

1 Q. **Reference: Request for Information IIC-NLH-024.**

2 The response indicates non-firm or interruptible power is based on Hydro's "longstanding
3 assessment of the amount of non-firm load that can be reasonable accommodated while
4 preserving the fundamental characteristics of interruptible service and maintaining the priority
5 of firm service" and "the objective is not to maximize the quantity of interruptible power
6 available, but rather to establish a level of service that provides meaningful value to customers
7 while remaining compatible with reliable system operations". Hydro also notes: "experience has
8 demonstrated that non-firm capacity is a finite system resource that varies depending on
9 operating conditions, generation availability, and system constraints".

10 a) Please confirm that non-firm power drives no investment by Hydro in generation
11 capacity, as the loads are not included in system peak for planning purposes.

12 b) Please provide Hydro's definition of "meaningful value to customers".

13 c) Please indicate how raising the threshold from 5 MW to 10 MW per customer would
14 undermine or violate the quoted "assessment" or "meaningful value" principles.

15 d) Please indicate if Hydro has investigated alternatives where, under the standard
16 industrial rate schedule, any given industrial customer can opt into providing a portion
17 of their load as interruptible capacity (e.g., Nova Scotia Power). If not, why not?

18 e) Please explain the comment that interruptible load is a finite system resource based on
19 Hydro's experience. Is this not simply the case because Hydro has not offered customers
20 the chance to make additional use of non-firm power?

21 f) If there is an opportunity for customer electrification using non-firm loads (which would
22 not reduce firm loads, but simply add to load), would this meet the definition of a clear
23 distinction between firm and non-firm loads that would permit a non-firm cutoff higher
24 than 5 MW? If not, please explain why.

1 A. a) It is confirmed.

2 b) In this context, Newfoundland and Labrador Hydro's ("Hydro") reference to "meaningful
3 value to customers" reflects the provision of a non-firm service offering that allows
4 customers to access additional electrical demand and energy beyond their firm service
5 requirements when system conditions permit. The service enables customers to obtain
6 economic and operational benefits from additional electricity usage while recognizing that
7 such service is subordinate to firm load obligations and may be curtailed when required to
8 maintain system reliability.

9 c) Hydro believes that interruptible service limits should reflect practical operating
10 considerations, available system capacity, generation availability, transmission constraints,
11 and the requirement to preserve the distinction between firm and non-firm service. Any
12 change to the interruptible power limit would require evaluation of these factors and
13 consideration of potential impacts on system operations and administration of non-firm
14 service.

15 Hydro is not suggesting that increasing the limit from 5 MW to 10 MW would, in itself,
16 undermine these principles. The existing 5 MW limit reflects the level that Hydro has
17 historically considered practical and manageable within the framework of interruptible
18 service. Increasing the limit would increase the amount of non-firm demand that an
19 individual customer could request. Hydro would need to assess whether that higher level
20 could continue to be accommodated on an as-available and interruptible basis, without
21 affecting the priority afforded to firm service or the equitable administration of finite non-
22 firm capacity among customers. The reference to "meaningful value" reflects the benefit
23 provided to customers through access to additional electricity beyond their firm
24 requirements when system conditions permit. A higher limit could potentially provide
25 additional customer value, but that consideration must be balanced against the operational
26 and service considerations applicable to non-firm service.

1 **d)** Hydro has not completed a formal study of alternative industrial service structures whereby
2 customers could elect to designate a portion of their otherwise firm load as interruptible
3 capacity under the standard industrial rate schedule.

4 Hydro notes that interruptible service is currently available to Industrial customers through
5 existing contractual arrangements and rates approved by the Board of Commissioners of
6 Public Utilities. Hydro's current approach provides customers with access to non-firm
7 service while maintaining a clear distinction between firm and interruptible obligations. As
8 such, Hydro had not identified a requirement to pursue an alternative framework.

9 **e)** Hydro's statement that non-firm capacity is a finite system resource reflects operating
10 experience demonstrating that the amount of capacity available for non-firm usage varies
11 depending on system conditions, generation availability, transmission constraints,
12 equipment outages, and firm customer requirements. As interruptible and non-firm service
13 are subordinate to firm service, the amount of non-firm capacity available at any given time
14 is inherently limited by these factors.

15 Hydro does not agree that non-firm capacity is finite solely because customers have not
16 been offered additional opportunities to use non-firm power. Rather, the availability of non-
17 firm service is determined by the ability of the electrical system to reliably serve firm
18 requirements while accommodating additional interruptible demand on an as-available
19 basis.

20 **f)** Hydro cannot provide a definitive answer without first studying the specific electrification
21 opportunity. Whether such load would satisfy the distinction between firm and non-firm
22 service, and whether a limit exceeding 5 MW would be appropriate, depends on factors that
23 must be assessed on a customer-specific basis. These factors include the size, location and
24 operating profile of the load, the customer's alternative supply arrangements, the
25 anticipated frequency and duration of curtailment, and the implications for system
26 reliability and firm customers.

27 The distinction between firm and non-firm service depends not on whether a load is
28 incremental, but on whether it can be curtailed when required without creating pressure to

1 serve it on a firm basis. Electrification load supported by retained alternative supply, such as
2 electric boilers with fuel-fired backup, would be more likely to meet this standard. Load for
3 which the alternative supply has been retired would, in practice, function as firm load.

4 The existing interruptible power provisions were designed for general, as-available use of up
5 to 5 MW and not for large, dedicated electrification loads. Should an opportunity prove
6 feasible, the contractual arrangements would need to be structured to provide for more
7 specific use of interruptible energy. This could include separate metering of the dedicated
8 load, a defined maximum interruptible demand, an obligation to maintain alternative
9 supply, and clear curtailment terms and consequences for failure to curtail.