

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

2 **LIS Non-Firm Rate & Pricing**

3 With respect to Slide 15:

- 4 **a)** How much non-firm capacity has been available on the LIS since January 1, 2018? How  
5 much has been sold in Labrador? If not previously answered, has any of this energy  
6 been sold outside the province? If so, provide an accounting of the quantity of External  
7 Power Sales of the non-firm energy, differentiated by region (if applicable), the prices at  
8 which it was sold, gross revenue, and the net profit derived therefrom on an annual  
9 basis.
- 10 **b)** How would a non-firm energy rate provide flexibility to ensure that there would be no  
11 negative impacts on existing firm customers that could not be achieved with an  
12 interruptible rate?
- 13 **c)** How does the proposed non-firm rate which would be established with reference to lost  
14 net export revenue “continue the use of incremental cost in establishing the pricing of  
15 non-firm energy” which is stated in Slide 6 to have “historically been based on fuel cost  
16 incurred to provide service”?
- 17 **d)** Is any of the non-firm energy now provided as interruptible power? Provide details as  
18 to quantity, distribution and pricing.
- 19 **e)** Why does an interruptible rate not provide adequate flexibility for frequent load  
20 curtailments to ensure no negative impacts on existing firm customers?

21

22

1 A. a) The requested historical information is not readily available. The information, tables, and  
2 charts provided in Schedule 1,<sup>1</sup> provides a reasonable proxy for the amount of historical  
3 non-firm capacity and energy available.

4 For the amount of non-firm energy sold in Labrador, please refer to Table 1 within  
5 Newfoundland and Labrador Hydro’s (“Hydro”) response to BKL-NLH-024 of this proceeding.

6 As discussed in Hydro’s response to BKL-NLH-009 of this proceeding, actual costs are not  
7 calculated by where energy is delivered to each market; therefore, there is no breakdown of  
8 the cost of sales in the manner requested. Table 1 provides the amount and average price of  
9 non-firm energy sold<sup>2</sup> outside of the province and Table 2 provides the split of volume by  
10 region.<sup>3</sup>

**Table 1: Non-Firm Energy Exported (\$ CDN)**

	2018	2019	2020	2021	2022 (Jan to Nov)
Volume (MWh)	1,491,755	1,189,252	1,263,739		
Sales (\$)	55,572,295.24	31,610,331.69	29,204,195.53	55,220,928.42	116,688,654.49
Net Revenue (\$) <sup>4</sup>	24,247,516.30	1,270,350.30	1,388,377.16	26,714,811.40	91,043,298.11
Average Price (\$ CDN)	37.15	26.58	23.11	40.04	64.27

**Table 2: Volume of Export Energy Sold by Region  
(MWh)**

Region	2018	2019	2020	2021	2022 (Jan to Nov)
New England	385,151	322,392	382,642	368,089	346,397
New York	967,656	805,699	823,307	776,281	1,020,976
Ontario	137,541	59,109	51,661	182,303	257,777
Nova Scotia	1,408	2,052	6,129	15,829	-
Québec	-	-	-		
New Brunswick	-	-	-	189	-

<sup>1</sup> “Application for a Non-Firm Rate for Labrador,” Newfoundland and Labrador Hydro, September 15, 2022, sch. 1, att. 1, pp. 17–23.

<sup>2</sup> Hydro exports power through Nalcor Energy Marketing Corporation.

<sup>3</sup> Tables 1 and 2 include Recapture Energy only.

<sup>4</sup> Net Revenue is equal to gross sales revenue less costs of goods sold (power purchases, transmission and market fees).

1           **b)** Please refer to Hydro’s response to BKL-NLH-020 of this proceeding for a description of the  
2           differences in service obligations between the proposed non-firm energy rate and  
3           interruptible rates.

4           **c)** As stated in the evidence:

5                     The pricing of non-firm energy reflecting the incremental cost of supply is the  
6                     most common approach among other Canadian utilities that have rates in effect  
7                     to sell surplus or additional energy. Hydro also applies this approach for the sale  
8                     of energy in excess of the monthly forecast requirements of the Labrador  
9                     Industrial customers. The Imbalance Rate on the Labrador Interconnected  
10                    System applies to excess energy sold to Labrador Industrial customers; the price  
11                    for the Imbalance Rate is based on the forecast average monthly market price.  
12                    As mentioned earlier, Hydro also uses the incremental cost approach in setting  
13                    the price for non-firm energy sales to IIC.<sup>5</sup>

14                   Fuel cost has historically been used in computing the incremental cost applied to non-firm  
15                   energy sales to Island Industrial customers.

16           **d)** None of the non-firm capacity to be made available in the proposed Labrador  
17           Interconnected System Non-Firm Rate would be projected to be interruptible load.

18           **e)** Please refer to Hydro’s response to BKL-NLH-020 of this proceeding for a description of the  
19           differences in service obligations between the proposed non-firm energy rate and  
20           interruptible rates. The increased service obligation of Hydro under an interruptible rate  
21           option would impact Hydro’s ability to supply firm load and require additional capital  
22           investments for which the costs would negatively impact customer rates. Whereas, under  
23           the proposed non-firm rate, Hydro can limit service availability at any time and ensure  
24           supply of existing firm load requirements.

---

<sup>5</sup> “Application for a Non-Firm Rate for Labrador,” Newfoundland and Labrador Hydro, September 15, 2022, sch. 1, p. 2/16–22.