

1 Q. Schedule 1, Evidence, page 13. Hydro is proposing to modify the non-firm component of the  
2 Island Industrial customer Rate Sheet to reflect that the incremental cost of providing non-firm  
3 energy will no longer only include thermal generation but will also reflect the market value of  
4 exports most of the time. Please explain the process/protocols that Hydro will implement to  
5 inform the Island Industrial customers that the non-firm rate will change from a market value of  
6 exports rate to a fuel based rate and from a fuel based rate to a market value exports rate.

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9 A. Island Industrial Customers (“IIC”) are required to contact Newfoundland and Labrador Hydro  
10 (“Hydro”) when they wish to avail of non-firm energy (amounts of energy and duration); Hydro  
11 can inform the customer of the marginal energy source(s) that will be used to supply the energy  
12 at the time of contact. If the marginal energy source should change, Hydro will make contact  
13 with the customer to inform them of the change.

14 In recent years, there has been minimal non-firm energy used by the IIC (for 2021, 0.7% of  
15 energy delivered to IIC was non-firm energy); therefore, administration of the non-firm energy  
16 rate has been minimal. Given the additional complexity relating to the potential for the cost  
17 basis for the non-firm price varying from a fuel-based price to a market-based price, Hydro will  
18 work with IIC to enable timely access to the necessary information. This could include posting  
19 hourly marginal energy source information on Hydro’s website. To enable a new communication  
20 process to be implemented, Hydro requires a two-month implementation period from the  
21 approval date of the non-firm rate design to the effective date of the new non-firm rate design.