of these statements?

CA-NLH-18 (October 27, 2014 letter to Board entitled *Intervenors' Submission of the Island Industrial Customers Group* relating to Hydro Application for Approval of the Rate to be charged to Newfoundland Power) The Island Industrial Customer Group states (page 7, lines 22 to 23) "*The IIC also note that it is a reasonable expectation that Hydro will offer curtailable service options of a similar or equivalent nature to its industrial customers*". Now that Hydro has followed up its submission relating to NP curtailable load with this submission relating to capacity assistance from CBPP, does Hydro believe it has addressed this statement? Please provide support.

CA-NLH-19 For each of the next four winter periods, please provide Hydro's forecast of: 1) the number of times, and 2) the total number of hours that the new 120 MW combustion turbine under construction at Holyrood will be called upon to operate.

CA-NLH-20 Will there be testing of the availability of CBPP capacity assistance similar to that employed for NP curtailable service load? If not, why not?

Dated at St. John's, in the Province of Newfoundland and Labrador, this 7th day of November, 2014.



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