

1 **Q. Reference: November 30, 2022, Hydro Presentation**

2 **Island Industrial Non-Firm Rate**

3 With respect to slide 27:

- 4 **a)** Does Hydro plan to apply to the Public Utilities Board (“PUB”) for a new rate based on  
5 the potential value of energy used in excess of firm load on the island either as  
6 interruptible and/or non-firm/curtailable power in the New York and New England  
7 markets? If so, when will that application be forthcoming?
- 8 **b)** Will the proposed pricing be the same as that proposed in this application?
- 9 **c)** How much non-firm power is currently available on island?
- 10 **d)** How much, if any, of the Muskrat Falls power will be surplus?
- 11 **e)** How much capacity exists on the power line to Nova Scotia for export sales?
- 12 **f)** Are there existing rates for power transmission on the lines that Hydro would have to  
13 use to access the New York and New England markets? What are those rates? Does  
14 Hydro have contract with other utilities for the use of such transmission lines? What are  
15 the terms of those contracts including the rates and durations?
- 16 **g)** What are the gross and net revenue forecasts from potential island export sales?
- 17 **h)** Will Labrador and island non-firm power rates be balanced or one used to subsidize or  
18 off-set the other?
- 19 **i)** What is the forecast costs to customers and the gross and net revenues to Hydro if the  
20 application is approved?
- 21 **j)** If not previously answered, do any other utilities with an interconnection to the North  
22 American grid determine the price of interruptible, non-firm or surplus power based on  
23 the potential revenue from export sales?

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- 1 A. a) As stated in its Application<sup>1</sup> and the Evidence provided in Schedule 1, Newfoundland and  
2 Labrador Hydro (“Hydro”) is proposing to revise the non-firm rate for Island Industrial  
3 customers to include the market value of exports as an option for determining the non-firm  
4 rate (i.e., consistent with the approach proposed for the Labrador Interconnected System).  
5 The proposed rate is provided in Schedule 3 to the Application.<sup>2</sup>
- 6 b) Please refer to Hydro’s response to part a).
- 7 c) An Island Industrial customer can have up to 5 MW of load it can access beyond its Power  
8 on Order. When using this non-firm load, the Island Industrial customer pays the non-firm  
9 energy rate which is calculated based on the incremental cost of supplying the energy.
- 10 d) The forecast, by year, of the amount of energy available to export from Muskrat Falls after  
11 meeting the existing obligations to Hydro and Emera Inc. is shown in Table 1.

**Table 1: Forecast Surplus Muskrat Falls Energy**

Year	GWh
2023	1,194
2024	1,224
2025	1,911
2026	1,992
2027	2,144
2028	2,119
2029	1,952
2030	1,807
2031	1,704
2032	1,651

- 12 e) The export capacity of the Maritime Link is not static, it depends on conditions within the  
13 Island Interconnected System, such as total Island load and transfer levels of the Labrador-  
14 Island Link, as well as in Nova Scotia. The maximum capacity is anticipated to be 500 MW  
15 (measured at the north end of the Maritime Link), and while actual usage will vary  
16 depending primarily on surplus capacity available on the Island, the full export capacity is  
17 expected to be used in certain periods.

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<sup>1</sup> “Application for a Non-Firm Rate for Labrador,” Newfoundland and Labrador Hydro, September 15, 2022, para. 21 and 22(iii).

<sup>2</sup> “Application for a Non-Firm Rate for Labrador,” Newfoundland and Labrador Hydro, September 15, 2022, sch. 3.

- 1           **f)** The proposed formula uses transmission rates that are set by each province’s system  
2                   operator as per their open access transmission tariff. Please refer to Hydro’s response to  
3                   BKL-NLH-010 of this proceeding for current transmission details.
- 4           **g)** There is no gross or net revenue forecast from potential Island export sales. Exports from  
5                   Island resources may occur from time to time depending on system conditions, but from a  
6                   forecast perspective, all exports are sourced from Muskrat Falls or Recapture Energy.
- 7           **h)** Hydro has proposed to use the incremental cost approach for non-firm rates for both the  
8                   Labrador Interconnected System and the Island Interconnected System. As the proposed  
9                   rates reflect the incremental costs for each system, there is no subsidization between  
10                  systems reflected in the Application.
- 11          **i)** The forecast costs to non-firm customers will depend upon both the amount of non-firm  
12                  purchases and the incremental cost to supply the load. For market based incremental costs,  
13                  the incremental cost will vary depending on the forecast net market price for the month of  
14                  purchase. Given Hydro does not yet know the amount of non-firm load it will supply, it is not  
15                  possible to forecast gross or net revenues from non-firm sales.
- 16          **j)** Please refer to part m) of Hydro’s response to BKL-NLH-026 of this proceeding.