



Senwung Luk
sluk@oktlaw.com
416.981.9443
416-981-9350
74009

September 11, 2018

The Board of Commissioners of Public Utilities
Ms. G. Cheryl Blundon, Board Secretary
Prince Charles Building
210 - 120 Torbay Road
St. John's, NL, A1A 2G8

Re: NLH Capital Application (2018), Application to Upgrade the Happy Valley-Goose Bay Distribution System – Comments of the Labrador Interconnected Group

Dear Ms Blundon,

The following are comments filed on behalf of the Labrador Interconnected Group (“LIG”). The LIG consists of the communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City.

On August 3, 2018, Newfoundland and Labrador Hydro (“NLH”) applied for an Order pursuant to section 41(3) of the *Public Utilities Act*, requesting Board approval for upgrades on the Happy Valley-Goose Bay Distribution System, at an estimated capital cost of \$195,400. The LIG posed certain Requests for Information (“RFIs”) to gain more clarity on NLH’s proposal.

It should be borne in mind that the current NLH proposal has arisen in response to a capacity problem in Labrador East which can be attributed in large part to Hydro’s acceptance of a number of new cryptocurrency customers.¹ Hydro’s current application is driven by the need to address this capacity problem.

In the LIG’s submission, NLH’s responses to LAB-NLH-001, LAB-NLH-002, LAB-NLH-004, LAB-NLH-005, LAB-NLH-006, LAB-NLH-007, LAB-NLH-008, LAB-NLH-009 are not responsive.

Each of these questions sought more information on the role that new cryptocurrency loads are playing within the Happy Valley-Goose Bay distribution system. In all these cases (other than LAB-NLH-001 itself), Hydro refers to its response to LAB-NLH-001, which indicates that it is only concerned with which areas to prioritize in the event of an outage issue, and declines to answer the questions posed by the LIG.

¹ 2018 Capital Budget Application, Muskrat Falls – Happy Valley Transmission Project, Questions from PUB, page 2 of 8.

In the LIG's view, Hydro should also be considering options for curtailing cryptocurrency loads, as an alternative to, and in conjunction with the proposal to prioritize certain loads. Of the four Situations presented in Hydro's evidence in support of this application, only one (the loss of L1301/L1302) would require substantial curtailment if cryptocurrency loads were interruptible, as seen in the following table, drawn from Hydro's evidence:

Situation	Available supply	Likely duration	Curtailment required (duration)	Curtailment required (amount)	Curtailment required without new data centre loads
1 Loss of HVGB gas turbine generate mode	77 MW	Full winter	6 hours (LAB-NLH-005)	3.7 MW	0 MW
2 Loss of HVGB gas turbine generate and synchronous condense mode	65 MW	Full winter	527 hours (LAB-NLH-006)	15.7 MW	1.9 MW
3 Loss of T31 in Churchill Falls	62 MW	Full winter	824 hours (LAB-NLH-007)	18.7 MW	4.9 MW
4 Loss of L1301/L1302	25 MW	Two weeks or more	336 hours (calculated) (LAB-NLH-008)	55.7 MW	41.9 MW

Hydro indicates that it cannot impose such restrictions on individual general service customers. However, it fails to acknowledge that the situation that specific restrictions could be imposed if these customers were grouped together under a new rate class, as the LIG has suggested in other fora.

The Board has not yet addressed that possibility, which is not before it in the present application. That said, the LIG considers that substantive responses to the questions posed in the above-mentioned RFIs would help the Board understand the extent to which the investment for which approval is sought here would be unnecessary, should a comprehensive solution to the cryptocurrency issue eventually be put in place. The questions posed by the LIG are relevant to the degree to which the capacity constraint is caused by new cryptocurrency customer loads, and

also to the question of the extent to which a curtailment proposal would be a more prudent solution to the upcoming capacity problem. In the LIG's view, substantive engagement with the LIG's RFIs can better inform the Board before it makes a final decision with respect to the present application, although the LIG realizes that without other measures to deal with capacity issues, it may be prudent to proceed with these upgrades on the Happy Valley-Goose Bay Distribution System.

The LIG is in receipt of the comments of the Iron Ore Company of Canada ("IOC") dated September 6, 2018. We echo the observation made by IOC that the amounts involved in this proposal are not large.

However, we would observe that Hydro has not produced sufficient information on the record that shows that its proposal is a reasonable and prudent way forward. The LIG reserves the right to challenge the prudence of the proposed investments, on the basis they were only made necessary by the fact that new cryptocurrency loads were accepted as customers before sufficient infrastructure to service them had been approved by the Board.

The LIG wishes to reiterate its view, expressed numerous times before, that a comprehensive policy framework on cryptocurrency customers is urgently required. The present application represents another *ad hoc* proposal to deal with problems caused by cryptocurrency loads. It reinforces the LIG's view about the necessity of a comprehensive framework on cryptocurrency customers.

Should you have any questions, please be sure to contact me.

Respectfully,
Olthuis, Kleer, Townshend LLP
PER:



SENWUNG LUK
PARTNER

SL/tw