

December 8, 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: Application for Approval of the Terms of a Capacity Assistance Agreement between Newfoundland and Labrador Hydro and Corner Brook Pulp and Paper Limited – Reply**

On November 16, 2023, Newfoundland and Labrador Hydro (“Hydro”) filed an application with the Board of Commissioners of Public Utilities (“Board”) for approval of the terms of a Capacity Assistance Agreement (“CAA”) between Hydro and Corner Brook Pulp and Paper Limited (“CBPP”) in accordance with Sections 70(1), 71, and 80 of the *Public Utilities Act*<sup>1</sup> (“Application”).<sup>2</sup>

Hydro filed its responses to requests for information from the Board and Newfoundland Power Inc. (“Newfoundland Power”) on December 1, 2023. On December 6, 2023, comments regarding the application were filed by CBPP, Newfoundland Power, and the Consumer Advocate.

**Party Comments**

Newfoundland Power noted that the contribution of the proposed CAA to near- and long-term system reliability and that the cost for capacity assistance is lower than Hydro’s forecast marginal cost of capacity over the 15-year term. Newfoundland Power advised that they support the Application.

CBPP also referenced the benefits to reliability and Hydro’s ability to meet forecasted increased demand and that the cost is lower than Hydro’s forecast marginal cost of capacity. CBPP noted that the 15-year term provides both CBPP and Hydro with long-term certainty from a planning perspective. CBPP also outlined the stronger testing requirements and more stringent reporting, as Hydro had detailed in its response to PUB-NLH-015 of this proceeding. CBPP confirmed its support for the proposed terms and submitted that the Application should be approved by the Board.

The Consumer Advocate stated that the Application appears reasonable and did not raise any concerns or objections.

No further comments were received.

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<sup>1</sup> *Public Utilities Act*, RSNL 1990, c P-47, ss. 70(1), 71 and 80.

<sup>2</sup> “Application for Approval of the Terms of a Capacity Assistance Agreement – Newfoundland and Labrador Hydro and Corner Brook Pulp and Paper Limited,” Newfoundland and Labrador Hydro, November 16, 2023.

## Hydro's Response

The proposed CAA terms include available capacity of up to 90 MW<sup>3</sup> in the winter and 50 MW in the summer, with up to 30 calls and a maximum of 180 hours included in the fixed price of \$80 per kW for the yearly guaranteed maximum. Hydro is forecasting an increase in electricity demand and is relying on the proposed CAA for both near- and long-term system reliability. The proposed 15-year term of the CAA is intended to provide long-term certainty for planning system reliability.<sup>4</sup>

Having capacity assistance available in the summer months will assist with the requirement to meet the forecast increase in summer electricity demand, provide flexibility during the peak summer maintenance period, contribute to the ten-minute reserve requirements, and reduce the potential for standby generation staffing.<sup>5</sup>

As noted by both CBPP and Newfoundland Power, and as demonstrated in Table 1 of Hydro's response to PUB-NLH-008 of this proceeding, the cost for CBPP capacity assistance is lower than Hydro's 2022 Marginal Cost Projection of the Marginal Cost of Capacity for the 15-year term of the agreement.

Considering Hydro's existing requirement for capacity for system reliability, the value the proposed CBPP CAA provides, and the increasing construction cost of new assets, Hydro believed it was prudent to enter into a longer-term capacity assistance contract as it provides more certainty for near- and long-term system reliability requirements.

Hydro respectfully requests that the Board approve Hydro's Application as submitted.

Should you have any questions or comments about any of the enclosed, please contact the undersigned.

Yours truly,

## NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/kd.nk

Encl.

ecc:

### Board of Commissioners of Public Utilities

Jacqui H. Glynn  
Cheryl Blundon  
PUB Official Email

### Consumer Advocate

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis  
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### Linde Canada Inc.

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### Island Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey  
Denis J. Fleming, Cox & Palmer  
Dean A. Porter, Poole Althouse

<sup>3</sup> The available amount could be higher if tested and agreed to by the parties.

<sup>4</sup> Please refer to Hydro's response to PUB-NLH-008 of this proceeding.

<sup>5</sup> Please refer to Hydro's response to PUB-NLH-005 of this proceeding.