



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 18, 2024

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), 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 2024.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
Katie R. Philpott
Board General

Island Industrial Customer Group
Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Glen G. Seaborn, 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, KC, 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
Regulatory Email

Supply Cost Variance Deferral Account Report (Unaudited)

November 2024

December 18, 2024

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
 Summary
 November 30, 2024**

	Supply Cost Variance Deferral Account Balance (\$) (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date (\$)
Opening Balance	283,716,067	(12,444,308)	-	271,271,759
Adjustment	-	-	-	-
Adjusted Opening Balance	283,716,067	(12,444,308)	-	271,271,759
January	312,104,403	(13,625,254)	-	298,479,149
February	342,262,573	(14,578,410)	-	327,684,163
March	398,249,665	(15,412,310)	-	382,837,355
April	459,363,624	(16,162,803)	-	443,200,821
May	514,047,548	(17,010,097)	-	497,037,451
June	473,583,285	(17,510,869)	-	456,072,416
July	534,079,642	(17,854,603)	-	516,225,039
August	440,090,431	(18,531,573)	-	421,558,858
September	473,051,734	(19,151,386)	-	453,900,348
October	532,091,269	(20,082,269)	-	512,009,000
November	581,248,812	(21,203,609)	-	560,045,203
December				

Supply Cost Variance Deferral Account Report for November 2024 (Unaudited)

Supply Cost Variance Deferral Account
Section A - Summary
November 30, 2024

	Muskat Falls Project Cost		Rate Mitigation Fund ^{6,7}		Project Cost Recovery Rider		Holyrood TGS ⁸ Fuel Cost Variance ⁹			Other IIS ⁸ Supply Cost Variance ⁹		Net Revenue From Exports Variance		Transmission Tariff Revenue Variance		Load Variation			Greenhouse Gas Credit Revenue Variance			Subtotal Monthly Variances			Financing Charges ¹			Cumulative Net Balance (\$)
	(\$)	(\$)	(\$)	(\$)	Utility ⁴ (\$)	Industrial ⁵ (\$)	Fuel Cost Variance ⁹ (\$)	Other IIS ⁸ Supply Cost Variance ⁹ (\$)	Net Revenue From Exports Variance (\$)	Transmission Tariff Revenue Variance (\$)	Utility (\$)	Industrial (\$)	Greenhouse Gas Credit Revenue Variance (\$)	Subtotal Monthly Variances (\$)	Utility (\$)	Industrial (\$)	Other ² (\$)	Transfers (\$)	Utility (\$)	Industrial (\$)	Other ² (\$)	Subtotal Monthly Variances (\$)	Utility (\$)	Industrial (\$)	Other ² (\$)	Transfers (\$)		
Opening Balance Adjustment	855,037,017	(335,104,321)	-	-	(65,690,947)	-	(114,193,068)	(48,568,155)	(48,570,916)	(26,781,096)	53,096,149	36,415,696	(35,494,446)	270,145,913	(2,474,924)	-	-	-	(2,474,924)	-	-	-	270,145,913	(2,474,924)	-	-	-	283,716,067
Adjusted Opening Balance	855,037,017	(335,104,321)	-	-	(65,690,947)	-	(114,193,068)	(48,570,916)	(48,570,916)	(26,781,096)	53,096,149	36,415,696	(35,494,446)	270,145,913	(2,474,924)	-	-	-	(2,474,924)	-	-	-	270,145,913	(2,474,924)	-	-	-	283,716,067
January	60,516,084	-	(5,919,516)	(302,776)	(5,919,516)	(302,776)	(22,011,159)	264,112	(446,394)	(1,498,023)	(4,794,456)	1,279,854	(17,559)	27,070,167	(305,206)	-	-	(305,206)	-	-	-	27,070,167	(305,206)	-	-	-	312,104,403	
February	60,093,165	-	(5,193,050)	(330,240)	(5,193,050)	(330,240)	(20,917,636)	(3,525,372)	(407,397)	(1,498,023)	(410,190)	925,931	(29,082)	28,708,106	(332,708)	(1,407)	1,784,179	(332,708)	-	-	-	28,708,106	(332,708)	-	-	-	342,262,573	
March ¹⁰	61,108,742	-	(4,865,806)	(321,551)	(4,865,806)	(321,551)	863,536	(7,862,356)	(558,056)	(1,498,023)	6,584,788	1,199,512	(253,875)	54,396,911	(356,836)	(2,941)	1,949,958	(356,836)	-	-	-	54,396,911	(356,836)	-	-	-	398,249,665	
April	60,246,161	-	(4,120,230)	(149,332)	(4,120,230)	(149,332)	2,406,427	(1,237,916)	(430,715)	(1,498,023)	2,067,265	1,978,579	1,441	59,263,657	(379,443)	(4,435)	2,234,180	(379,443)	-	-	-	59,263,657	(379,443)	-	-	-	459,363,624	
May	59,780,821	-	(3,530,077)	(248,519)	(3,530,077)	(248,519)	2,252,471	(1,651,819)	(350,006)	(1,498,023)	(3,753,884)	1,550,406	(1,688)	52,549,682	(398,586)	(5,129)	2,537,957	(398,586)	-	-	-	52,549,682	(398,586)	-	-	-	514,047,548	
June	49,022,047	-	(90,000,000)	(395,759)	(90,000,000)	(395,759)	(2,883,308)	(980,286)	(181,385)	(1,498,023)	5,828,685	723,206	10,889	(42,852,572)	(414,987)	(6,283)	2,809,579	(414,987)	-	-	-	(42,852,572)	(414,987)	-	-	-	473,583,285	
July	61,557,803	-	(2,407,637)	(409,504)	(2,407,637)	(409,504)	120,315	(746,360)	(130,886)	(1,498,023)	1,124,617	721,084	(35,560)	58,296,049	(426,595)	(8,122)	2,635,025	(426,595)	-	-	-	58,296,049	(426,595)	-	-	-	534,079,642	
August	57,372,009	-	(3,442,297)	(342,362)	(3,442,297)	(342,362)	(211,467)	2,100,276	(140,467)	(1,498,023)	1,045,243	1,064,746	1,351	(96,470,590)	(437,782)	(10,025)	2,929,186	(437,782)	-	-	-	(96,470,590)	(437,782)	-	-	-	440,090,431	
September ¹¹	61,247,178	-	(3,463,905)	(356,058)	(3,463,905)	(356,058)	(5,434,284)	(1,620,647)	(248,639)	(1,498,911)	1,148,641	925,601	(19,782,371)	30,916,605	(453,775)	(11,615)	2,510,088	(453,775)	-	-	-	30,916,605	(453,775)	-	-	-	473,051,734	
October	61,647,822	-	(4,581,342)	(316,756)	(4,581,342)	(316,756)	2,298,435	(2,843,636)	(184,666)	(1,498,368)	1,109,395	1,210,142	670	56,841,696	(469,868)	(13,270)	2,680,977	(469,868)	-	-	-	56,841,696	(469,868)	-	-	-	532,091,269	
November	57,569,671	-	(5,369,341)	(369,401)	(5,369,341)	(369,401)	(4,603,155)	(2,918,567)	(204,971)	(1,498,023)	3,233,477	845,785	(73)	46,685,402	(491,154)	(14,741)	2,978,036	(491,154)	-	-	-	46,685,402	(491,154)	-	-	-	581,248,812	
December																												
Year-to-Date	650,161,503	(240,329,113)	(45,391,839)	(3,542,258)	(45,391,839)	(3,542,258)	(48,119,825)	(21,022,571)	(3,283,382)	(16,479,486)	11,093,095	12,424,846	(20,105,857)	275,405,113	(4,466,940)	(77,968)	26,672,540	(4,466,940)	-	-	-	275,405,113	(4,466,940)	(77,968)	26,672,540	-	297,532,745	
Total	1,505,198,520	(575,433,434)	(111,082,786)	(3,542,258)	(111,082,786)	(3,542,258)	(162,312,893)	(69,590,726)	(51,854,298)	(43,260,582)	64,189,244	48,840,542	(55,600,303)	545,551,026	(6,941,864)	(77,968)	42,717,618	(6,941,864)	-	-	-	545,551,026	(6,941,864)	(77,968)	42,717,618	-	581,248,812	

¹ Financing charges accrued at the 2023 short-term cost of borrowing of 5.72% for the period of January to November 2024. In December, financing costs will be trueed up to reflect the actual short-term cost of borrowing for 2024.

² As per Order in Council OC2024-062 dated May 7, 2024, Newfoundland and Labrador Hydro ("Hydro") has been directed by the Government of Newfoundland and Labrador ("Government") to retire the 2023 Supply Cost Variance Deferral Account balance of \$271.3 million over the 2024 to 2026 period using its own sources of funding. In June 2024, the Government provided further direction for Nalcor Energy to transfer \$90.0 million of rate mitigation funding to Hydro, for the purpose of offsetting a portion of the 2023 Supply Cost Variance Deferral Account balance.

³ 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 Labrador-Island Link ("LIL"), to a \$1.0 billion investment by the Government of Canada in the form of a convertible debenture. In August 2024, funding was received by LIL (2021) Limited Partnership, and transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

⁴ As per Order No. P.U. 15(2024), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider of 1.124 cents per kWh that became effective August 1, 2024.

⁵ As per Order No. P.U. 4(2024), the Board approved a Project Cost Recovery Rider of 0.888 cents per kWh that became effective as of January 1, 2024.

⁶ Holyrood Thermal Generating Station ("Holyrood TGS").

⁷ In 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited LIL 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 2024 balances reflect adjustments to the calculation to eliminate incremental costs incurred by Hydro as a result of reduced deliveries. The balances in this report reflect the true-up of initial estimates made throughout the period.

⁸ Island Interconnected System ("IIS").

⁹ Any adjustments to any component in the Supply Cost Variance Deferral Account that results in a change to the Subtotal Monthly Variances will result in a corresponding adjustment to financing charges.

¹⁰ In March 2024, the actual settlement value for net export sales for 2023 was finalized. The settlement did not change the revenue that was accrued in December 2023; therefore, no true-up was required.

¹¹ In September 2024, Hydro sold 330,494 Greenhouse Gas Performance Credits within the province for \$19.8 million.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
November 30, 2024

	Allocation Rural Rate Alteration ¹ (\$)	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$)
Opening Balance	(11,788,153)	(656,155)	-	(12,444,308)
Adjustments	-	-	-	-
Adjusted Opening Balance	(11,788,153)	(656,155)	-	(12,444,308)
January	(1,123,129)	(57,817)	-	(13,625,254)
February	(889,852)	(63,304)	-	(14,578,410)
March	(766,167)	(67,733)	-	(15,412,310)
April	(678,886)	(71,607)	-	(16,162,803)
May	(772,200)	(75,094)	-	(17,010,097)
June	(421,742)	(79,030)	-	(17,510,869)
July	(262,377)	(81,357)	-	(17,854,603)
August	(594,016)	(82,954)	-	(18,531,573)
September	(533,714)	(86,099)	-	(19,151,386)
October	(841,904)	(88,979)	-	(20,082,269)
November	(1,028,036)	(93,304)	-	(21,203,609)
December	-	-	-	-
Year-to-Date	(7,912,023)	(847,278)	-	(8,759,301)
Total	(19,700,176)	(1,503,433)	-	(21,203,609)

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).

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 Balance¹
November 30, 2024

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

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