



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
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2019-05-13

Mr. Senwung Luk  
Labrador Interconnected Group  
Olthuis Kler Townshend LLP  
250 University Ave, 8<sup>th</sup> Floor  
Toronto, ON M5H 3E5  
E-mail: sluk@oktlaw.com


Dear Mr. Luk:

**Re: Newfoundland and Labrador Hydro - Network Additions Policy Review and  
Labrador Interconnected System Expansion Study - Requests for Information**

Enclosed are Requests for Information PUB-LAB-001 to PUB-LAB-004 regarding the above-noted matter.

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

Sincerely,

  
Cheryl Blundon  
Board Secretary

CB/cj

Enclosure

ecc **Newfoundland & Labrador Hydro**  
Ms. Shirley Walsh, E-mail: shirleywalsh@nlh.nl.ca  
NLH Regulatory, E-mail: NLHRegulatory@nlh.nl.ca  
**Newfoundland Power Inc.**  
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**Industrial Customer Group**  
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**Iron Ore Company of Canada**  
Mr. Gregory Moores, E-mail: gmoores@stewartmckelvey.com

1 **IN THE MATTER OF**  
2 the *Electrical Power Control Act, 1994*,  
3 SNL 1994, Chapter E-5.1 (the “*EPCA*”)  
4 and the *Public Utilities Act, RSNL 1990*,  
5 Chapter P-47 (the “*Act*”), as amended, and  
6 regulations thereunder; and  
7  
8 **IN THE MATTER OF** Order No. P.U. 43(2017)  
9 in relation to Hydro’s 2018 Capital Budget application;  
10 and  
11  
12 **IN THE MATTER OF** the Network Additions Policy Review, dated  
13 October 1, 2018; the Labrador Interconnected System – Network  
14 Additions Policy dated December 14, 2018; the Labrador Interconnected  
15 System Transmission Expansion Study dated October 31, 2018; and  
16 Revision 1 dated November 5, 2018 filed by Newfoundland and  
17 Labrador Hydro.

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**PUBLIC UTILITIES BOARD  
REQUESTS FOR INFORMATION**

**PUB-LAB-001 to PUB-LAB-004**

**Issued: May 13, 2019**

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1 **The Labrador Interconnected Group Export Report, Newfoundland and Labrador Hydro's**  
 2 **Proposed Network Addition Policy and Transmission Expansion Study, by Philip Raphals,**  
 3 **dated April 25, 2019**

4  
 5 **PUB-LAB-001** Reference Philip Raphals Export Report, page 54, paragraph 3. It is stated  
 6 that *"It is recommended that Hydro continue to explore the approach*  
 7 *underlying the FERC network upgrade policy whereby a new customer*  
 8 *covered by the policy must take full cost responsibility for the network*  
 9 *additions required to provide service."* Is a policy that has a new customer  
 10 paying the entire upgrade costs, without any credit for accompanying  
 11 reliability improvements to the overall system, consistent with the  
 12 "beneficiary pays" approach that the FERC appears to be moving towards?  
 13 Please provide the rationale for your position.

14  
 15 **PUB-LAB-002** Reference Philip Raphals Export Report, Finding #27, page 61. It is stated  
 16 that *"Hydro proposes to credit the new consumer for any reduction in the*  
 17 *cost of expected unserved energy "(EUE)" that would result from the*  
 18 *transmission advancements required to serve the new load (up to the 50%*  
 19 *maximum). EUE is calculated based on expected unavailability rate, and it*  
 20 *is valued based on the average realized price for exports."* Page 6, lines 26-  
 21 28, of Hydro's *Labrador Interconnected System Network Additions Policy*  
 22 *- Summary Report* it is stated that "For the purposes of Network Additions  
 23 Policy analysis, EUE is valued using the approximate cost of backup  
 24 generation based on the projected costs of gas turbine fuel." Please  
 25 reconcile what appears to be a discrepancy.

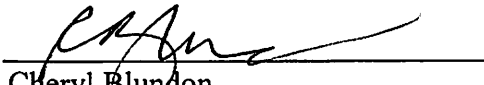
26  
 27 **PUB-LAB-003** Further to PUB-LAB-002, please provide commentary on the merits of the  
 28 inclusion, or non-inclusion, of other social and/or economic impacts (e.g.,  
 29 loss of income, reduced customer safety, general inconvenience, etc.) in  
 30 determining an appropriate monetary value for EUE. Please include any  
 31 estimates that you are aware of for the value of EUE (\$/kWh) that  
 32 incorporates economic and/or social impacts.

33  
 34 **PUB-LAB-004** Reference Philip Raphals Export Report, page 24. It is stated that with  
 35 respect to valuing EUE *"the proposed mechanism potentially rewards the*  
 36 *new customer for upgrading a portion of Hydro's electrical system to a*  
 37 *reliability standard exceeding Hydro's overall system reliability*  
 38 *standards."* Are you aware of any jurisdiction in North America that has  
 39 attempted to address this type of scenario in which a new customer could  
 40 be reimbursed for expansion costs that exceed an electric utility's reliability  
 41 standards? If so, please provide details.

**DATED** at St. John's, Newfoundland this 13<sup>th</sup> day of May, 2019.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

Per

  
 Cheryl Blundon  
 Board Secretary