Q. **Reference: Application, Volume I, Section 6.7.6 Non-Firm Rate**

Hydro states that the Island Industrial Customer contracts currently include a provision for interruptible demand.

a) Please provide an extract of the non-firm contractual provisions available to Industrial Customers, including maximum non-firm demand.

b) Please provide the rationale for the non-firm maximum demand available as part of the Industrial Customer rate proposal. Please explain why the non-firm demand maximum is not set at a higher level than presently used.

c) Please provide the actual non-firm monthly pricing (on and off – peak) since the initiation of the export-linked non-firm rate.

i. Please indicate any hours or months in which Holyrood was considered the marginal source, and how much notice is provided to customers (if at all) that the pricing for non-firm energy has been adjusted to the cost of Holyrood generation.

A. **a)** The following is an excerpt from a signed Power Service Agreement:

ARTICLE 4
INTERRUPTIBLE POWER

4.01 The Customer may in any Month take an amount of Interruptible Power in addition to the Amount of Power of Order which shall be billed at Interruptible Demand and Energy rates approved by the Board. The amount of Interruptible Power available shall be 5,000 kW per Month. If Hydro is willing and able to serve the Customer's Interruptible Power, then the following shall apply:

(a) The Customer shall, if practicable, make a prior request for, or otherwise as soon as practicable notify Hydro of its requirement for Interruptible Power, specifying the amount and duration of its Interruptible Power requirements. Such request or notification may be made by telephone to the contact listed in Article 18.04 with confirmation of the request provided by the Customer in email to the contact listed in Clause 18.04 within 3 business days of the telephone request; Hydro officials shall reply by email to the Customer to confirm the request, and if such Interruptible Power was made available.

(b) If serving the Customer's Interruptible Power would result in Hydro generating, or increasing or prolonging generation, from a Standby or Emergency Energy Source, then Hydro will so advise the Customer. If the Customer wishes to purchase Interruptible Demand and Energy at such a time or times, that Demand and Energy shall be charged for as calculated by the method or formula approved by the Board in Newfoundland and Labrador Hydro's Schedule of Rates, Rules and Regulations in the "Industrial – Non-Firm" rate sheet.

b) The 5 MW interruptible power limit reflects Newfoundland and Labrador Hydro's ("Hydro") longstanding assessment of the amount of non-firm load that can be reasonably accommodated while preserving the fundamental characteristics of interruptible service and maintaining the priority of firm service. Interruptible power is intended to provide customers with access to available system capacity on an as-available basis, subject to curtailment when required by system conditions. As such, the objective is not to maximize the quantity of interruptible power available, but rather to establish a level of service that provides meaningful value to customers while remaining compatible with reliable system operations. Hydro has historically administered interruptible service as a limited product that utilizes available capacity without displacing firm load or requiring Hydro to plan its system to serve the interruptible demand on a firm basis. The 5 MW level has proven to be a practical and manageable amount of interruptible load and has been incorporated into Hydro's Industrial customer arrangements accordingly.

In Hydro's view, the reasonableness of the 5 MW limit is supported by several considerations. First, it maintains a clear distinction between firm and non-firm service, ensuring that customers continue to identify and contract for their firm requirements through established service arrangements while retaining access to a meaningful amount of additional interruptible capacity when system conditions permit. Second, the limit is consistent with Hydro's broader approach that non-firm service must remain subordinate to firm customer obligations and be capable of curtailment without creating operational concerns. Third, Hydro's experience has demonstrated that non-firm capacity is a finite system resource that varies depending on operating conditions, generation availability, and system constraints. Accordingly, Hydro considers it appropriate that access to interruptible power be provided within defined limits that reflect practical operating considerations rather than as an unrestricted entitlement.

The 5 MW limit also supports the equitable administration of non-firm service. Hydro has consistently recognized that non-firm capacity should be managed in a manner that is transparent, non-discriminatory, and fair to all customers. Establishing a defined interruptible power limit helps ensure that non-firm service remains a supplementary service offering, avoids creating expectations that interruptible capacity will always be available, and supports the continued integrity of Hydro's planning, operational, and cost recovery frameworks. Hydro therefore considers the existing 5 MW interruptible power limit to be a reasonable reflection of the role of non-firm service within the overall Industrial rate structure and of the amount of interruptible load that can be accommodated while maintaining reliable and efficient operation of the electrical system.

c) Please refer to Table 1 for the record of non-firm energy rates available to date.

Table 1: Record of Export Linked Non-Firm Rates (¢/kWh)

Month	Peak	Off Peak
Jan-24	N/A	N/A
Feb-24	N/A	N/A
Mar-24	2.915	2.633
Apr-24	2.268	1.949
May-24	2.353	1.951
Jun-24	3.499	2.474
Jul-24	8.778	5.379
Aug-24	6.256	4.151
Sep-24	3.988	3.032
Oct-24	4.071	3.376
Nov-24	4.197	3.559
Dec-24	7.617	6.781
Jan-25	13.000	12.096
Feb-25	11.424	10.528
Mar-25	8.697	7.746
Apr-25	5.528	4.890
May-25	4.066	3.608
Jun-25	5.624	4.430
Jul-25	7.423	5.462
Aug-25	7.753	5.284
Sep-25	4.886	3.902
Oct-25	3.517	2.881
Nov-25	5.146	4.465
Dec-25	12.967	12.021
Jan-26	15.594	14.963
Feb-26	10.990	10.570
Mar-26	6.090	5.692
Apr-26	4.699	4.366
May-26	3.780	3.269
Jun-26	5.455	4.360

i. Please refer to Table 2 for a breakdown of the monthly sources of non-firm energy each month since the export-linked non-firm rate was implemented. It demonstrates the % of non-firm energy sold each month at the Holyrood marginal cost.[1]

Table 2: Percentage of Non-Firm Energy Priced at Holyrood Marginal Cost[2]

Year	Month	Non-Firm On-Peak (kWh)	Non-Firm Off-Peak (kWh)	Holyrood (kWh)	Gas Turbine (kWh)	Diesel (kWh)	Total (kWh)	Holyrood (%)
2024	Jan	-	-	158	-	-	158	100
2024	Feb	-	-	-	-	-	-	-
2024	Mar	-	-	-	-	-	-	-
2024	Apr	-	-	-	-	-	-	-
2024	May	190	138	-	-	-	328	-
2024	Jun	11,148	16,285	-	886	-	28,319	-
2024	Jul	3,132	11,534	-	719	-	15,385	-
2024	Aug	13,401	22,500	-	3,559	-	39,460	-
2024	Sep	921,287	2,107,533	-	-	-	3,028,820	-
2024	Oct	468,203	413,297	-	-	-	881,500	-
2024	Nov	5,978	3,278	-	-	-	9,256	-
2024	Dec	4,869	5,668	-	-	-	10,537	-
2025	Jan	80,369	107,391	280	14,291	-	202,331	0
2025	Feb	91,660	170,519	-	7,150	-	269,329	-
2025	Mar	433,436	689,198	2,319	3,446	-	1,128,399	-
2025	Apr	100,161	155,116	10,112	3,210	-	268,599	4
2025	May	325,116	603,134	-	-	-	928,250	-
2025	Jun	256,691	507,979	-	-	-	764,670	-
2025	Jul	557,035	702,918	-	-	-	1,259,953	-
2025	Aug	666,923	913,901	-	-	-	1,580,824	-
2025	Sep	483,487	602,649	912,245	-	-	1,998,381	46
2025	Oct	-	-	142,450	922	-	143,372	99
2025	Nov	31,288	24,485	55,313	-	-	111,086	50
2025	Dec	356,885	507,517	33,976	5,471	-	903,849	4
2026	Jan	458,698	600,969	24,447	127,190	49,480	1,260,784	2
2026	Feb	523,084	635,272	132,884	10,704	-	1,301,944	10
2026	Mar	215,493	612,973	17,314	1,668	-	847,448	2
2026	Apr	226,401	428,604	16,405	-	-	671,410	2
2026	May	89,276	148,695	-	11,778	-	249,749	-
2026	Jun	85,969	134,848	-	-	-	220,817	-

[1] Industrial customers only pay the Holyrood rate when they purchase non-firm energy from Hydro, Holyrood is running above minimum, and there are no other standby units online. Depending on system requirements, the marginal cost at the time of non-firm use may differ throughout the month.
[2] Numbers may not add due to rounding.

Hydro does not generally provide advance notice to customers when the pricing for non-firm energy is adjusted to the cost of Holyrood generation. As indicated in Hydro's standard Power Service Agreements, Hydro is typically not aware that a customer is using non-firm energy until metering data is reviewed after the energy has been consumed. Customers who intend to use non-firm energy are responsible for notifying Hydro in advance. Where a customer provides such notice, Hydro can advise the customer regarding the source of supply.