



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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2021-09-17

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Dear Sirs/Madams:

Re: Newfoundland and Labrador Hydro - Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021-2025 Application; and Newfoundland Power Inc. - 2021 Electrification, Conservation and Demand Management Application - To Parties - Responses to Board's correspondence of August 30, 2021, September 9, 2021 and September 13, 2021 - Request for Technical Conference

On August 30, 2021 the Board advised the parties that the above applications, which relate to joint utility electrification initiatives, would be joined and proceed as one matter. The Board determined this would be the most efficient approach and would allow for consistency in terms of regulatory approvals and oversight. The Board set dates for submissions from the parties and for reply submissions from the parties.

On September 7, 2021 the Island Industrial Customer (IIC) Group wrote the Board expressing concerns about the sufficiency of Hydro's responses to specific requests for information (RFIs). The IIC Group requested that a technical conference be convened prior to the filing of submissions to provide Hydro with the opportunity to further address the issues raised as well as such other issues the Board and other parties may wish to have addressed. The IIC Group stated:

In the view of the IIC Group, the issues identified above, if not satisfactorily addressed by further information from Hydro and/or restrictions in the scope of approvals sought by (or granted to) Hydro by the present Application, raise significant concerns about whether the regulatory template apparently sought to be established by the present Application for future electrification and CDM projects will ensure adequate scrutiny of those future projects.

On September 9, 2021 the Board requested comments from the parties on the IIC Group's request for a technical conference. On September 10, 2021 Hydro responded to the IIC's concerns and expressed its view that "a technical conference will not result in any additional or more robust evidence being made available and is therefore not necessary." Hydro requested that the ongoing regulatory process continue which would also, according to Hydro, preserve its ability to maximize its access to the approved federal funding of more than \$1 million for public EV charging stations if the proposed supplemental capital expenditure is approved. Hydro stated:

Should the Board decide additional regulatory procedure is necessary, Hydro suggests that the Board consider separating the proposed supplemental capital expenditure for EV charging stations from the other issues to enable it to be considered on a timely and stand-alone basis; such an approach would address the risk that a regulatory process beyond the end of September 2021 would pose to the approved funding. Loss of all or a portion of the approved funding will increase the cost of this electrification infrastructure to customers.

On September 13, 2021 the Board requested the parties address Hydro's suggestion that the proposed EV charging stations capital expenditures be considered separately in advance of the technical conference, if one is to be held.

In comments filed on September 13, 2021 the Consumer Advocate expressed support for scheduling a technical conference on the applications to allow Hydro and Newfoundland Power to address the issues raised. The Consumer Advocate stated:

The Applications must be given full consideration based on all of the facts before capital expenditures are approved. The Consumer Advocate believes that the information currently on the record is inadequate for the Board to issue an Order approving the Applications. However, the Consumer Advocate is in favour of rate mitigation efforts, so rather than have the Board reject the Applications outright, we believe that a Technical Conference should be held in an effort to gain consensus on an ECDM plan that provides a proper balance of ratepayer costs, benefits and risks. In the opinion of the Consumer Advocate, a Technical Conference, and perhaps a series of Technical Conferences, is long overdue.

The Consumer Advocate also identified a number of issues for discussion at the technical conference in addition to those raised by the IIC Group. The Consumer Advocate did not address Hydro's request to separate the proposed supplemental capital expenditures for EV charging stations.

In its response filed on September 14, 2021 Newfoundland Power agreed with Hydro's position that a technical conference would not contribute to a more robust understanding of the matters currently before the Board and is therefore not necessary. Newfoundland Power also provided comments on certain issues raised by the IIC Group as well as the additional issues identified by the Consumer Advocate. Newfoundland Power concluded:

In Newfoundland Power's view, the issues raised by the IIC Group have been fully interrogated on the record of this proceeding and a technical conference would not assist the Board in considering the utilities' proposals. The issues raised by the Consumer Advocate have either been fully interrogated on the record, or are matters relating to Board authority that are not appropriate to be addressed by the utilities at a technical conference.

Newfoundland Power agreed with Hydro's position that the regulatory process established by the Board continue and suggested that the utilities can respond to any issues identified by the parties through the written submission process. With respect to Hydro's suggestion to separate the request for approval of EV charging station capital expenditures Newfoundland Power stated that the proposals contained in its application are interrelated and therefore approval of all proposals is necessary to achieve the rate mitigation benefits of electrification programs.

The IIC Group filed additional comments on September 14, 2021 supporting the bifurcation of the strict approval of the supplementary capital expenditures for EV charging stations from the other approvals sought by Hydro on the basis of the relatively small magnitude of the proposed capital spending, the impact of a prolonged approval process on the availability of funding, and their view that the record is adequate for the Board to make its determination on this approval without further proceedings. The IIC Group reiterated its position that further regulatory process is warranted with respect to the wider issues raised in their September 7, 2021 correspondence, and also provided additional information on questions which, in its view, bear further and early consideration.

The process for the review of Newfoundland Power's application has been underway since the winter of 2021, while Hydro's application was filed on June 16, 2021, some six months later.¹ The Board is aware that the addition of further processes at this stage will delay a decision on these applications. Nevertheless the Board must ensure that the process provides a full opportunity for the parties to understand and test the application proposals. The applications propose the implementation of electrification initiatives by the utilities which would be new for this province. Unlike conservation and demand programming which aims to decrease energy usage, electrification initiatives are intended to increase electrical consumption which has the potential to increase costs for individual customers as well as on the system, at least in the short-term. Before recovery of costs from customers is approved, the Board believes that the parties should have a full opportunity to assess whether the proposals are appropriate in the circumstances and consistent with the provision of least-cost service. The Board believes that a technical conference should be held to allow the parties to further clarify issues which may be associated with the proposed utility electrification initiatives. The Board will amend the process established for the proceeding to provide for a technical conference.

¹ Hydro filed a revision to the application on July 8, 2021.

As a result of the time required to schedule and hold the technical conference and the potential for additional processes, including the filing of RFIs, the Board does not expect that it will be in a position to issue its decision in relation to the applications until well beyond the end of September.

The Board acknowledges that this timing may jeopardize the approved federal funding which is available to offset the costs to customers of the proposed EV charging stations. To ensure a timely decision in relation to the 2021 supplemental capital expenditures for these stations, this matter will be separated from the other proposals in the applications and will be considered on stand-alone basis as soon as possible. The issues which will be addressed in this separate process are:

- i) whether the Board has the jurisdiction to order that the costs of the EV charging stations will be borne by ratepayers;
- ii) whether the 2021 capital expenditures proposed by Hydro and Newfoundland Power for public EV charging stations should be approved by the Board; and
- iii) whether there should be recovery of the associated costs from ratepayers.

The issue of how these costs are to be recovered from customers, and specifically Newfoundland Power's request for approval that the assets be included in rate base and Hydro's request to include the costs in a deferral account, will not be addressed in this process and will be left to a later process.

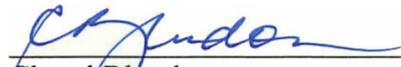
The Board sets the following schedule for submissions on the 2021 supplemental capital expenditures proposed by Hydro and Newfoundland Power:

<u>Filing</u>	<u>Date</u>
Comments from the parties	September 22, 2021
Replies from the utilities	September 24, 2021

Board counsel will contact the parties with respect to the scheduling and issues for the technical conference.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacquie Glynn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,


 Cheryl Blundon
 Board Secretary

CB/cj

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