

1 Q. Please provide details on the number and type of service requests in excess of 200 kW in
2 Labrador West since 2020, excluding cryptocurrency companies, and explain the criteria applied
3 by Hydro to determine whether to request Board approval for an exemption to Regulation 17.

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6 A. Since 2020, Newfoundland and Labrador Hydro (“Hydro”) has had approximately 13 requests for
7 service with estimated peak loads in excess of 200 kW in Labrador West, excluding
8 cryptocurrency companies. These included requests for airport upgrades, secondary buildings,
9 staff housing, health and medical buildings, and business expansion. Hydro has applied for, and
10 received approval for, an exemption to Regulation 17 for four of these requests. The application
11 for two other requests, including this application, is under review. The four Labrador West
12 applications for which Hydro requested, and received, approval from the Board of
13 Commissioners of Public Utilities (“Board”) were:

- 14 i. Health care/medical building, approved in Board Order No. P.U. 12(2020);
15 ii. Wabush Airport upgrades and additional infrastructure, approved in Board Order No.
16 P.U. 15(2022);
17 iii. Housing for new and current staff of Tacora Resources Inc., approved in Board Order
18 No. P.U. 16(2023); and
19 iv. Business expansion, approved in Board Order No. P.U. 5(2025).

20 In Hydro’s application to increase the Regulation 17 load restriction threshold from 100 kW to
21 200 kW and expand the regulation to apply to Labrador West in addition to Labrador East,¹
22 Hydro noted that the baseline forecast of the Labrador West System at the time indicated that
23 the demand is likely to exceed the 350 MW capacity in 2019; Industrial customer loads would be
24 curtailed when loads exceed the system capacity limit of 350 MW. Hydro proposed to expand
25 Regulation 17 to apply to Labrador West to assist Hydro in providing reliable service to

¹ “Application for the Revision of Regulation 17 and Expansion to Temporarily Restrict Load Additions in Labrador West,” Newfoundland and Labrador Hydro, September 25, 2019.

1 customers in Labrador East and Labrador West pending the completion of the regulatory
2 process related to the Network Additions Policy and the Expansion Study.

3 Regulation 17 includes a provision that:

4 When Hydro has reason to believe there are special circumstances surrounding
5 an application for service in Labrador East or Labrador West that will result in
6 the addition of load requirements of greater than 200 kW, where it may be
7 appropriate to approve service connections and upgrades, Hydro may apply to
8 the Board for a variance or exemption to this Regulation.

9 When the Regulation was implemented, to assist with determining the special circumstances
10 under which it would be appropriate to support an application for variance or exemption to the
11 Regulation, Hydro identified several examples of the types of businesses that may qualify. These
12 included industrial development such as the manufacture, assembly or processing of tangible
13 merchandise, or the extraction of raw materials; emergency services such as fire departments,
14 hospitals, etc.; and services which meet a defined need in the community, such as schools,
15 medical clinics, daycare centres, etc. Regulation 17 does not permit Hydro to provide service
16 connections or service upgrades to a customer in Labrador East or West with an estimated peak
17 demand in excess of 200 kW. However, Hydro would consider whether the above criteria were
18 met in determining whether to make an application to the Board for approval.

19 As noted above, and in Hydro's applications with respect to the approval of the revision of
20 Regulation 17 and its expansion to Labrador West, the Regulation was intended to be a
21 temporary measure pending the completion of the regulatory process related to the Network
22 Additions Policy and the Expansion Study. The Labrador Interconnected System Transmission
23 Expansion Study was filed with the Board on October 31, 2018. The proposed Labrador
24 Interconnected System Network Additions Policy was filed on December 14, 2018, and was
25 approved effective April 1, 2021. The Network Additions Policy is intended to limit rate increases
26 that can result from investment in new transmission assets to serve new load requests and to
27 achieve a reasonable balance in the sharing of the benefits and the costs of new transmission
28 investments between new and existing customers.

Subsequent to Network Additions Policy Approval

In response to a query from the Board on March 23, 2021, regarding the status of Regulation 17 post-approval of the Network Additions Policy, Hydro recommended that the existing restrictions remain in place while the system expansion needs for reliable service to customers in Labrador West and Labrador East were determined.² This was due to the continued system capacity restrictions that exist in the region.

Subsequently, on April 19, 2024, Hydro applied to the Board for approval of an exemption to Regulation 17 for a number of customers in Labrador East. While the Regulation allowed Hydro to apply for an exemption to the regulation where there were special circumstances where it may be appropriate to approve service connections and upgrades, and Hydro had been applying the criteria noted above, Hydro's April 2024 application stated that with the increased transmission capacity in Labrador East, it would be reasonable to allow some additional growth to serve the customers. Hydro did not request that Regulation 17 be lifted entirely as it is important for Hydro to monitor and manage the load growth in the region and to continue to ensure the system is not overwhelmed to the point that delivery of reliable service is impacted. The Board approved Hydro's request for exemption, while maintaining Regulation 17, in Board Order No. P.U. 14(2024).

In a later application for service in Labrador West, filed on December 6, 2024, Hydro noted that while the Labrador West system has not had an increase in its transmission capacity, as was the case in Labrador East, Hydro must similarly balance the importance of ensuring the system is not overwhelmed to the point that delivery of reliable service is impacted with the necessity for reasonable community infrastructure and business growth in Labrador. Hydro advised that it had reviewed the impact of the customer connection on the Labrador West System and it did not pose concerns with respect to the continued delivery of reliable service in the region. The Board approved this request in Board Order No. P.U. 5(2025).

While the review of the Network Additions Policy was underway, Hydro applied the criteria listed above in determining whether to apply for an exemption to Regulation 17. Subsequent to

² "Restriction on Load Additions on the Labrador Interconnected System – Update," Newfoundland and Labrador Hydro, April 7, 2021.

1 the approval of the policy, and the later issuance by the Government of Newfoundland and
2 Labrador on November 10, 2022, of an Order in Council exempting Hydro from the legislative
3 obligation to supply firm electrical service to applicants from cryptocurrency industries,³ Hydro
4 reviews customer requests to determine whether their connection would pose concerns to the
5 continued delivery of reliable service in the applicable region. If the connection would not pose
6 concerns, Hydro believes it is reasonable to approve customer connections to allow growth in
7 community infrastructure and business in Labrador. It is that reasoning that Hydro has applied in
8 the present application.

³ Government of Newfoundland and Labrador, *Order in Council OC2022-266*, November 10, 2022.