

1 Q. Where reliable service can be provided for a large percentage of the year in Labrador East or
2 Labrador West on a firm basis but Hydro cannot provide firm service for a small number of peak
3 hours, is it Hydro's expectation that a fair rate for year-round service could be made up of a low
4 price interruptible tariff year-round? Would this type of tariff undervalue the resource being
5 received by the customer?
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8 A. Newfoundland and Labrador Hydro ("Hydro") has an obligation to provide service when
9 requested by customers. The availability of an interruptible service option in Labrador East or
10 Labrador West could enable the provision of service to new customers without creating the
11 requirement to accelerate transmission investments.
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13 Hydro would support the provision of an interruptible service option if: (i) the availability of the
14 option would be beneficial in limiting customer rate increases as a result of serving new load; (ii)
15 participation in the rate option did not negatively impact the provision of firm service to
16 customers on a reliable basis; and (iii) the option would be practical to administer. Hydro also
17 considers the marginal cost of providing service in Labrador to be an important consideration
18 when determining the rate to be paid by customers under an interruptible rate option to ensure
19 the price being paid by the customer is not unreasonably low.
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21 Hydro's Transmission Expansion Plan for the Labrador Interconnected System determined that
22 increased investments are required to reliably serve the existing firm load of customers on the
23 Labrador Interconnected System. These upgrades were defined in the Labrador Interconnected
24 System Network Additions Policy Summary Report and included the Muskrat Falls to Happy
25 Valley Interconnection in eastern Labrador and upgrades at Wabush Terminal Station and
26 Wabush Substation in western Labrador. Hydro plans to review making an interruptible service
27 option available to the Labrador Interconnected System once these projects are in place and the
28 system has sufficient capacity to meet peak forecasted loads. The Muskrat Falls to Happy Valley
29 Interconnection is expected to be placed in service this year and the proposed capital additions
30 in western Labrador will be filed with the Board of Commissioners of Public Utilities in 2020.