NLH-LAB-005. Re: "Newfoundland and Labrador Hydro's Proposed Network Addition Policy and Transmission Expansion Study", Section 2.6, page 26. "It is recommended that the NAP apply to industrial and "data centre" load, but not to other rural loads."

Newfoundland and Labrador Hydro has had a request from a large rural customer (i.e., a customer other than a "data centre") on the Labrador Interconnected System for new service requiring 20 MW of additional load. Complying with this load request would prompt material advancement of transmission network additions. Please explain why a customer such as this should not be required to pay a contribution towards the network addition cost advancement and how the recommended approach is consistent with established regulatory principles.

RESPONSE:

Mr. Raphals states:

The intent of this recommendation was to ensure that regular load growth which provides material benefits to Labrador's communities would be exempt from the application of the NAP. This is consistent with the application of transmission network addition policies across North America, which generally apply to transmission customers (including distributors, who may pass these costs on, depending on their own policies), and are designed to avoid affecting rates for native load.

In PUB-NLH-006 from the Labrador East load restriction application, Hydro provided a table showing that no new load since 2012 (other than data centres) has added more than 607 kW of peak demand (a bus centre).

I was unaware that such a large rural customer had requested service, and am unaware of its nature. (Presumably, Hydro is not referring to the potential boiler conversion by DND, as DND is not considered a "rural" load in the GRA[9]).

In light of this new information, I would modify my recommendation as follows:

> "It is recommended that the NAP apply to industrial and "data centre" loads, but not to other rural loads less than XX MW."

Additional evidence will be required to determine the optimal value of XX. The value should be large enough to exclude most native load growth, but should capture major projects like the one described above.

[9] Schedule 3-II, page 133 pdf of the 2017 GRA, Revision 5.