

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

**AN ORDER OF THE BOARD
NO. P. U. 30 (2009)**

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act*, RSNL 1994, Chapter E-5.1 (the
3 "*EPCA*") and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the "*Act*") as amended;

5
6 **AND**
7

8 **IN THE MATTER OF** an application by
9 Newfoundland and Labrador Hydro (Hydro)
10 for approval of changes in the rates to be
11 charged for the supply of secondary power
12 and energy to customers served from the
13 Labrador Interconnected grid and billed
14 as Rate Class 5.1H (the "Application"),
15 pursuant to Section 71 of the *Act*.

16
17 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is
18 a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*; and
19

20 **WHEREAS** in Order No. P. U. 14 (2007) the Board approved the rate to be charged for the sale
21 of secondary energy for Labrador Interconnected Rate Class 5.1H (the "Rate") as the greater of
22 either 90% of the customer's avoided fuel cost or market price, which was defined as the price
23 for which Hydro could otherwise sell the energy; and
24

25 **WHEREAS** prior to March 31, 2009, market price was determined through annually renewable
26 contracts with Hydro-Québec for the sale of secondary energy; and
27

28 **WHEREAS** the final contract between Hydro and Hydro-Québec for the sale of secondary
29 energy expired on March 31, 2009; and
30

31 **WHEREAS** Hydro has entered into a contract to sell secondary energy previously sold to
32 Hydro-Québec to Emera Energy Inc. at a rate which may be variable on an hourly basis; and
33

34 **WHEREAS** on June 2, 2009 Hydro applied to the Board for changes to the monthly calculation
35 of the rate for the sale of secondary energy under the provisions of Rate Class 5.1H effective
36 June 1, 2009; and

1 **WHEREAS** Hydro proposes to calculate the market price component of the Rate as one (1) cent
 2 less than the New York Mercantile Exchange (NYMEX) settlement price for New York
 3 Independent System Operator (NYISO) Zone A Swap Peak electricity after the end of trading on
 4 the 19th day of the previous month, converted to Canadian dollars using the exchange rate at the
 5 closing of the same day; and

6
 7 **WHEREAS** the customer of Rate Class 5.1H is aware of the amendment to the rate calculation
 8 and the Application to the Board; and

9
 10 **WHEREAS** the Industrial Customers, Newfoundland Power and the Consumer Advocate were
 11 notified of the application and the Board did not receive any comments or submissions from the
 12 Industrial Customers or Newfoundland Power Inc.; and

13
 14 **WHEREAS** the Consumer Advocate did file a Request for Information, which was answered by
 15 Hydro on July 24, 2009 and no further comments or submissions were filed by the Consumer
 16 Advocate; and

17
 18 **WHEREAS** the Board is satisfied that the proposed change in the calculation of the rate for the
 19 sale of secondary energy in Rate Class 5.1H is reasonable.

20
 21 **IT IS THEREFORE ORDERED THAT:**

- 22
 23 1. The Board approves the rate to be charged for the sale of secondary energy in Rate Class
 24 5.1H as attached hereto as Schedule "A" to be effective June 1, 2009.
 25
 26 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 31st day of July 2009.

 Andy Wells
 Chair & Chief Executive Officer

 Darlene Whalen, P.Eng.
 Vice-Chair

 Dwanda Newman, LL.B
 Commissioner

 Barbara Thistle
 Assistant Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 5.1H
SECONDARY ENERGY

Availability:

For Service to Customers on the Labrador Interconnected grid engaged in fuel switching who purchase a minimum of 1 MW load and a maximum of 24 MW, who provide their own transformer and, who are delivered power at primary voltages. Hydro shall supply Secondary Energy to the Customer at such times and to the extent that Hydro has Churchill Falls electricity available in excess of the amount it requires for its own use, and to meet its commitments and sales opportunities, present and future, for firm energy. Moreover, Hydro may interrupt or reduce the supply of Secondary Energy at its sole discretion for any cause whatsoever. The energy delivered shall be used solely for the operation of the equipment engaged in fuel switching.

Energy Charge:

The energy charge shall be calculated monthly based on:

EITHER:

- A. The Customer's cost of fuel (cents per litre) most recently delivered to the Customer including fuel additives, if any, in accordance with the following formula:

Secondary Energy Rate = Constant Factor x Fuel Cost/Litre x 90%

Constant Factor =
$$\frac{3413 \text{ BTU/kWh} \times A \times B}{C \times D}$$

Where:

A = Customer's Electric Boiler Efficiency

B = Transformer and Losses Adjustment Factor

C = BTU/Litre of the Customer's fuel

D = Customer's Oil-fired Boiler Efficiency

OR:

- B. One (1) cent less than the New York Mercantile Exchange (NYMEX) settlement price for New York Independent System Operator (NYISO) Zone A Swap Peak electricity after the end of trading on the 19th day of the previous month, converted to Canadian dollars using the exchange rate at the closing of the same day.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 5.1H
SECONDARY ENERGY

WHICHEVER IS GREATER.

Prior to the commencement of service, the Customer will provide to Hydro the rate component values for insertion in the pricing formula for Secondary Energy. If subsequent changes to any of these rate components are required, the Customer will provide them to Hydro as soon as practicable. Hydro may require that these rate component values be verified.

Communications

The Customer and Hydro shall each designate a position within their respective staffs to be responsible for communications as to changes in the cost of the fuel delivered to the Customer. Hydro will contact the Customer's designate on or before the second working day of each month at which time the Customer's designate will inform Hydro of the fuel cost. If this information is unavailable to Hydro for any reason, Hydro will use the previous month's fuel cost and other inputs and make the adjustment to the correct values in the following month's billing.

Hydro will inform the Customer of the value of part B of the energy charge calculation on the first business day following the 21st day of the month preceding the month for which the rate is being set.

Power Factor

If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at the Customer's expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

General:

Insofar as they are not inconsistent with the forgoing, the conditions of service provided in the Rules and Regulations shall apply to Customers in this rate class.

This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.