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January 6, 2020

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon  
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

**Re: Network Additions Policy and Labrador Interconnected System Expansion Study – The Brattle Group Expert Report – Requests for Information**

Enclosed please find the original plus eight copies of Newfoundland and Labrador Hydro's Requests for Information NLH-PUB-001 to NLH-PUB-015 in relation to the expert report provide by The Brattle Group on November 19, 2019, regarding Newfoundland and Labrador Hydro's proposed Network Additions Policy.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/las

Encl.

cc: **Newfoundland Power**  
Mr. Gerard M. Hayes

**Consumer Advocate**  
Mr. Dennis M. Browne, Q.C, Browne Fitzgerald Morgan & Avis

**Industrial Customer Group**  
Mr. Paul L. Coxworthy, Stewart McKelvey  
Mr. Denis J. Fleming, Cox & Palmer  
Mr. Dean A. Porter, Poole Althouse

**ecc: Board of Commissioners of Public Utilities**

Ms. Jacqui Glynn  
PUB Official Email

**Newfoundland Power**

Ms. Kelly C. Hopkins  
Regulatory Email

**Consumer Advocate**

Mr. Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Ms. Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Ms. Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Iron Ore Company of Canada**

Mr. Gregory A.C. Moores, Stewart McKelvey

**Labrador Interconnected Group**

Mr. Senwung Luk, Olthuis Kleer Townshend LLP  
Ms. Julia Brown, Olthuis Kleer Townshend LLP

**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“*EPCA*”) and the *Public Utilities Act*, RSN 1990, Chapter P-47 (“*Act*”);

**AND IN THE MATTER OF** Board Order No. P.U. 43(2017) in relation to Newfoundland and Labrador Hydro’s (“*Hydro*”) 2018 Capital Budget Application;

**AND IN THE MATTER OF** the Network Additions Policy Review, dated October 1, 2018; the Labrador Interconnected System – Network Additions Policy dated December 14, 2018; the Labrador Interconnected System Transmission Expansion Study dated October 31, 2018; the Labrador Interconnected System Transmission Expansion Study Revision 1 dated November 5, 2018; and the Labrador Interconnected System Transmission Expansion Study Revision 2 dated April 3, 2019, filed by Hydro.

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**NEWFOUNDLAND AND LABRADOR HYDRO**

**Requests for Information**

**NLH-PUB-001 to NLH-PUB-015**

**January 6, 2020**

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1 **NLH-PUB-001 Reference: “Review of Existing and Proposed Network Additions Policies for**  
2 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019,**  
3 **Executive Summary, Background, p. 2.**

4  
5 Typically, it is the immediate or near-term investments prompted by a  
6 customer’s request that serves as the basis of the costs the requesting  
7 customer is responsible for paying—i.e., the investment that “but for”  
8 the customer’s request would not be required. Following the cost  
9 causation principle ensures its corollary holds—the protection of  
10 existing customers from costs caused by new customers. A customer  
11 that pays for the costs that its actions have caused ensures that other  
12 customers are protected.

13  
14 Consider This Context Situation: The completion of a transmission project in  
15 Labrador East in 2020 will provide 27 MW of additional transmission capacity to  
16 Labrador East (increasing transmission capacity from 77 MW to 104 MW). Hydro  
17 anticipates that this 27 MW of additional capacity would be sufficient for at  
18 least the next 25 years with no additional transmission network additions  
19 required. Hydro faces a 2021 service request from a large rural customer on the  
20 Labrador Interconnected System of 20 MW of additional load (“Customer A”).  
21 Complying with this load request would prompt transmission network additions  
22 substantially earlier than the 25 years plus Hydro had anticipated, but no  
23 immediate build to supply the load for the requested customer. Using the “but  
24 for” approach, at least as it is characterized by The Brattle Group (“Brattle”),  
25 please explain how customer contributions would be determined under the  
26 following scenarios for Labrador East:

- 27  
28 a) Assume Customer A was the sole customer requesting new service, please confirm  
29 Customer A would not be required to pay a contribution for new service in 2021. If  
30 Customer A would be required to pay a contribution, please provide the basis for  
31 the calculation of the contribution including a demonstration of the calculation.  
32  
33 b) Assume Customer A was connected in 2021 and then Customer B requests service in  
34 the amount of an addition 6 MW peak load in 2022, leaving 1 MW of available  
35 transmission capacity in Labrador East. Would Customer B be required to pay a

1 contribution to be connected in 2022? If yes, please provide the basis for the  
2 calculation of the contribution for Customer B, including a demonstration of the  
3 calculation.

- 4
- 5 c) Assume Customer A was connected in 2021 and Customer B requested service in  
6 2022, leaving 1 MW of available capacity. Assume Customer C requested service in  
7 2023 requiring 1,500 kW of peak demand and the transmission upgrade required to  
8 serve Customer C would cost \$5 million in capital costs. Would Customer C be  
9 required to pay a contribution to obtain service and provide recovery of revenue  
10 shortfall resulting from the \$5 million transmission investment? Please provide the  
11 basis for the calculation of the contribution for Customer C.

12 **NLH-PUB-002 Reference: “Review of Existing and Proposed Network Additions Policies for**  
13 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019,**  
14 **Executive Summary, Background, p. 2.**

15

16 Typically, it is the immediate or near-term investments prompted by a  
17 customer’s request that serves as the basis of the costs the requesting  
18 customer is responsible for paying—i.e., the investment that “but for”  
19 the customer’s request would not be required. Following the cost  
20 causation principle ensures its corollary holds—the protection of  
21 existing customers from costs caused by new customers. A customer  
22 that pays for the costs that its actions have caused ensures that other  
23 customers are protected.

- 24
- 25 a) Please explain if Brattle is recommending that the “but for” contribution  
26 approach should be applied to transmission customers only for recovery of  
27 common transmission costs. Note: Hydro only has two customers served at  
28 transmission voltage on the Labrador Interconnected System.
- 29
- 30 b) Please explain if Brattle is recommending that the “but for” contribution  
31 approach should also be applied to distribution customers for recovery of  
32 common transmission expansion costs.

- 1 c) Please explain if Brattle is recommending that the “but for” contribution  
 2 approach should also be applied for recovery of common distribution  
 3 expansion costs incurred to meet peak demand growth.  
 4
- 5 d) Please confirm whether the “but for” contribution approach would involve  
 6 the analysis of the present-day transmission system with existing loads or if  
 7 the following should be included:
- 8 i) The normal load forecast of retail customer growth;
  - 9 ii) Approved future customer interconnections; and
  - 10 iii) Approved future capital upgrades.

11 **NLH-PUB-003 Reference: “Review of Existing and Proposed Network Additions Policies for**  
 12 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019,**  
 13 **Executive Summary, Background, p. 3.**  
 14

15 Regarding the treatment of data centers and cryptocurrency loads that  
 16 are a driving force behind load growth in Labrador, other jurisdictions  
 17 that have dealt with an influx of these customer types have developed  
 18 specific rate classes for them that require a combination of interruptible  
 19 tariffs and financing or full cost responsibility of network upgrades.  
 20

- 21 a) Do most utilities in Canada include cryptocurrency customers in their  
 22 existing rate classes or treat cryptocurrency customers as a separate class?  
 23
- 24 b) Please confirm that Government direction supported the development of a  
 25 specific cryptocurrency rate in Quebec.  
 26
- 27 c) Has Brattle reviewed provincial legislation to determine if a specific rate for  
 28 cryptocurrency customers would be considered unjustly discriminatory?  
 29
- 30 d) Is it Brattle’s opinion that an industry-specific rate design is essential for  
 31 cryptocurrency mining operations or merely a plausible approach? If  
 32 customer-specific fees for cost recovery are utilized, is there a need for a  
 33 special rate?

- 1 e) Are industry-specific rates in common use in North America? If so, what  
 2 makes such a rate desirable generally, and do those characteristics apply  
 3 here?

4 **NLH-PUB-004 Reference: “Review of Existing and Proposed Network Additions Policies for**  
 5 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019,**  
 6 **Executive Summary, Current and Proposed NAP, p. 5.**

7  
 8 In this sense, the policy generally fails to reflect cost causation principles  
 9 adequately. It distorts the price signal that the requesting customer  
 10 receives and biases that customer’s decision-making, as the customer  
 11 may be asked to pay for costs that its decision did not cause under a  
 12 “but for” criterion. This policy could result in some potential customers  
 13 deciding not to request service even though the value they would  
 14 obtain from the service would be greater than the cost of the request.  
 15 Other customers would have been better off having the customer take  
 16 service from Hydro as Hydro’s common costs would be shared among a  
 17 larger group of customers.

- 18  
 19 a) Does Brattle believe the “but for” contribution approach could result in  
 20 some potential customers deciding not to request service due to the  
 21 potential high cost of the service request?  
 22  
 23 b) Has Brattle considered how the “but for” contribution approach would  
 24 impact economic investment by Industrial customers in Labrador?  
 25  
 26 c) It is the power policy of the province that the rates to be charged for the  
 27 supply of power within the province “should promote the development of  
 28 industrial activity in Labrador”. Would the “but for” contribution approach be  
 29 consistent with the promotion of industrial development in Labrador?

30 **NLH-PUB-005 Reference: “Review of Existing and Proposed Network Additions Policies for**  
 31 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019, Executive**  
 32 **Summary, Current and Proposed NAP, p. 6.**

33 Specifically, Hydro’s NAP proposal requires the payment of, at most, the  
 34 full cost of advancing the investment rather than the full cost of the  
 35 investment.



- 1 a) Please illustrate the difference between the “but for” contribution approach  
 2 the approach proposed by Hydro.  
 3
- 4 b) From a perspective of fairness among existing and new customers, please  
 5 evaluate the “but for” contribution approach rather than Hydro’s proposed  
 6 approach which provides for the recovery of the advancement cost of the  
 7 transmission investment less the value of the benefits to existing customers.  
 8
- 9 c) Please explain why it would not be reasonable for a portion of the cost of  
 10 transmission system upgrades to be recovered from existing customers if the  
 11 transmission upgrades provide reliability benefits to existing customers.

12 **NLH-PUB-006 Reference: “Review of Existing and Proposed Network Additions Policies for**  
 13 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019, Executive**  
 14 **Summary, Summary of Recommendations and Comparisons, p. 6.**  
 15

16 We recommend modifying the NAP to reflect more completely the goal  
 17 of cost causation. We recommend that new and requesting load over a  
 18 size threshold be given a choice to either pay for the necessary  
 19 network upgrades or choose an interruptible rate. Specifically, we  
 20 recommend the following high-level choices:  
 21

- 22 • Option A: Be financially responsible for the network upgrades that  
 23 exceed the customers’ anticipated revenues over some fixed  
 24 period and providing security equal to the anticipated revenues;  
 25 or  
 26
- 27 • Option B: Adopt an interruptible rate, which avoids those  
 28 transmission costs. This choice requires assessing the appropriate  
 29 level of curtailability/interruptibility to ensure that existing  
 30 customers do not experience any reduction in the current  
 31 reliability level.

- 32 a) What size threshold does Brattle recommend for individual customers? If no  
 33 threshold recommendation has yet been determined, what system  
 34 attributes should be considered in developing a size threshold?

- 1 b) If two individual customers requesting service are each below the  
2 recommended threshold but the combined load request is above the  
3 threshold and a transmission upgrade is required, please explain how the  
4 cost of the transmission investment would be recovered.  
5
- 6 c) Response to PUB-NLH-085 indicated that due to the extended periods of extremely  
7 cold weather in Labrador, there are material challenges to standardize  
8 interruptible/curtailment rate terms that would meet system reliability  
9 requirements to ensure the rate would achieve its objective as a reliable substitute  
10 for transmission capacity additions. How does Brattle propose to overcome this  
11 challenge given Option B is provided as an option to serve requests for increased  
12 capacity?  
13
- 14 d) Response to PUB-NLH-085 also indicated that due to the extended periods of  
15 extremely cold weather in Labrador, there are material challenges to standardize  
16 interruptible/curtailment rate terms that would provide a level of service to  
17 interruptible/curtailable customers that would be considered reasonable given the  
18 material number of curtailment hours that could be required. Did Brattle consider  
19 this system attribute relevant in proposing Option B as an option to serve requests  
20 for increased capacity? Please explain your response.  
21
- 22 e) What level of security deposit does Brattle recommend (i.e., how many  
23 months of average bills)?

24 **NLH-PUB-007 Reference: "Review of Existing and Proposed Network Additions Policies for**  
25 **Newfoundland and Labrador Hydro," The Brattle Group, November 19, 2019,**  
26 **Executive Summary, Summary of Recommendations and Comparisons, p. 6.**  
27

28 For customers that select Option A (accepting financial responsibility for  
29 network upgrades), we recommend a policy of holding existing  
30 customers fully harmless from the effects of the new load on Hydro's  
31 costs.

1 a) In the experience of Brattle in reviewing policies from other jurisdictions, is  
 2 it common for regulators to adopt "... a policy of holding existing customers  
 3 fully harmless from the effects of the new load"? If so, is such policy made  
 4 explicit?

5  
 6 b) The current purchase cost to supply generation to Hydro's rural customers  
 7 on the Labrador Interconnected System is 0.2 cents per kWh for up to  
 8 approximately 300 MW of generation capacity and approximately 2.4 cents  
 9 per kWh for 239 MW of generation capacity available to Labrador industrial  
 10 customers. The average embedded cost for transmission demand for the  
 11 2019 Test Year is \$1.08 per kW per month. The major contributing factor to  
 12 the lower embedded cost of transmission in Labrador is past funding; the  
 13 original transmission line from Churchill Falls to Labrador West was funded  
 14 by Labrador's mining companies. Given that customer rates on the Labrador  
 15 Interconnected System are among the lowest in North America and there is  
 16 limited transmission capacity and generation capacity currently available to  
 17 serve load growth (i.e., embedded costs being materially less than marginal  
 18 costs), why is it a desirable policy to hold existing customers fully harmless  
 19 from the effects of the new load on Hydro's costs?

20 **NLH-PUB-008 Reference: "Review of Existing and Proposed Network Additions Policies for**  
 21 **Newfoundland and Labrador Hydro," The Brattle Group, November 19, 2019,**  
 22 **Executive Summary, Summary of Recommendations and Comparisons, p. 7.**

23 For customers that select Option A, these customers paying for network  
 24 upgrades should be eligible for additional refunds as additional  
 25 customers join the system over a pre-determined time horizon.

26 a) Please describe the methodology that Brattle proposes for computation of  
 27 refunds.

28 b) What term of refund eligibility does Brattle propose for the customer that  
 29 paid the original contribution?

1 c) What considerations are relevant for the definition of an appropriate time  
2 horizon?

3 **NLH-PUB-009** Please explain the recommended Network Additions Policy based on the “but  
4 for” contribution approach in the context of future upgrades that may be  
5 identified as part of Hydro’s annual transmission system assessments in  
6 consideration of the following:

7 a) If a customer interconnection would result in an advancement of  
8 transmission system expansion from Year 10 in the future to Year 2 in the  
9 future, would the customer be allocated any cost for the advancement? If  
10 not, why not?

11  
12 b) If a customer interconnection would result in an advancement of  
13 transmission system expansion from Year 10 in the future to the current  
14 year, would the customer be allocated the full project cost (net of projected  
15 revenue recovery)?

16  
17 c) Please explain the rationale for the difference in the customer contribution  
18 required between the response to a) and b).

19 **NLH-PUB-010 Reference: “Review of Existing and Proposed Network Additions Policies for  
20 Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019, p. 22,  
21 paragraph 1.**

22 Concerning network upgrades, the beneficiary pays concept is not well defined and is  
23 lacking clear foundational rules, implementation methodologies, and proposed  
24 calculations and formulas. Its application within the context of network upgrades and  
25 additions would be problematic, challenging, and unduly subjective.

26 a) What is Brattle’s definition of the beneficiary pays approach? Please  
27 elaborate.

28  
29 b) What are the boundaries that determine when cost allocation procedures  
30 adhere to the cost causation principle and when they do not? Doesn’t the

1 beneficiary pays approach permit Hydro to bifurcate transmission costs  
2 between interconnection costs and common network costs?  
3

4 c) Does Hydro's proposed approach not assign to the initiating customer the  
5 change in costs (incremental costs associated with system-wide upgrades),  
6 as determined by the system expansion study?  
7

8 d) Does Brattle's proposed approach account for capital indivisibility—a  
9 characterization of the lumpy nature of transmission facility additions?  
10

11 e) In Brattle's understanding, doesn't Hydro's use of the term "beneficiary  
12 pays" define a means of assignment of a sizable share of incremental costs  
13 to the initiating customer, as opposed to assignment of the total costs to  
14 the initiating customers or customers (with the exact allocation to class not  
15 yet specified)?  
16

17 f) Does Brattle agree that the essence of the cost assignment issue, applicable  
18 to network facilities on the margin, is a matter of socialization of  
19 incremental costs through rolled-in pricing; new loads paying for the full  
20 cost; and some rule for the sharing of incremental costs? Please elaborate.  
21

22 g) Does Brattle agree that transmission facilities, often, constitute highly  
23 indivisible capital facilities wherein the full capability of new facilities may  
24 not be fully utilized by utilities for a number of years? If yes, does this not  
25 suggest that charging incremental loads the full cost—as Brattle suggests—  
26 will provide improperly high transmission charges—paying for facilities that  
27 cannot be fully employed, and thus deterring the location of new  
28 customers?

29 **NLH-PUB-011 Reference: "Review of Existing and Proposed Network Additions Policies for**  
30 **Newfoundland and Labrador Hydro," The Brattle Group, November 19, 2019, p. 22,**  
31 **paragraph 1.**

1 Concerning network upgrades, the beneficiary pays concept is not well  
2 defined and is lacking clear foundational rules, implementation  
3 methodologies, and proposed calculations and formulas. Its application  
4 within the context of network upgrades and additions would be  
5 problematic, challenging, and unduly subjective.  
6

7 In 2017 the Ontario Energy Board (“OEB”) completed a comprehensive review of cost  
8 responsibility for network additions and released a “Notice of Proposal to amend its  
9 Transmission System Code and Distribution System Code.” On October 1, 2018, Hydro  
10 provided the OEB review and the proposals resulting from their policy review as  
11 Attachment 1, Appendix B to its “Network Additions Policy Review”.

12 a) Please confirm that the OEB accepted Beneficiary Pays as a guiding principle to be  
13 used in determining the appropriate approach to allocating the costs associated  
14 with distribution and transmission connection investments based on the following  
15 definition:

16 Beneficiary Pays – Beneficiaries of an infrastructure investment will contribute to  
17 the cost of an investment. Cost allocation will be determined based on the  
18 customer’s proportional use of the connection asset set out in a regional plan. Costs  
19 should not be allocated to any load customer (consumer or distributor) or generator  
20 that will not benefit from the investment.  
21

22 b) What are Brattle’s views of the rules implemented by the OEB, in consideration of  
23 Brattle’s conclusion that the application of the Beneficiary Pays concept within the  
24 context of network upgrades and additions would be problematic, challenging, and  
25 unduly subjective?  
26

27 c) Does Brattle believe that the proposed Labrador Interconnected System Network  
28 Additions Policy rules are problematic and unduly subjective? If yes, please highlight  
29 the sections of the policy that create these concerns.

30 **NLH-PUB-012 Reference: “Review of Existing and Proposed Network Additions Policies for**  
31 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019, p. 32,**  
32 **paragraph 4.**

1 While the proposed NAP provides greater protections to existing load  
 2 than the current policy, existing customers will likely continue to be  
 3 responsible for the majority of immediate network upgrade costs  
 4 caused by new load customers. For new customers with 1,500 kW of  
 5 demand that require immediate network upgrades, the new customers  
 6 will pay for the advancement of that infrastructure rather than the total  
 7 cost. Consider the hypothetical example where a new customer comes  
 8 online in 2020 and requires the advancement of a network upgrade  
 9 previously scheduled for 2025. The new customers would be  
 10 responsible for advancing the network from 2025 to 2020, which will  
 11 only be a fraction of the total asset cost.  
 12

13 Does Brattle believe this costing outcome is improper? If so, why should a  
 14 customer who advances transmission expansion plans from 2025 to 2020 be  
 15 required to pay the entire cost of the new transmission investment, rather than  
 16 the advancement costs?

17 **NLH-PUB-013 Reference: “Review of Existing and Proposed Network Additions Policies for**  
 18 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019, p. 32.**

19  
 20 If the Board finds it appropriate to measure customer benefits due to  
 21 increased reliability, a standard measure is the value of lost load  
 22 (“VOLL”). VOLLs estimate the monetary value that customers would pay  
 23 to avoid an outage in the face of an impending outage event.  
 24

25 Does Brattle agree that the electricity outage cost literature includes studies  
 26 that measure the implied outage costs, as incurred by consumers, as the costs  
 27 of on-site generation? If yes, why is it unreasonable for Hydro to use capacity-  
 28 related fuel costs as a proxy for the customer value of reliability pending further  
 29 study and analyses?

30 **NLH-PUB-014 Reference: “Review of Existing and Proposed Network Additions Policies for**  
 31 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019, p. 22.**

32 We agree with Mr. Raphals that the beneficiary pays concept is less  
 33 applicable to network upgrade policies carried out by a jurisdictional  
 34 utility applying its own FERC-compliant OATT.”

1 a) Please confirm that In the case of the Federal Energy Regulatory Commission’s  
 2 (“FERC”) Order 1000 regarding transmission expansion planning and cost allocation,  
 3 the FERC identifies the following cost allocation principles as relevant to  
 4 transmission cost allocation.

5  
 6 (i) “[...] the cost causation principle also requires the Commission to ensure that  
 7 the costs allocated to a beneficiary under a cost allocation method are at least  
 8 roughly commensurate with the benefits that are expected to accrue to that  
 9 entity.” (p. 83; p. 91)

10 (ii) “Those that receive no benefit from transmission facilities, either at present or  
 11 in a likely future scenario, must not be involuntarily allocated the costs of those  
 12 facilities.” (p. 91)

13 (iii) “The costs of a new interregional facility must be allocated to each transmission  
 14 planning region in which that facility is located in a manner that is at least  
 15 roughly commensurate with the estimated benefits of that facility in each of the  
 16 transmission planning regions. (p. 97)

17 (iv) “If a benefit-cost threshold ratio is used to determine whether an interregional  
 18 transmission facility has sufficient net benefits to qualify for interregional cost  
 19 allocation, this ratio must not be so large as to exclude a facility with significant  
 20 positive net benefits from cost allocation.”(p. 98)

21 (v) “The cost allocation method and data requirements for determining benefits  
 22 and identifying beneficiaries for an interregional facility must be transparent  
 23 with adequate documentation to allow a stakeholder to determine how they  
 24 were applied to a proposed transmission facility.”(p. 99)

25  
 26 b) Does Brattle agree that the FERC believes it is important to consider both costs and  
 27 benefits in determining a reasonable approach to transmission cost allocation? If no,  
 28 why not?

29 **NLH-PUB-0015 Reference: “Review of Existing and Proposed Network Additions Policies for**  
 30 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019, p. 23.**

31  
 32 Finally, based on our review of network addition policies, in our opinion,  
 33 the beneficiary pays approach applied to network additions policy is not  
 34 a best practice and is not widely or commonly used in the United States  
 35 or Canada to allocate the costs of transmission network investments  
 36 made in response to a new or expanded interconnection request.



1 Christensen Associates Energy Consulting (“CA Energy Consulting”) provided a  
2 Memorandum to Hydro on May 31, 2019, that was subsequently filed with the Board of  
3 commissioners of Public Utilities on June 4, 2019. The Memorandum stated:

4  
5 Most importantly, our report discusses at length the *beneficiary pays*  
6 approach now gaining currency in both the United States and Canada  
7 and points out the usefulness of the approach in the case of the  
8 potentially large new loads in Labrador that would result in accelerated  
9 transmission investment.

10  
11 Please confirm that Brattle does not agree with the conclusion of CA Energy Consulting  
12 with respect to the evolution of the use of the beneficiary pays approach. If not  
13 confirmed, please explain.