



Newfoundland and Labrador Hydro  
Hydro Place, 500 Columbus Drive  
P.O. Box 12400, St. John's, NL  
Canada A1B 4K7  
t. 709.737.1400 | f. 709.737.1800  
nlhydro.com

December 14, 2023

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

Attention: Jo-Anne Galarneau  
Executive Director 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),<sup>1</sup> please find enclosed Newfoundland and Labrador Hydro's report on the activity and balance of the Supply Cost Variance Deferral Account to the end of November 2023.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

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

Encl.

ecc:

**Board of Commissioners of Public Utilities**  
Jacqui H. Glynn  
Cheryl Blundon  
PUB Official Email

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

**Iron Ore Company of Canada**  
Gregory A.C. Moores, Stewart McKelvey

**Labrador Interconnected Group**  
Senwung F. Luk, Olthuis Kleer Townshend LLP  
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

**Consumer Advocate**  
Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Teck Resources Limited**  
Shawn Kinsella

**Linde Canada Inc.**  
Sheryl E. Nisenbaum  
Peter Strong

**Newfoundland Power Inc.**  
Dominic J. Foley  
Lindsay S.A. Hollett  
Regulatory Email

<sup>1</sup> *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 (Unaudited)

November 2023

December 14, 2023

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account  
Summary  
November 30, 2023**

	<b>Supply Cost Variance Deferral Account Balance (\$)<sup>1,2</sup></b>	<b>Utility Balance (\$)</b>	<b>Industrial Balance (\$)</b>	<b>Total to Date (\$)</b>
	<b>(from page 2)</b>	<b>(from page 3)</b>	<b>(from page 4)</b>	
Opening Balance	196,185,156	(5,784,457)	-	190,400,699
Adjustment	-	-	-	-
<b>Adjusted Opening Balance</b>	<b>196,185,156</b>	<b>(5,784,457)</b>	-	<b>190,400,699</b>
January	207,618,980	(6,387,985)	-	201,230,995
February	192,419,865	(7,469,300)	-	184,950,565
March	20,059,048	(8,219,619)	-	11,839,429
April	55,416,417	(8,619,770)	-	46,796,647
May	105,120,896	(8,946,594)	-	96,174,302
June	155,804,863	(9,273,832)	-	146,531,031
July	215,142,687	(9,536,817)	-	205,605,870
August	124,311,753	(9,940,006)	-	114,371,747
September	153,697,183	(10,228,180)	-	143,469,003
October	210,197,401	(10,572,560)	-	199,624,841
November	246,979,218	(11,509,190)	-	235,470,028
December				

<sup>1</sup> In March 2023, the Government of Newfoundland and Labrador ("Government") provided \$190.4 million for the purpose of mitigating projected future customer rate increases that would be required to recover net supply costs incurred.

<sup>2</sup> In 2022, as part of the Government's rate mitigation plan, Newfoundland and Labrador Hydro ("Hydro"), the Government and the Government of Canada signed term sheets enabling access, upon commissioning of the Labrador-Island Link ("LIL"), to a \$1.0 billion investment by the Government of Canada in the LIL in the form of a convertible debenture. On August 15, 2023, the first drawing on the convertible debenture of \$144.7 million was received by LIL (2021) Limited Partnership, and on August 28, 2023, the funds were transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

# Supply Cost Variance Deferral Account Report for November 2023 (Unaudited)

Supply Cost Variance Deferral Account  
Section A - Summary  
November 30, 2023

	Muskat Falls Project Cost Variance <sup>1</sup>		Rate Mitigation Fund <sup>2,3</sup>		Project Cost Recovery Rider		Holyrood TGS <sup>5</sup>		Other IS <sup>7</sup> Supply Cost Variance <sup>6</sup>		Net Revenue From Exports Variance		Transmission Tariff Revenue Variance <sup>8</sup>		Load Variation		Greenhouse Gas Credit Revenue Variance <sup>9</sup>		Subtotal Monthly Variances		Financing Charges			Cumulative Net Balance (\$) (to page 1)
	(\$)	(\$)	(\$)	(\$)	Utility <sup>4</sup> (\$)	Industrial (\$)	Fuel Cost Variance <sup>6</sup> (\$)	Holyrood TGS <sup>5</sup> (\$)	Other IS <sup>7</sup> Supply Cost Variance <sup>6</sup> (\$)	Net Revenue From Exports Variance (\$)	Transmission Tariff Revenue Variance <sup>8</sup> (\$)	Utility (\$)	Industrial (\$)	Greenhouse Gas Credit Revenue Variance <sup>9</sup> (\$)	Subtotal Monthly Variances (\$)	Utility (\$)	Other (\$)	Transfers (\$)						
Opening Balance Adjustment	277,547,131	-	-	(18,942,087)	-	-	(65,302,273)	(28,114,785)	(33,075,710)	(10,113,160)	63,550,645	18,294,888	(12,412,517)	191,432,132	(133,641)	4,886,665	-	-	-	196,185,156				
<b>Adjusted Opening Balance</b>	<b>277,547,131</b>	-	-	<b>(18,942,087)</b>	-	-	<b>(65,302,273)</b>	<b>(28,114,785)</b>	<b>(33,075,710)</b>	<b>(10,113,160)</b>	<b>63,550,645</b>	<b>18,294,888</b>	<b>(12,412,517)</b>	<b>191,432,132</b>	<b>(133,641)</b>	<b>4,886,665</b>	-	-	-	<b>196,185,156</b>				
January	19,795,154	-	(5,134,003)	(5,471,265)	-	(16,202,730)	(812,794)	(499,872)	(862,075)	13,086,281	1,367,244	3,962	10,741,167	(66,877)	759,534	-	-	-	207,618,980					
February	19,400,443	-	(5,338,713)	(4,335,837)	-	(17,765,083)	(4,632,696)	(385,775)	(1,179,438)	(6,743,241)	1,080,034	(235,119)	(15,932,140)	(85,004)	818,029	-	-	-	197,419,865					
March	20,390,107	(190,404,321)	(5,338,713)	(4,335,837)	-	11,674,220	(5,025,833)	(343,485)	(1,107,140)	(4,180,062)	1,295,997	(950)	(173,040,180)	(104,321)	783,684	-	-	-	20,059,048					
April	40,844,451	-	(3,591,165)	(2,949,492)	-	2,987,365	(951,082)	(146,610)	(1,534,710)	(2,840,629)	1,263,600	-	35,286,548	(123,170)	193,991	-	-	-	55,416,417					
May	59,641,132	-	(3,591,165)	(2,449,926)	-	(1,111,997)	(725,657)	(110,345)	(1,498,412)	(5,144,457)	2,049,725	-	49,508,824	(138,478)	334,133	-	-	-	105,120,896					
June	60,819,151	-	(2,449,926)	(2,400,596)	-	(3,102,773)	(668,681)	(41,093)	(1,498,023)	(4,434,173)	2,368,795	-	50,312,824	(151,157)	522,300	-	-	-	155,804,863					
July	61,225,265	-	(2,400,596)	(2,467,140)	-	(138,368)	(392,215)	(68,528)	(1,498,023)	161,981	1,947,549	-	58,787,735	(161,571)	711,660	-	-	-	215,142,667					
August	56,198,307	(144,700,000)	(2,467,140)	(3,093,106)	-	(654)	(474,663)	(71,846)	(1,498,023)	(59,310)	1,414,565	1,697	(91,590,523)	(170,220)	929,809	-	-	-	124,311,753					
September	60,909,116	-	(3,093,106)	(4,424,036)	-	(6,540,541)	(1,107,382)	(81,876)	(1,498,023)	969,035	1,272,044	(22,508,701)	28,946,532	(178,696)	617,594	-	-	-	153,697,183					
October	60,823,046	-	(4,424,036)	-	-	(4,249,043)	(2,164,312)	(109,625)	(1,498,023)	4,739,753	1,508,835	46	55,957,571	(187,406)	730,053	-	-	-	210,197,401					
November	59,216,366	-	-	-	-	(5,380,199)	(1,727,587)	(464,203)	(1,498,023)	(10,697,456)	1,180,513	(165,687)	36,039,688	(198,327)	940,456	-	-	-	246,979,218					
December																								
<b>Year-to-Date</b>	<b>519,262,538</b>	<b>(335,104,321)</b>	<b>(41,655,279)</b>	<b>(60,597,366)</b>	<b>-</b>	<b>(39,829,803)</b>	<b>(18,682,902)</b>	<b>(2,323,258)</b>	<b>(15,169,913)</b>	<b>(15,142,278)</b>	<b>16,748,901</b>	<b>(23,085,639)</b>	<b>45,015,046</b>	<b>(1,565,227)</b>	<b>7,341,243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,794,062</b>				
<b>Total</b>	<b>796,809,669</b>	<b>(335,104,321)</b>	<b>(60,597,366)</b>	<b>(60,597,366)</b>	<b>-</b>	<b>(105,132,076)</b>	<b>(46,797,687)</b>	<b>(35,398,968)</b>	<b>(25,283,073)</b>	<b>48,408,367</b>	<b>35,043,789</b>	<b>(35,498,156)</b>	<b>236,450,178</b>	<b>(1,698,868)</b>	<b>12,227,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,979,218</b>				

<sup>1</sup> UL was commissioned on April 14, 2023, and Hydro began making payments under the Transmission Funding Agreement.

<sup>2</sup> In March 2023, the Government provided \$190.4 million for the purpose of mitigating projected future customer rate increases that would be required to recover net supply costs incurred.

<sup>3</sup> In 2022, as part of the Government's rate mitigation plan, Hydro, the Government and the Government of Canada signed term sheets enabling access, upon commissioning of the UL, to a \$1.0 billion investment by the Government of Canada in the UL in the form of a convertible debenture. On August 15, 2023, the first drawing on the convertible debenture of \$144.7 million was received by UL (2021) Limited Partnership, and on August 28, 2023, the funds were transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

<sup>4</sup> As per Order No. P.U. 19(2022), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider that became effective as of July 1, 2022. There is no change to the Project Cost Recovery Rider effective July 1, 2023 as per Board Order No. P.U. 15(2023).

<sup>5</sup> Holyrood Thermal Generating Station ("Holyrood TGS").

<sup>6</sup> In 2021, Nalcor Energy ("Nalcor") commenced delivery of the Nova Scotia Block that, combined with limited UL 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 2023 balances reflect adjustments to the calculation to eliminate incremental costs incurred by Hydro as a result of reduced deliveries.

<sup>7</sup> Island Interconnected System ("IIS").

<sup>8</sup> Effective June 1, 2023, Hydro assigned its long-term transmission rights, including associated payment obligations, for a period of ten years to Nalcor Energy Marketing ("Energy Marketing"). Energy Marketing has been paying all costs associated with these rights under an interim agreement for the month of May, since Hydro's long-term rights commenced on May 1, 2023 following commissioning of the UL in April 2023.

<sup>9</sup> In September 2023, Hydro sold 493,536 Greenhouse Gas Performance Credits within the province for \$22.5 million through a request for bids.

**Supply Cost Variance Deferral Account**  
**Section B: Utility Customer Balance**  
**November 30, 2023**

	Allocation Rural Rate Alteration <sup>1</sup> (\$)	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$)
Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
Adjustments	-	-	-	-
<b>Adjusted Opening Balance</b>	<b>(5,625,788)</b>	<b>(158,669)</b>	<b>-</b>	<b>(5,784,457)</b>
January	(583,105)	(20,423)	-	(6,387,985)
February	(1,058,761)	(22,554)	-	(7,469,300)
March	(723,948)	(26,371)	-	(8,219,619)
April	(371,131)	(29,020)	-	(8,619,770)
May	(296,391)	(30,433)	-	(8,946,594)
June	(295,651)	(31,587)	-	(9,273,832)
July	(230,243)	(32,742)	-	(9,536,817)
August	(369,518)	(33,671)	-	(9,940,006)
September	(253,080)	(35,094)	-	(10,228,180)
October	(308,268)	(36,112)	-	(10,572,560)
November	(899,302)	(37,328)	-	(11,509,190)
December				
<b>Year-to-Date</b>	<b>(5,389,398)</b>	<b>(335,335)</b>	<b>-</b>	<b>(5,724,733)</b>
<b>Total</b>	<b>(11,015,186)</b>	<b>(494,004)</b>	<b>-</b>	<b>(11,509,190)</b>

<sup>1</sup> 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 reflect immaterial adjustments.

The only transactions posted to the Utility's Customer Balance are Newfoundland Power's allocation of Rural Rate Alteration and associated interest until further approval is obtained from the Board.

Supply Cost Variance Deferral Account  
Section B: Industrial Customers Balance<sup>1</sup>  
November 30, 2023

	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$) (to page 1)
Opening Balance	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
<b>Year-to-Date</b>	-	-	-
<b>Total</b>	-	-	-

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