

News Releases



Featured News

This Week's Releases

Recent News Releases

News Release Archive

Speeches

Statements in the House of Assembly

Photos

Videos

Communications Contacts

News Releases > Industry, Energy and Technology > Provincial Government Announces
Finalization of Rate Mitigation Plan

Provincial Government Announces Finalization of Rate Mitigation Plan

Industry, Energy and Technology
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The Honourable Andrew Parsons, KC, Minister of Industry, Energy and Technology, today announced the finalization of the rate mitigation plan with Newfoundland and Labrador Hydro (NL Hydro). This plan applies only to island customers paying for the project. The plan will come into effect on July 1, 2024, and will ensure domestic residential rate increases are capped at 2.25 per cent annually for cost recovery associated with the Muskrat Falls project.

As publicly communicated in July 2021 when the Provincial Government announced its \$5.2 billion rate mitigation deal with the Federal Government, without rate mitigation NL Hydro's rates would have almost doubled (to 23.6 cents per kWh) as a result of the Muskrat Falls project.

Finalizing rate mitigation provides clarity of NL Hydro's annual electricity rate increases associated with Muskrat Falls up to and including 2030. As a result of the implementation of the Provincial Government's rate mitigation plan, on an average monthly bill of \$300, customers will pay \$307 a month in July 2024 compared to \$500 a month without the rate mitigation plan; \$193 less per month or \$2,300 during the period of July 2024 to June 2025.

The total projected investment required from NL Hydro to fund this stage of the rate mitigation plan is over \$2 billion including the financial

projections up to and including 2030. This includes retirement of the 2023 deferral account balance of \$271 million.

As noted, rate mitigation provides certainty on NL Hydro's annual electricity rate increases associated with the cost of Muskrat Falls up to and including 2030. Through normal regulatory process, the PUB may approve additional rate changes resulting from Newfoundland Power general rate applications, rate stabilization, or municipal tax account or other adjustments.

NL Hydro produces the electricity needed to serve all customers in the province. NL Hydro distributes power directly to 24,000 customers on the island, one of which is Newfoundland Power. Newfoundland Power, in turn, distributes the power it receives from NL Hydro to an additional 275,000 customers on the island.

The Muskrat Falls plant was commissioned in November 2021 and the Labrador-Island Link was commissioned in April 2023. Since then, NL Hydro has been paying the Muskrat Falls project costs.

As part of the commitment to lower greenhouse gas emissions and reduce energy costs for residents, the Provincial Government, in collaboration with Natural Resources Canada and Environment and Climate Change Canada, provides financial support for residents for fuel switching and energy efficiency incentive programs. More information can be found at <https://takechargenl.ca>.

Quotes

“Our government recognizes that many people are facing challenges and electricity customers continue to be concerned about electricity rates. The rate mitigation plan mitigates costs associated with the Muskrat Falls project and provides certainty around rates related to the project for ratepayers from now up to and including 2030.”

Honourable Andrew Parsons, KC

Minister of Industry, Energy and Technology

“Hydro has worked hard to cut costs and do our part to support government's rate mitigation efforts. We know our customers expect that

of us. Under this plan, Hydro will fund rate mitigation through its own revenue and are pleased to be in position to do our part to support customers.”

Jennifer Williams, President and CEO
Newfoundland and Labrador Hydro

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