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September 26, 2022

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

Attention: Cheryl Blundon
Director of Corporate Services and Board Secretary

Re: Supply Cost Variance Deferral Account Monthly Report

Further to correspondence from the Board of Commissioners of Public Utilities accompanying Board Order No. P.U. 4(2022),¹ please find enclosed Newfoundland and Labrador Hydro's ("Hydro") report on the activity and balance of the Supply Cost Variance Deferral Account to the end of August 2022.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

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¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022.



Supply Cost Variance Deferral Account Report for August 2022 (Unaudited)

September 26, 2022



A report to the Board of Commissioners of Public Utilities

Supply Cost Variance Deferral Account
Summary
August 31, 2022

	Supply Cost Variance			Total To Date
	Deferral Account Balance	Utility Balance	Industrial Balance	
	(\$)	(\$)	(\$)	(\$)
Opening Balance	18,989,681	(729,396)	-	18,260,285
Adjustment ^{1,2}	(1,263,179)	(123,374)	-	(1,386,553)
Adjusted Opening Balance	17,726,502	(852,770)	-	16,873,732
January	34,376,346	(1,700,072)	-	32,676,274
February	56,447,649	(2,427,491)	-	54,020,158
March	78,951,174	(3,234,283)	-	75,716,891
April	76,332,458	(3,778,556)	-	72,553,902
May	102,440,250	(4,146,399)	-	98,293,851
June	123,456,515	(4,309,765)	-	119,146,750
July	136,942,153	(4,337,670)	-	132,604,483
August	155,466,052	(4,471,677)	-	150,994,375
September				
October				
November				
December				

¹ There was a correction to the volume calculation for November and December 2021 rural rate alteration, which is reflected as an adjustment to the opening balance for 2022, totalling \$0.1 million.

² In August 2021, Nalcor Energy ("Nalcor") commenced delivery of the Nova Scotia Block that, combined with limited Labrador-Island Link ("LIL") capacity, meant Newfoundland and Labrador Hydro ("Hydro") could not be delivered as much energy from the Muskrat Falls Hydroelectric Generating Facility as it would otherwise. Nalcor committed to indemnify Hydro for any damages suffered as a result of this reduction in deliveries including by compensating Hydro for incremental costs of fuel and/or imports over the Maritime Link. The opening adjustment is the result of refining the calculation to identify incremental costs as a result of these reduced deliveries.

Supply Cost Variance Deferral Account
Section A: Summary
August 31, 2022

Muskat Falls Project Cost	Rate Mitigation Fund	Project Cost Recovery		Holyhood TGS ² Fuel Cost	Other IIS ³ Supply Cost	Net Revenue		Transmission		Load Variation		Greenhouse Gas Credit Revenues	Subtotal Monthly Variations	Financing Charges			Cumulative Net Balance
		Utility ¹	Industrial			From Exports	Tariff Revenue	Utility	Industrial	Variance ⁴	Variance ⁴			Utility	Other	Transfers	
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Opening Balance	-	-	-	(26,879,560)	(3,220,124)	-	(700,298)	10,532,226	2,485,599	-	-	(3,096,317)	18,998,037	-	(8,356)	-	18,989,681
Adjustment ⁵	-	-	-	(1,391,304)	129,804	-	-	-	-	-	-	-	(1,261,500)	-	(1,679)	-	(1,263,179)
Adjusted Opening Balance	-	-	-	(28,270,864)	(3,090,320)	-	(700,298)	10,532,226	2,485,599	-	-	(3,096,317)	17,736,537	-	(10,035)	-	17,726,502
January	32,631,191	-	-	(23,253,578)	(2,235,242)	-	(818,277)	9,116,758	1,182,038	-	-	-	16,622,890	-	26,954	-	34,376,346
February	32,657,316	-	-	(13,670,459)	(3,683,542)	(1,733,737)	(970,188)	8,443,002	976,640	-	-	-	22,019,032	-	52,271	-	56,447,649
March ⁶	17,324,542	-	-	1,038,375	(6,506,569)	(2,523,522)	(303,488)	2,224,383	1,163,972	-	-	-	22,417,693	-	85,832	-	78,951,174
April ⁷	(9,535,425)	-	-	2,154,738	(539,120)	(327,464)	(842,928)	4,892,177	1,459,257	-	-	-	(2,738,765)	-	120,049	-	76,332,458
May	21,568,529	-	-	3,532,182	(1,063,789)	(807,072)	(851,265)	2,386,638	1,226,502	-	-	-	25,991,725	-	116,067	-	102,440,250
June	20,977,982	-	-	(3,102,552)	(1,099,851)	(232,147)	(518,174)	3,702,433	1,132,808	-	-	-	20,860,499	-	155,766	-	123,456,515
July	21,035,577	-	(2,327,264)	38,029	(393,243)	(185,919)	(852,559)	2,954,154	1,489,533	-	-	(8,460,392)	13,297,916	-	187,722	-	136,942,153
August	19,910,418	-	(2,379,670)	(13,394)	(253,971)	(182,394)	(495,364)	417,022	1,327,304	-	-	(14,280)	18,315,671	(3,539)	211,767	-	155,466,052
September	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
October	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
November	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
December	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Year-to-Date	156,570,130	-	(4,706,934)	(23,276,659)	(15,775,327)	(5,992,255)	(5,652,243)	34,136,567	9,958,054	-	-	(8,474,672)	136,786,661	(3,539)	956,428	-	137,739,550
Total	196,446,641	-	(4,706,934)	(51,547,523)	(18,865,647)	(5,992,255)	(6,352,541)	44,668,793	12,443,653	-	-	(11,570,989)	154,523,198	(3,539)	946,393	-	155,466,052

¹ As per Order No. P.U. 19(2022), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider of 0.798 cents per kWh that became effective as of July 1, 2022.

² Holyhood Thermal Generating Station ("Holyhood TGS").

³ Island Interconnected System ("IIS").

⁴ In July 2022, Hydro sold 230,000 Greenhouse Gas Performance Credits within the province through request for bids (\$7.9 million). As well, Hydro sold 406,412 Renewable Energy Certificates associated with the St. Lawrence Wind and Fermeuse Wind projects and the Granite Canal Hydroelectric Generating Station to external markets through the Energy Marketing Corporation (\$0.6 million).

⁵ In August 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited I.L. capacity, meant Hydro could not be delivered as much energy from the Muskrat Falls Hydroelectric Generating Facility as it would otherwise. Nalcor committed to indemnify Hydro for any damages suffered as a result of this reduction in deliveries including compensating Hydro for incremental costs of fuel and/or imports over the Maritime Link. The opening adjustment is the result of refining the calculation to identify incremental costs as a result of these reduced deliveries.

⁶ In March 2022, the payments for the Muskrat Falls Power Purchase Agreement ("Muskrat Falls PPA") were adjusted to reflect the financial restructuring of the project resulting in a total transfer of approximately \$20.7 million. The amount for March was further reduced by \$3.4 million primarily due to the adjustment of billed operating costs to actual from November 23, 2021 to March 31, 2022 resulting in a total transfer of \$17.3 million in March.

⁷ In April 2022, Hydro received a credit for \$30.4 million adjusting the payments made under the agreement from November 23, 2021 to February 28, 2022. The credit was applied against the April 2022 invoices, which totalled \$20.9 million, resulting in a credit of \$9.5 million for the month.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
August 31, 2022

	Allocation	Financing	Transfers	Cumulative
	Rural Rate	Charges	(\$)	Net
	Alteration ¹	(\$)	(\$)	Balance
	(\$)	(\$)	(\$)	(\$)
Opening Balance	(729,046)	(350)	-	(729,396)
Adjustments	(123,374)	-	-	(123,374)
Adjusted Opening Balance ²	(852,420)	(350)	-	(852,770)
January	(846,005)	(1,297)	-	(1,700,072)
February	(724,834)	(2,585)	-	(2,427,491)
March	(803,101)	(3,691)	-	(3,234,283)
April	(539,355)	(4,918)	-	(3,778,556)
May	(362,098)	(5,745)	-	(4,146,399)
June	(157,061)	(6,305)	-	(4,309,765)
July	(21,352)	(6,553)	-	(4,337,670)
August	(127,411)	(6,596)	-	(4,471,677)
September				
October				
November				
December				
Year-to-Date	(3,581,217)	(37,690)	-	(3,618,907)
Total	(4,433,637)	(38,040)	-	(4,471,677)

¹ The rural rate alteration is allocated between Utility and Labrador interconnected customers in the same proportion that the rural deficit was allocated in the approved 2019 Cost of Service Study, which is 96.1% and 3.9%, respectively. The Labrador interconnected amount is then removed from the plan and written off to net income (loss).

Monthly balances may change to reflect adjustments.

No other transactions will be applied to this balance until further approval is obtained from the Board of Commissioners of Public Utilities ("Board").

² There was a correction to the volume calculation for November and December 2021 rural rate alteration, which is reflected as an adjustment to the opening balance for 2022.

Supply Cost Variance Deferral Account
Section B: Industrial Customers Balance¹
August 31, 2022

	Financing Charges (\$)	Transfers (\$)		Cumulative Net Balance (\$)
Opening Balance	-	-	-	-
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September				
October				
November				
December				
Year-to-Date	-	-	-	-
Total	-	-	-	-

¹ No transactions will be applied to this balance until further approval is obtained from the Board.