

1 Q. **Reference: November 30, 2022, Hydro Presentation**

2 **LIG Service Requests**

3 With respect to Slide 4:

4 a) When was the additional firm load restriction of 200 kW per customer implemented in
5 Labrador East and Labrador West?

6 b) What was the rationale for the restriction?

7 c) To which customers does it apply?

8 d) Are there any exceptions?

9 e) Does it apply to any or all of the industrial customers in Labrador?

10 f) What was the form of implementation?

11 g) What approvals were required? Were these sought and approved?

12 h) If this restriction has been implemented, how does this reconcile with the comment on
13 Slide 25 that “Hydro *plans to extend regulation* limiting firm load additions to 200 kW
14 per customer”. [Emphasis added]

15 i) How would the approval of firm load applications to serve cryptocurrency customers
16 create a risk of materially increasing existing customer rates on the LIS?

17 j) How much power has to be used for blockchain operations for a customer to be
18 deemed to be a cryptocurrency customer?

19 k) Will Hydro refuse power to data centres which have cryptocurrency operations? How
20 will they be identified and differentiated from cryptocurrency customers? Will Hydro
21 deny power if it learns that a portion of a customer’s operation includes cryptocurrency
22 mining?

23 l) What has been the gross revenue paid to Hydro by cryptocurrency customers since
24 2015?

25

1 **A. a)** In May 2018, Newfoundland and Labrador Hydro (“Hydro”) applied for, and was granted, a
2 temporary restriction on load additions above 100 kW in Labrador East for the 2018–2019
3 winter season.¹ This request was necessary due to system capacity restrictions and was
4 intended to limit load growth and ensure the provision of reliable service to customers for
5 that period. In April 2019, Hydro requested that the temporary restriction be extended to
6 allow for the completion of the regulatory process relating to the Labrador Network
7 Additions Policy and the Labrador Interconnected System Transmission Expansion Study.
8 The Board approved this request in May 2019.²

9 In September 2019, Hydro applied to the Board to extend the restriction to Labrador West.
10 Hydro noted that the baseline forecast for Labrador West contained in the Labrador
11 Expansion Study indicated that demand in Labrador West was likely to exceed the system’s
12 350 MW capacity in 2019. Hydro believed that limiting load growth on the Labrador West
13 system was necessary to enable the provision of reliable service to customers pending
14 completion of the review of the Labrador Network Additions Policy and further Order of the
15 Board. At that time, Hydro also requested that the restriction threshold be raised from
16 100 kW to 200 kW for both Labrador East and Labrador West. Hydro’s requests were
17 approved in Board Order No. P.U. 34(2019).³

18 **b)** Please refer to part a) of this response.

19 **c)** The temporary load restriction applies to all customers on the Labrador East and Labrador
20 West Interconnected Systems with requests exceeding 200 kW.

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 36(2018), Board of Commissioners of Public Utilities, October 5, 2018.

² *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 18(2019), Board of Commissioners of Public Utilities, May 23, 2019.

³ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 34(2019), Board of Commissioners of Public Utilities, October 29, 2019.

1 **d)** In its approval of the proposed regulation, the Board stated in part:

2 When Hydro has reason to believe there are special circumstances surrounding
3 an application for service in Labrador East that will result in the addition of load
4 requirements of greater than 100 kW, where it may be appropriate to approve
5 service connections and upgrades, Hydro may apply to the Board for a variance
6 or exemption to this Regulation.⁴

7 To assist with determining the special circumstances under which it would be appropriate to
8 support an application for variance or exemption to the regulation, Hydro identified several
9 examples of the types of businesses that may qualify, including:

- 10 • Industrial developments such as the manufacture, assembly, or processing of
11 tangible merchandise or the extraction of raw materials;
- 12 • Emergency services such as fire departments, hospitals, etc.; and
- 13 • Services that meet a defined need in the community such as schools, medical clinics,
14 daycare centres, etc.

15 Hydro has applied for exemptions to the restriction for a small number of applications.⁵

16 **e)** Yes, the temporary load restriction also applies to Industrial customers.

17 **f)** When the temporary load restriction was approved by the Board, it formed part of Hydro's
18 Schedule of Rates, Rules and Regulations. The restriction was communicated to customers
19 in the region. As Hydro receives applications for service in Labrador East and Labrador West,
20 it reviews the application to determine the estimated peak demand (total kW of load
21 expected to be on at the same time) and if the application is for a new load exceeding
22 200 kW, Hydro denies the application.

23 **g)** Please refer to part a) of this response.

⁴ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 36(2018), Board of Commissioners of Public Utilities, October 5, 2018, sch. A, p. 1.

⁵ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 1(2019), Board of Commissioners of Public Utilities, January 23, 2019; *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 8(2019), Board of Commissioners of Public Utilities, March 4, 2019; *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 27(2019), Board of Commissioners of Public Utilities, July 26, 2019; *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 1(2020), Board of Commissioners of Public Utilities, January 13, 2020; *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 12(2020), Board of Commissioners of Public Utilities, April 29, 2020; *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 34(2020), Board of Commissioners of Public Utilities, November 27, 2020; and *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 15(2022), Board of Commissioners of Public Utilities, May 6, 2022.

- 1 **h)** The intention of the statement made by Hydro in its presentation wherein it referenced
2 plans to extend the regulation was to indicate that Hydro would continue the application of
3 the temporary restriction for the near term while the other studies were ongoing.
- 4 **i)** Hydro does not have available capacity on the Labrador Interconnected System to meet the
5 demand requested from prospective cryptocurrency businesses. To provide service to all
6 applicants requesting service, Hydro would need to build generation. Under the existing
7 regulatory policy, the costs of the additional generation would need to be recovered from
8 all customers on the Labrador Interconnected System. This cost was expected to require an
9 investment in the hundreds of millions of dollars and would increase the electricity rates for
10 all customers on the Labrador Interconnected System, not only those customers requesting
11 the service.
- 12 **j)** Hydro will deem a customer a cryptocurrency customer if any amount of power used by a
13 customer meets the definition as described in the Order in Council OC2022-266. Hydro will
14 be implementing processes to ensure service is not provided to facilities with load
15 requirements to support cryptocurrency/blockchain operations. Site visits can be utilized
16 both prior to and subsequent to the provision of service to new customers to ensure energy
17 is not being utilized for cryptocurrency/blockchain operations.
- 18 **k)** Hydro will refuse power to any customer that meets the definition as described in the Order
19 in Council OC2022-266. Hydro will deny service, or remove service from, any customer that
20 meets the definition as described in the Order in Council OC2022-266, except for
21 cryptocurrency load that was being supplied prior to the issuance of the Order in Council.
- 22 **l)** Hydro does not track revenue by customer business type (i.e. cryptocurrency).