

May 21, 2020

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

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Capacity Assistance Report for Corner Brook Pulp and Paper Limited - Winter 2019–2020

In 2018 Newfoundland and Labrador Hydro ("Hydro") applied to the Board of Commissioners of Public Utilities ("Board") for approval of Hydro's "Amended and Restated Capacity Assistance Agreement with Corner Brook Pulp and Paper Limited" (the "Agreement"). The Agreement combined the previous capacity assistance agreements into one single revised agreement and provided an additional 15 MW of winter capacity to Hydro, for a total of up to 105 MW. This Agreement was approved by the Board in Board Order No. P.U. 40(2018). The term of the Agreement is to the earlier of April 30, 2022 or the commissioning of the Muskrat Falls Generating Plant.¹

The Agreement provides cost-effective flexibility for Hydro to deal with unanticipated generation or load events and is necessary to ensure the continued provision of adequate and reliable supply to Hydro's customers on the Island Interconnected System. The Agreement provides: (i) operational flexibility for six months of the year instead of four months; (ii) improved response time with a 10-minute notification period instead of 20 minutes; and (iii) increased security for long-term planning due to the extended term.

In Board Order No. P.U. 40(2018), the Board directed that Hydro continue to file a report no later than May 30 of each year during the term of the Agreement setting out the following information for the latest winter period:

- the capacity assistance requested and provided, including dates, times, and duration;
- the system conditions at the time of the capacity assistance request, including generation available and calculation of system reserve; and
- payments made.

Hydro reports that no requests were made to CBPP for capacity assistance from November 1, 2019 to April 30, 2020. The cost of capacity assistance for the 2019–2020 winter season is therefore limited to the fixed cost amount of \$2,992,500², as specified in the Agreement.

¹ As per Board Order P.U. 34(2017).

² Calculated as 105,000 kW x \$4.75/kW x 6 months = \$2,992,500.

We trust the foregoing is satisfactory. If you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/kd

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