

**NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P.U. 22(2021)**

1 **IN THE MATTER OF** the *Electrical Power*  
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the  
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,  
4 Chapter P-47 (the “*Act*”), as amended, and regulations  
5 thereunder; and  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro for approval,  
9 pursuant to sections 70(1) and 71 of the *Act*, of the  
10 Rate Stabilization Plan and Conservation and Demand  
11 Management Cost Recovery Rate Adjustments to be  
12 charged to Newfoundland Power Inc.  
13  
14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
16 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
17 and is also subject to the provisions of the *EPCA*; and  
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19 **WHEREAS** the Rate Stabilization Plan (“RSP”) Rules and the Conservation and Demand  
20 Management (“CDM”) Cost Deferral Account provide that the Utility rates charged to  
21 Newfoundland Power Inc. (“Newfoundland Power”) be adjusted on July 1 each year to update the  
22 RSP Fuel Rider, the RSP Current Plan Adjustment and the CDM Cost Recovery Adjustment; and  
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24 **WHEREAS** in Order No. P.U. 16(2020), in accordance with Order in Council OC2020-081 issued  
25 by the Government of Newfoundland and Labrador on May 12, 2020, the Board approved the  
26 continuation of the utility RSP Current Plan Adjustment, the utility RSP Fuel Rider and the CDM  
27 Cost Recovery Adjustment for the period July 1, 2020 to June 30, 2021; and  
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29 **WHEREAS** on April 15, 2021 Hydro filed an updated forecast price of No. 6 fuel of \$86.45 per  
30 barrel (CDN) for the period July 1, 2021 to June 30, 2022; and  
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32 **WHEREAS** on May 28, 2021 Hydro filed an application which was amended on June 8, 2021 to  
33 correct an error in the calculation of the forecast price of No. 6 fuel increasing the forecast price  
34 to \$86.55 per barrel (CDN) (the “Application”); and  
35

36 **WHEREAS** the Application requested that the Board approve revised Utility rates effective July  
37 1, 2021 reflecting:

- 38 i) an alternate forecast of 447,114 barrels to be used in the calculation of the RSP Fuel Rider;

- 1       ii) a revised RSP Fuel Rider of (0.151) cents per kWh;
- 2       iii) a revised RSP Current Plan Adjustment of 0.749 cents per kWh;
- 3       iv) a revised CDM Cost Recovery Adjustment of 0.031 cents per kWh; and

4  
5       **WHEREAS** Section C of the RSP Rules indicates that the Utility Fuel Price Projection to be used  
6 to determine the Utility Fuel Rider can be computed based on either the number of barrels of No.  
7 6 fuel forecast to be consumed at the Holyrood Thermal Generating Station for the test year, or an  
8 alternate forecast number of barrels as approved by the Board; and

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10       **WHEREAS** the Application stated that Hydro is forecasting increased deliveries over the  
11 Labrador-Island Link in 2021 relative to the 2019 Test Year which will offset thermal generation  
12 at the Holyrood Thermal Generating Station; and

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14       **WHEREAS** the Application proposed that the Board approve the use of the alternate forecast of  
15 447,114 barrels of No. 6 fuel in the calculation of the Utility RSP Fuel Rider; and

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17       **WHEREAS** the Application stated that the alternate forecast barrels of No. 6 fuel, and the updated  
18 forecast price of No. 6 fuel of \$86.55 CDN per barrel would result in a Utility RSP Fuel Rider of  
19 (0.151) cents per kWh effective July 1, 2021; and

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21       **WHEREAS** Section D of the RSP Rules requires an update to the Utility RSP Current Plan  
22 Adjustment to become effective July 1 of each year to recover or repay the balance in the Utility  
23 RSP Current Plan at March 31, less the projected recovery or repayment of the balance for the  
24 following three months, plus the forecast financing charges to the end of the following June; and

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26       **WHEREAS** the Application proposed a Utility RSP Current Plan Adjustment of 0.749 cents per  
27 kWh, effective July 1, 2021; and

28  
29       **WHEREAS** the CDM Cost Deferral Account requires Hydro to update the CDM Cost Recovery  
30 Adjustment annually to provide recovery, over a seven year period, of costs transferred to the  
31 account each year and, as a result of Order in Council OC2020-081 there was no adjustment to the  
32 CDM Cost Recovery Adjustment in 2020; and

33  
34       **WHEREAS** the Application proposed to utilize both the 2019 and 2020 transfers to the CDM  
35 Cost Deferral Account in calculating the balance that will be recovered over the approved seven-  
36 year amortization period, which will result in a revised CDM Cost Recovery Adjustment of 0.031  
37 cents per kWh, effective July 1, 2021; and

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39       **WHEREAS** the proposed Utility rates also reflect the conclusion of the Utility 2017 GRA Cost  
40 Recovery Rider, pursuant to Order No. P.U. 30(2019); and

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42       **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);  
43 the Consumer Advocate, Dennis Browne, Q.C. (the “Consumer Advocate”); a group of Island  
44 Industrial Customers: Corner Brook Pulp and Paper Limited, NARL Refining Limited Partnership  
45 and Vale Newfoundland and Labrador Limited; Praxair Canada Inc.; and Teck Resources Limited;  
46 and

1 **WHEREAS** on June 4, 2021, Newfoundland Power advised that it had no comments; and

2

3 **WHEREAS** the Consumer Advocate did not file any comments and the Board did not receive any  
4 other comments on the Application; and

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6 **WHEREAS** on June 10, 2021 Hydro filed a reply requesting the Board approve the Application  
7 as submitted; and

8

9 **WHEREAS** the Board is satisfied that the proposed alternate forecast of the number of barrels of  
10 No. 6 fuel better reflects Hydro's current forecast and will promote rate stability for customers,  
11 the proposed RSP adjustments are consistent with the RSP rules, the proposal to include the 2019  
12 and 2020 transfer to the CDM Cost Deferral Account in calculating the CDM Cost Recovery  
13 Adjustment is appropriate in the circumstances, and that these proposals and the proposed Utility  
14 rates should be approved.

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17 **IT IS THEREFORE ORDERED THAT:**

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19 1. The proposal to use 447,114 barrels of No. 6 fuel in the calculation of the Utility Rate  
20 Stabilization Plan Fuel Rider is approved for the period of July 1, 2021 to June 30, 2022.

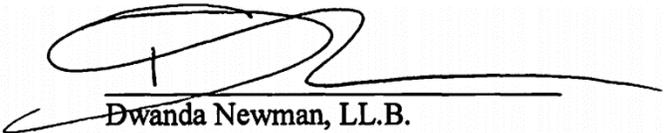
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22 2. The proposed Utility rates to be effective on all electrical consumption on and after July 1,  
23 2021, set out in Schedule A to this Order, are approved.

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25 3. Hydro shall pay all expenses of the Board arising from the Application.

**DATED** at St. John's, Newfoundland and Labrador, this 18<sup>th</sup> day of June, 2021.



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Dwanda Newman, LL.B.  
Vice-Chair



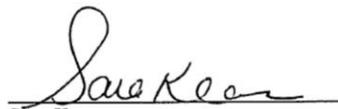
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John O'Brien, FCPA, FCA, CISA  
Commissioner



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Christopher Pike, LL.B., FCIP  
Commissioner



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Sara Kean  
Assistant Board Secretary

**NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY**

**Availability:**

This rate is applicable to service to Newfoundland Power (NP).

**Definitions:**

"Billing Demand"

The Curtailable Credit shall apply to determine the billing demand as an adjustment to the highest Native Load established during the winter period. The computation of the adjustment to reflect the Curtailable Credit is provided in the definitions below.

In the Months of January through March, billing demand shall be the greater of:

- (a) the highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current Month; and
- (b) the Minimum Billing Demand.

In the Months of April through December, billing demand shall be the greater of:

- (a) the Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and
- (b) the Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

	kW
Hydraulic Generation Credit	83,486
<u>Thermal Generation Credit</u>	<u>34,568</u>
Newfoundland Power Generation Credit	118,054

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, Newfoundland Power will be provided an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**UTILITY (continued)**

“Curtable Credit” is determined based upon NP's forecast curtable load available for the period in accordance with the terms and conditions set forth in NP's Curtable Service Option. NP will notify Hydro of its available curtable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtable Credit, no test will be required.

NP will be required to provide a report to Hydro not later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtable Credit will be established based upon the lesser of the load reduction achieved in the test or the forecast curtable load (as provided in the previous two paragraphs).

“Maximum Native Load” means the maximum Native Load of NP in the four-Month period beginning in December of the preceding year and ending in March of the current year.

“Minimum Billing Demand” means ninety-nine percent (99%) of:

NP's test year Native Load less the Generation Credit and the Curtable Credit.

The Curtable Credit reflected in the Minimum Billing Demand will be set to equal the curtable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

“Month” means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**UTILITY (continued)**

“Native Load” is the sum of:

- (a) the amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter;
- (b) the total generation by NP averaged over the same fifteen-minute periods.

“Weather-Adjusted Native Load” means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load  
plus (Weather Adjustment, rounded to 3 decimal places, x 1000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

“Weather Adjustment True-up” means one-ninth of the difference between:

- (a) the greater of:
  - the Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
  - the Minimum Billing Demand, times three; and
- (b) the sum of the actual billed demands in the Months of January, February and March of the current year.

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (continued)

**Monthly Rates:**

**Billing Demand Charge:**

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

Demand Charge..... \$5.00 per kW of Billing Demand

**Energy Charge:**

November - April

First 410,000,000 kilowatt-hours\* ..... @ 2.444 ¢ per kWh

All excess kilowatt-hours\* ..... @ 18.165 ¢ per kWh

May - October

First 250,000,000 kilowatt-hours\* ..... @ 2.444 ¢ per kWh

All excess kilowatt-hours\* ..... @ 18.165 ¢ per kWh

**Firming-up Charge:**

Secondary energy supplied by

Corner Brook Pulp and Paper Limited\* ..... @ 2.882 ¢ per kWh

**RSP Adjustment:**

Current Plan ..... @ 0.749 ¢ per kWh

Fuel Rider..... @ (0.151) ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ 0.598 ¢ per kWh

CDM Cost Recovery Adjustment..... @ 0.031 ¢ per kWh

**\*Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied to metered demand and energy.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**UTILITY (continued)**

**Adjustment for Station Services and Step-Up Transformer Losses:**

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering, shall be applied to the metered demand.

**Weather Adjustment:** This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

- (a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.
- (b) Weather adjustment shall be derived from Hydro's NP native peak demand model.
- (c) By September 30<sup>th</sup> of each year, Hydro shall provide NP with updated weather adjustment coefficient incorporating the latest year of actuals.
- (d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.
- (e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition on underlying weather data.
- (f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15<sup>th</sup> of each year, and a final calculation of Weather-Adjusted Native Load by April 5<sup>th</sup> of each year.

**General:**

**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach mutual agreement, the billing will be based on Hydro's best estimate.