

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

AN ORDER OF THE BOARD

NO. P.U. 31(2020)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act*, RSNL
4 1990, Chapter P-47 (the “*Act*”), as amended, and
5 regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 of an interruptible load service agreement with
10 Labrador Lynx Limited.
11
12

13 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
14 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
15 and is also subject to the provisions of the *EPCA*; and
16

17 **WHEREAS** in Order No. P.U. 37(2018) the Board approved an interruptible load service
18 agreement with Labrador Lynx Limited (“Labrador Lynx”) for the period December 1, 2018
19 through March 31, 2019 providing for 5,500 kW of interruptible load to be available to Hydro to
20 address forecast capacity shortfalls for the Labrador East system for the 2018-2019 winter season;
21 and
22

23 **WHEREAS** the Muskrat Falls to Happy Valley Interconnection project, which was expected to
24 provide additional capacity for the Labrador East system, was approved by the Board in Order No.
25 P.U. 9(2019) and was scheduled for completion in the fall of 2020; and
26

27 **WHEREAS** in November 2019 Hydro advised the Board that reliable generation at Muskrat Falls
28 is a prerequisite for operation of the interconnection project and, therefore, the increase in system
29 capacity to be provided by interconnection did not occur in 2019; and
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31 **WHEREAS** in Order No. P.U. 42(2019) the Board approved an interruptible load service
32 agreement with Labrador Lynx for the period December 1, 2019 to March 31, 2020 (the “2019
33 Agreement”) to address forecast capacity shortfall in the 2019-2020 winter season; and
34

35 **WHEREAS** in September 2020 Hydro advised that, due to the delay in Muskrat Falls generation,
36 Hydro will continue to supply Labrador East using the 138 kV interconnection to Churchill Falls
37 via transmission line L1301/L1302; and

1 **WHEREAS** on October 27, 2020 Hydro filed an application (the “Application”) for approval of
2 an interruptible load service agreement with Labrador Lynx to become effective upon the date the
3 agreement is approved by the Board through to the earlier of March 31, 2021 or the in-service date
4 of Transmission Line L1303 (the “2020 Agreement”); and
5

6 **WHEREAS** the 2020 Agreement will provide approximately 5,500 kW of interruptible load to be
7 available to Hydro for the duration of the 2020 Agreement and provides that Hydro can interrupt
8 service to Labrador Lynx up to 20 times during the winter period, up to 6 hours each time, to a
9 maximum of 100 hours; and
10

11 **WHEREAS** consistent with the 2018 and 2019 Agreements, Hydro will provide Labrador Lynx
12 with a credit of \$10 per kW per winter month for its maximum monthly demand for an approximate
13 total cost of \$220,000 and, consistent with the 2019 Agreement, the credit will be allocated on a
14 pro rata basis based on the number of valid creditable days in the month and the total number of
15 days in the month; and
16

17 **WHEREAS** Hydro submits that an interruptible load service agreement with Labrador Lynx will
18 eliminate the forecast capacity shortfall for the 2020-2021 winter season in Labrador East; and
19

20 **WHEREAS** the Application was circulated to: Newfoundland Power; the Consumer Advocate,
21 Dennis Browne, Q.C.; a group of Island Industrial customers: Corner Brook Pulp and Paper
22 Limited, NARL Refining Limited Partnership, Vale Newfoundland and Labrador Limited; the
23 communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush and Labrador City (the “Labrador
24 Interconnected Group”); Iron Ore Company of Canada; Praxair Canada Inc.; and Teck Resources
25 Limited; and
26

27 **WHEREAS** on November 5, 2020 the Labrador Interconnected Group submitted that, as with the
28 previous interruptible applications, they are concerned that Hydro’s decision to provide service to
29 Labrador Lynx despite the capacity constraints in Labrador was questionable and ought not to
30 create costs to be borne by Labrador ratepayers and requested Hydro confirm that costs associated
31 with the 2020 Agreement will not be passed on to ratepayers in future rates; and
32

33 **WHEREAS** on November 9, 2020 Hydro filed a reply submission confirming that the costs
34 associated with the 2020 Agreement will not be recovered from customers and requested the Board
35 approve the Application as submitted; and
36

37 **WHEREAS** the Board did not receive any other comments; and
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39 **WHEREAS** the Board is satisfied that the proposed 2020 Agreement is reasonable and necessary
40 to ensure the continued provision of safe and reliable electric supply to Hydro’s customers and
41 should be approved.

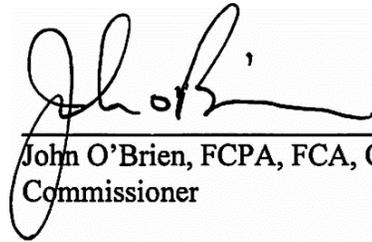
1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. The proposed Interruptible Load Service Agreement with Labrador Lynx Limited, to be
4 effective from December 1, 2020 through to the earlier of March 31, 2021 or the in-service
5 date of Transmission Line LI 303, is approved.
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7 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 16th day of November, 2020.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary