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June 10, 2022

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 and Board Secretary

Dear Ms. Blundon:

Re: Application for July 1, 2022 Island Industrial Customer Conservation and Demand Management Cost Recovery Adjustment

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for approval of the proposed Island Industrial Customer Conservation and Demand Management ("CDM") Cost Recovery Adjustment, to become effective July 1, 2022.

Hydro is proposing an increase of 0.001 cents per kWh to the existing CDM Cost Recovery Adjustment of 0.013 cents per kWh, for a total CDM Cost Recovery Adjustment of 0.014 cents per kWh. The estimated billing impact of this increase for the Island Industrial Customer class based on the 2021 energy consumption would be approximately 0.01% or \$4,000 annually.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
PUB Official Email

Consumer Advocate
Dennis M. Browne, QC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis
Bernard M. Coffey, QC

Praxair Canada Inc.
Sheryl E. Nisenbaum
Peter Strong

Newfoundland Power Inc.
Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email

Teck Resources Limited
Shawn Kinsella

Island Industrial Customer Group
Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse



Application for July 1, 2022 Island Industrial Customer Conservation and Demand Management Cost Recovery Adjustment

June 10, 2022



An application to the Board of Commissioners of Public Utilities

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

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“Hydro”), pursuant to Subsection 70(1) of the *Act*, for the approval of a change in the Conservation and Demand Management (“CDM”) Cost Recovery Adjustment to be charged to Island Industrial Customers effective July 1, 2022 (“2022 Island Industrial Customer CDM Cost Recovery Application”).

To: The Board of Commissioners of Public Utilities (“Board”)

THE APPLICATION OF HYDRO STATES THAT:

A. Background

1. Hydro, a corporation continued and existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submits for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations that relate to that service.
3. Subsection 70(1) of the *Act* provides that a public utility shall not charge, demand, collect or receive compensation for a service performed by it until the Board has approved a schedule of rates, tolls, and charges for the services provided by the public utility.
4. In Board Order No. P.U. 22(2017),¹ the Board approved Hydro’s Rules and Regulations for CDM Cost Recovery, which require the CDM Cost Recovery Adjustment to be updated annually reflecting the ongoing amortizations and the deferred CDM program costs for the previous year.

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 22(2017), Board of Commissioners of Public Utilities, June 14, 2017.

5. In Board Order No. P.U. 25(2021),² the Board approved an Island Industrial Customer CDM Cost Recovery Adjustment of 0.013 cents per kWh effective July 1, 2021.

B. Application

6. This application proposes to increase the Island Industrial Customer CDM Cost Recovery Adjustment by 0.001 cents per kWh, for a revised Island Industrial Customer CDM Cost Recovery Adjustment of 0.014 cents per kWh. The adjustment is proposed to become effective July 1, 2022.
7. Approval by the Board of the proposed Island Industrial Customer CDM Cost Recovery Adjustment will permit for recovery of deferred customer energy conservation program costs, as provided for, and intended by, Board Order No. P.U. 22(2017).
8. Schedule 1 to this application provides a calculation of the proposed Island Industrial Customer CDM Cost Recovery Adjustment to become effective July 1, 2022.
9. Schedule 2 to this application provides an updated Island Industrial customer rate sheet, reflecting the revised Island Industrial Customer CDM Cost Recovery Adjustment.

C. Newfoundland and Labrador Hydro's Request

10. Hydro requests the Board approve its proposed Island Industrial Customer CDM Cost Recovery Adjustment of 0.014 cents per kWh, as set out in Schedule 1 of this application, to be effective July 1, 2022.

D. Communications

11. Communications with respect to this application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

² *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 25(2021), Board of Commissioners of Public Utilities, July 13, 2021.

DATED at St. John's in the province of Newfoundland and Labrador on this 10th day of June 2022.

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Counsel for the Applicant
Newfoundland and Labrador Hydro,
500 Columbus Drive, P.O. Box 12400
St. John's, NL A1B 4K7
Telephone: (709) 685-4973

Schedule 1

Calculation of the Proposed Island Industrial Customer Conservation and Demand Management Cost Recovery Adjustment

Newfoundland and Labrador Hydro
Calculation of Conservation and Demand Management ("CDM") Cost Recovery Adjustment - Island Industrial Customers

Line No	1 A) Island Interconnected Recoverable Allocation ¹	2021 Energy Sales (kWh)	Percent of Total kWh	Allocation of Recoverable Amount (\$'000)
3	Newfoundland Power Inc.	5,432,366,847	86.3%	270
4	Island Industrial Firm	419,058,479	6.7%	21
5	Rural Island Interconnected	442,741,405	7.0%	22
6	Total	6,294,166,731	100.0%	313

From Page 2, Line 16

B) Calculation of Island Industrial Customer CDM Cost Recovery Adjustment

10	Island Industrial Current Year Allocation (\$'000)	3	Line 4/7 years
11	2021 Energy Sales - Island Industrial Customers (kWh)	419,058,479	From Line 4
12	2022 CDM Cost Recovery Adjustment (cents per kWh) ²	0.001	[(Line 10 x 1,000)/Line 11] x 100
13	2021 CDM Cost Recovery Adjustment (cents per kWh) ³	0.001	
14	2020 CDM Cost Recovery Adjustment (cents per kWh) ⁴	0.001	
15	2019 CDM Cost Recovery Adjustment (cents per kWh) ⁵	0.001	
16	2018 CDM Cost Recovery Adjustment (cents per kWh) ⁶	0.001	
17	2017 CDM Cost Recovery Adjustment (cents per kWh) ⁷	0.009	
18	Total CDM Cost Recovery Adjustment (cents per kWh)	0.014	Line 12 + Line 13 + Line 14 + Line 15 + Line 16 + Line 17

¹Totals may not add due to rounding.

² Recovers 2021 costs transferred to the CDM Cost Deferral Account amortized over the approved seven-year recovery period of 2022–2028.

³ Recovers 2020 costs transferred to the CDM Cost Deferral Account amortized over the approved seven-year recovery period of 2021–2027.

⁴ Recovers 2019 costs transferred to the CDM Cost Deferral Account amortized over the approved seven-year recovery period of 2020–2026.

⁵ Recovers 2018 costs transferred to the CDM Cost Deferral Account amortized over the approved seven-year recovery period of 2019–2025.

⁶ Recovers 2017 costs transferred to the CDM Cost Deferral Account amortized over the approved seven-year recovery period of 2018–2024.

⁷ Recovers 2016 CDM Cost Deferral Account balance amortized over the approved seven-year recovery period of 2017–2023.

Newfoundland and Labrador Hydro
Conservation and Demand Management Account Amortization (\$000)¹

Line No	Year	System Balance	Amortization														
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028			
1		4,524	646	646	646	646	646	646	646	646	646	646	-	-	-	-	-
2	2016	3,846	549	549	549	549	549	549	549	549	549	549	-	-	-	-	-
3		8,370	1,196	-	-	-	-	-									
4		479	-	68	68	68	68	68	68	68	68	68	68	-	-	-	-
5	2017	994	-	142	142	142	142	142	142	142	142	142	142	-	-	-	-
6		1,474	-	211	211	-	-	-	-								
7		443	-	63	63	63	63	63	63	63	63	63	63	63	-	-	-
8	2018	1,085	-	155	155	155	155	155	155	155	155	155	155	155	-	-	-
9		1,528	-	218	218	218	-	-	-								
10		43	-	-	6	6	6	6	6	6	6	6	6	6	6	-	-
11	2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12		43	-	-	6	6	6	6	-	-							
13		681	-	-	-	97	97	97	97	97	97	97	97	97	97	97	-
14	2020	1,343	-	-	-	192	192	192	192	192	192	192	192	192	192	192	-
15		2,024	-	-	-	289	289	289	289	289	-						
16		313	-	-	-	45	45	45	45	45	45	45	45	45	45	45	-
17	2021	1,167	-	-	-	167	167	167	167	167	167	167	167	167	167	167	-
18		1,480	-	-	-	211	211	211	211	211	-						
19		6,483	646	715	778	784	881	881	926	926	926	926	280	211	148	142	45
20	Total	8,436	549	691	846	846	846	1,038	1,205	1,205	1,205	1,205	656	514	359	359	167
21	Grand Total	14,919	1,196	1,406	1,625	1,631	1,920	1,920	2,131	2,131	2,131	2,131	935	725	507	501	211

¹ Totals may not add due to rounding.

² Consistent with the "2021 Electrification, Conservation and Demand Management Report," Newfoundland and Labrador Hydro, April 1, 2022, p. 13, Table 6.

³ Amortization for Island Industrial customer's portion of 2019 Island Interconnected costs began July 1, 2020. Newfoundland Power Inc.'s portion was deferred per Order-in-Council OC2020-081 and amortization began July 1, 2021.

⁴ The total for 2019 and 2020 of \$2.1 million includes activity for 2019 of \$1.5 million and 2020 of \$0.6 million.



Schedule 2

Island Industrial Customer Rate Sheets

INDUSTRIAL – FIRM**Availability**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Base Rate***Demand Charge**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.73 per kilowatt (kW) per month of billing demand.

Firm Energy Charge

Base Rate @ 4.428¢ per kWh

RSP Adjustment

Current Plan @ 1.060¢ per kWh
 Current Plan Mitigation Adjustment..... @ (0.675)¢ per kWh
 Current Plan Total..... @ 0.385¢ per kWh

Total RSP Adjustment – All kilowatt-hours @ 0.385¢ per kWh

CDM Cost Recovery Adjustment..... @ 0.014¢ per kWh

Specifically Assigned Charges

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Corner Brook Pulp and Paper Limited	\$13,311
Braya Renewable Fuels (Newfoundland) GP Inc.	\$107,678
Teck Resources Limited	\$51,789
Vale	\$145,352

***Subject to RSP Adjustments and CDM Cost Recovery Adjustment**

RSP Adjustments refers to all applicable adjustments arising from the operation of Hydro’s Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a seven-year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

Adjustment for Losses

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

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

INDUSTRIAL – NON-FIRM

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate

Non-Firm Energy Charge (¢ per kWh)

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

- 1) Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
- 2) Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
- 3) Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl

Adjustment for Losses

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

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

INDUSTRIAL – WHEELING

Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate

Energy Charge

All kWh (net of losses)* @ 0.831¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

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



Affidavit

IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 ("*EPCA*") and the *Public Utilities Act*, RSNL 1990, Chapter P-47 ("*Act*") and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro ("*Hydro*"), pursuant to Subsection 70(1) of the *Act*, for the approval of a change in the Conservation and Demand Management ("*CDM*") Cost Recovery Adjustment to be charged to Island Industrial Customers effective July 1, 2022 ("*2022 Island Industrial Customer CDM Cost Recovery Application*").

AFFIDAVIT

I, Kevin Fagan, of St. John's in the province of Newfoundland and Labrador, make oath and say as follows:

1. I am Vice President, Regulatory and Stakeholder Relations for Newfoundland and Labrador Hydro, the applicant named in the attached application.
2. I have read and understand the foregoing application.
3. To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

SWORN at St. John's in the)
province of Newfoundland and)
Labrador this 10 day of)
June 2022, before me:)


Barrister – Newfoundland and Labrador


Kevin Fagan