

1 **Q. Reference: Volume 1, Schedule A-VI**

- 2 **a)** Explain the basis for the approximately \$4.6 million in purchase power expense under
3 the CBPP Co-Generation agreement in Schedule A-VI.
- 4 **b)** Schedule A-VI indicates no energy purchases under the CBPP PPA for the 2027TY. Does
5 this reflect the most recent information available? If no, what is the forecast energy
6 deliveries and cost for 2027? In the response provide the calculation of the cost.
- 7 **c)** Provide the incremental energy purchase cost for any forecast purchases from CBPP and
8 a comparison to the forecast marginal energy cost and the basis for this marginal energy
9 cost estimate for 2027.
- 10 **d)** For variances from forecast energy purchases from CBPP that may occur during 2027,
11 illustrate the computations and transfers to Hydro's LT SCVDA. If no energy purchases
12 are forecast under the CBPP PPA for 2027, illustrate how the deferral account
13 calculations were computed for purchases in 2026 under the most recent CBPP PPA.

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16 **A. a)** The basis for the purchase power expense under the Corner Brook Pulp and Paper Limited
17 ("CBPP") Co-Generation Agreement in Schedule A-VI of Newfoundland and Labrador Hydro's
18 ("Hydro") 2026 General Rate Application is the Term Sheet negotiated with CBPP in
19 November 2023. Please refer to PUB-NLH-113, Attachment 1 for a detailed calculation of
20 the \$4.6 million purchase power expense.

- 21 **b)** No. The 2027 Test Year forecast for purchases under the CBPP Power Purchase Agreement
22 ("PPA") was prepared prior to the implementation of the latest power purchase
23 arrangement between Hydro and CBPP. The current arrangement was directed by Order in
24 Council OC2026-133 dated June 30, 2026, and is effective for the period July 1, 2026 to
25 June 30, 2027. Under this arrangement, Hydro is to purchase 280 GWh of energy at a price
26 of \$187/MWh.

1 As the arrangement spans the period July 1, 2026 to June 30, 2027, and deliveries may vary
2 from the contracted amount, Hydro cannot determine the actual energy deliveries or actual
3 cost attributable to the 2027 Test Year at this time.

4 **c)** As noted in Hydro's response to part b), there were no purchases under the most recent
5 CBPP arrangement included in the 2027 Test Year forecast. As also noted in part b), Hydro
6 cannot provide the actual energy deliveries or incremental energy purchase costs
7 attributable to the 2027 Test Year at this time, as the deliveries have not yet occurred. The
8 average forecasted marginal energy value for January 1, 2027 to June 30, 2027 is
9 \$60/MWh.¹

10 **d)** As noted in Hydro's response to part b), no purchases under the most recent CBPP
11 arrangement were included in the 2027 Test Year forecast. Therefore, there are no forecast
12 CBPP purchases against which a variance could be calculated for purposes of the Long-Term
13 Supply Cost Variance Deferral Account ("SCVDA").

14 Energy purchased under the CBPP arrangement is accounted for in accordance with the
15 terms of the applicable power purchase arrangement. Energy purchases are recorded in
16 Hydro Regulated up to the maximum volume included in the most recent approved test year
17 production plan at the applicable Co-Generation rate. Costs associated with energy
18 purchases in excess of that amount are recorded in Non-Regulated operations.

19 To illustrate, the March 31, 2026 SCVDA shows the inclusion of actual production volume of
20 5,840,000 kWh, which is equal to the test year volume.² The price used was the Co-
21 Generation rate of \$140/MWh. The remaining purchases were included in Non-Regulated,
22 as illustrated in Table 1.

¹ The marginal energy price is as of August 2025 and is the simple average of a Salisbury netback price for the months January, February, March, April, May and June.

² Please refer to "Hydro's Quarterly Regulatory for the Quarter Ended March 31, 2026," Newfoundland and Labrador Hydro, May 29, 2026, tab 1, att. 2, app. A, p. 11 of 13.

Table 1: Total MWh Purchased Under CBPP PPA

	MWh	Rate (\$)	Amount
Regulated	5,840	140.00	817,600
Non-Regulated	31,224	195.79	6,113,368
Total	37,064	187.00	6,930,968

CoGen Contracted Maximum (kW) 15,000
Capacity Factor Assumption: 0.8
12,000

Winter Months
Forecasted Average Firm kW 6,000
Forecasted Average Non-Firm kW 6,000

Month Start	Month End	CoGen (GWh)	kWh	Days in Month	Weekdays	Weekends	Hours in Month	Peak Hours ¹	Split (%)	Split (%)	Firm Energy ²	Non-Firm ³	Firm Winter Price \$/kWh ⁴	Projected - Peak Rate ⁵	Projected - Off-Peak Rate	Firm Power (\$)	Peak Price (\$)	Non-Peak (\$)	Total (\$)
1-Jan-27	31-Jan-27	6.32	6,320,000.00	31	21	10	744	315	429	42%	58%	4,464,000.00	1,856,000.00	0.14	0.11161	0.10251	87,704	109,706	822,369
1-Feb-27	28-Feb-27	4.98	4,980,000.00	28	20	8	672	300	372	45%	55%	4,032,000.00	948,000.00	0.14	0.09515	0.08850	40,269	46,444	651,192
1-Mar-27	31-Mar-27	5.84	5,840,000.00	31	23	8	744	345	399	46%	54%	4,464,000.00	1,376,000.00	0.14	0.05159	0.04691	32,518	34,617	692,494
1-Apr-27	30-Apr-27	5.55	5,550,000.00	30	22	8	720	308	412	43%	57%	5,550,000.00	0.000000	0.14	0.03436	0.03053	81,576	96,958	178,535
1-May-27	31-May-27	5.74	5,740,000.00	31	21	10	744	294	450	40%	60%	5,740,000.00	0.000000	0.14	0.03500	0.02749	79,388	95,439	174,827
1-Jun-27	30-Jun-27	6.07	6,070,000.00	30	22	8	720	308	412	43%	57%	6,070,000.00	0.000000	0.14	0.04270	0.03196	110,875	111,010	221,885
1-Jul-27	31-Jul-27	5.58	5,580,000.00	31	22	9	744	308	436	41%	59%	5,580,000.00	0.000000	0.14	0.06748	0.04928	155,879	161,146	317,024
1-Aug-27	30-Aug-27	4.23	4,230,000.00	31	21	10	744	294	450	40%	60%	4,230,000.00	0.000000	0.14	0.05980	0.04387	99,958	112,240	212,198
1-Sep-27	30-Sep-27	6.24	6,240,000.00	30	22	8	720	308	412	43%	57%	6,240,000.00	0.000000	0.14	0.04321	0.03274	115,342	116,904	232,246
1-Oct-27	31-Oct-27	5.44	5,440,000.00	31	21	10	744	294	450	40%	60%	5,440,000.00	0.000000	0.14	0.03801	0.03189	81,709	104,928	186,638
1-Nov-27	30-Nov-27	4.29	4,290,000.00	30	22	8	720	308	412	43%	57%	4,290,000.00	0.000000	0.14	0.04332	0.03697	79,499	90,755	170,255
1-Dec-27	31-Dec-27	6.25	6,250,000.00	31	23	8	744	345	399	46%	54%	4,464,000.00	1,786,000.00	0.14	0.06462	0.05913	53,517	56,636	735,113

¹ Winter Peak Hours are 7:00 am to 10:00 pm Monday to Friday. Summer Peak Hours are 8 am to 10 pm Monday through Friday.

² Firm Energy is calculated as Hours in Month X Forecasted Average Firm kW (e.g., January 744 Hours X 6000 = 4,464,000 kWh).

³ Non-Firm Energy is calculated as Monthly Energy Forecasted - Firm Energy (e.g., January 6,320,000 kWh - 4,464,000 kWh = 1,856,000 kWh).

⁴ Firm Winter Price is 14 cents per kWh, as per Term Sheet - Power Purchase Agreement - Cogeneration, November 10, 2023.

⁵ Projected peak and off-peak energy rates were derived from forecast energy prices in the New York and New England markets, weighted based on projected energy sales volumes to each market.