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November 22, 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),¹ 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 October 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:

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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 (Unaudited)

October 2023

November 22, 2023

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
Summary
October 31, 2023**

	Supply Cost Variance Deferral Account Balance (\$)^{1,2} (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date (\$)
Opening Balance	196,185,156	(5,784,457)	-	190,400,699
Adjustment	-	-	-	-
Adjusted Opening Balance	196,185,156	(5,784,457)	-	190,400,699
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				
December				

¹ 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.

² 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 October 2023 (Unaudited)

Supply Cost Variance Deferral Account
Section A: Summary
October 31, 2023

	Project Cost Recovery Rider				Load Variation				Financing Charges			Cumulative Net Balance (\$)				
	Muskat Falls Project Cost Variance ¹ (\$)	Rate Mitigation Fund ^{2,3} (\$)	Utility ⁴ (\$)	Industrial (\$)	Hollyrood TGS ⁵ Fuel Cost Variance ⁶ (\$)	Other IIS ⁷ Supply Cost Variance ⁸ (\$)	Net Revenue From Exports Variance ⁹ (\$)	Transmission Tariff Revenue Variance ⁸ (\$)	Utility (\$)	Industrial (\$)	Greenhouse Gas Credit Revenue Variance ⁹ (\$)		Subtotal Monthly Variance (\$)	Utility (\$)	Other (\$)	Transfers (\$)
Opening Balance	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
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Opening Balance	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
January	19,795,154	-	(5,134,003)	-	(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	-	(5,471,265)	-	(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	-	192,419,865
March	20,390,107	(190,404,321)	(5,338,713)	-	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	-	(4,335,837)	-	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)	-	(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	-	(2,949,492)	-	(3,102,773)	(668,681)	(41,093)	(1,498,023)	(4,434,173)	2,368,795	(180,887)	50,312,824	(151,157)	522,300	-	155,804,863
July	61,225,265	-	(2,449,926)	-	(138,368)	(392,215)	(68,528)	(1,498,023)	161,981	1,947,549	-	58,787,735	(161,571)	711,660	-	215,142,687
August	56,198,307	(144,700,000)	(2,400,596)	-	(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	-	(2,467,140)	-	(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	-	(3,093,106)	-	(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
Year-to-Date	460,046,172	(335,104,321)	(37,231,243)	-	(34,449,604)	(16,955,315)	(1,859,055)	(13,671,890)	(4,444,822)	15,568,388	(22,919,952)	8,978,358	(1,366,900)	6,400,787	-	14,012,245
Total	737,593,303	(335,104,321)	(56,173,330)	-	(99,751,877)	(45,070,100)	(34,934,765)	(23,785,050)	59,105,823	33,863,276	(35,332,469)	200,410,490	(1,500,541)	11,287,452	-	210,197,401

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

² 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.

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 UL, to a \$1.0 billion investment by the Government of Canada 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.

⁴ 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).

⁵ Hollyrood Thermal Generating Station ("Hollyrood TGS").

⁶ In 2022, 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.

⁷ Island Interconnected System ("IIS").

⁸ 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.

⁹ 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
October 31, 2023

	Allocation Rural Rate Alteration ¹ (\$)	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$) (to page 1)
Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
Adjustments	-	-	-	-
Adjusted Opening Balance	(5,625,788)	(158,669)	-	(5,784,457)
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				
December				
Year-to-Date	(4,490,096)	(298,007)	-	(4,788,103)
Total	(10,115,884)	(456,676)	-	(10,572,560)

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 reflect immaterial adjustments.

The only transactions posted to the Utility's Customer Balance are Newfoundland Power Inc.'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
October 31, 2023

	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.