

**IN THE MATTER OF** the *Public Utilities Act*, (the “Act”); and

**IN THE MATTER OF** and Application by Newfoundland and Labrador Hydro (“Hydro”) for an Order approving: (i) its 2021 Capital Budget pursuant to s. 41(1) of the Act; (ii) its 2021 capital purchases and construction projects in excess of \$50,000.00 pursuant to s. 41(3)(a) of the Act; and (iii) for an Order pursuant to s. 78 of the Act fixing and determining its average rate base for 2017, 2018 and 2019

### **SUBMISSIONS OF THE LABRADOR INTERCONNECTED GROUP**

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##### **Introduction**

1. The Labrador Interconnected Group (the “LIG”) jointly represents the communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City. The businesses and residents of these communities are ratepayers in the Labrador Interconnected System. The LIG wishes to offer comments on Hydro’s 2021 Capital Budget Application (“2021 CBA”).

##### **Position of the Labrador Interconnected Group**

2. There are four projects of significant interest to the LIG in the 2021 CBA:

<b>Project</b>	<b>Cost</b>
Wabush Terminal Station Upgrade	\$11.6M
Wabush Substation Upgrade	\$10.5M
Happy Valley Line 7 Upgrade	\$617,600
Labrador City L22 Voltage Conversion	\$593,600

3. The LIG has gathered information from Hydro through the Request for Information process and is satisfied that the Happy Valley Line 7 Upgrade, Labrador City L22 Voltage Conversion, and Wabush Substation Upgrade are necessary projects to ensure safe, adequate and reliable service to ratepayers in Labrador.<sup>1</sup> The LIG supports these proposed capital projects.
4. With respect to the Wabush Terminal Station Upgrade, the LIG has ongoing questions about the need for this project, as outlined below.

### **Wabush Terminal Station Upgrade**

5. Hydro is proposing to upgrade the Wabush Terminal Station in order to meet a P50 load forecast of 378.2 MW in 2020-21, rising to 381.6 MW by 2045-46, an increase of just 3.4 MW.<sup>2</sup> The current infrastructure does not allow for loads greater than 350 MW, above which industrial loads may be interrupted. The projected cost of the project is approximately \$11.6M.<sup>3</sup>
6. The forecasted increase in residential and general service peak loads are only expected to increase by 1.9 MW from now until 2030-31, and by only 1.0 MW more by 2040-41, according to the P50 load forecast.<sup>4</sup>
7. While Hydro's projection suggests that, without intervention, demand would exceed system capacity by almost 200h/year starting next year, and would increase to 300h/year in 2035, that assumes that Synchronous Condenser 3 ("SC3") is not in service. The analysis also demonstrates that, if SC3 were to be commissioned, no curtailments would be required.<sup>5</sup>

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<sup>1</sup> *Public Utilities Act*, s. 37.

<sup>2</sup> LAB-NLH-003, p. 3.

<sup>3</sup> PUB-NLH-007.

<sup>4</sup> LAB-NLH-003, p. 3.

<sup>5</sup> We note that it also does not take into account possible impacts from the Network Additions Policy currently being developed by Hydro, which may well impact projected load growth.

8. However, SC3 has in fact been in service under a temporary operating agreement since the fall of 2019.<sup>6</sup> It is owned by IOC, and the incremental transfer capability it provides is exclusively available to IOC. As Hydro outlines in LAB-NLH-002(c):

If IOC continues to retain ownership of SC3 and Hydro operates the asset in a manner similar to the 2019–2020 winter season, the incremental transfer capability provided by the operation of SC3 is exclusively available to IOC when SC3 is in operation. If any curtailments are required both IOC and Tacora are curtailed on a pro rata basis. This is determined as the percentage of their Power on Order, as above; however, IOCs curtailment requirements are then lessened by the amount of incremental transfer capability provided by SC3.

9. There has been an exchange of correspondence re SC3, but there is no final agreement at this time.<sup>7</sup>
10. The operating status of SC3 and its availability to provide capacity to IOC raise questions in terms of whether the increased capacity from an upgraded Wabush Terminal Station is necessary:
  - a. Given that SC3 is currently in service, it appears that SC3 can provide firm service to IOC, so only Tacora would be subject to curtailment in the event that transfer capacity was insufficient. There does not appear to be any evidence to date as to the forecasted frequency or extent of such curtailments, as the analysis provided in LAB-NLH-002 only looks at the scenarios of a) SC3 not in service, or b) SC3 in service for all NLH needs;
  - b. If upgrades are required only to prevent Tacora from experiencing curtailments, it is not clear why those costs are not directly assigned to Tacora; and

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<sup>6</sup> LAB-NLH-005.

<sup>7</sup> LAB-NLH-007(b).

c. Four options were addressed in Appendix D to the CBA (p. 488 pdf), of which the least expensive is the addition of an 83 MVAR capacitor bank plus a 27 MVAR reactor. This would allow meeting all loads in the absence of SC3 (LAB-NLH-007e). But again, given that SC3 is in fact in service, it is not clear why this work is necessary.

11. These questions raise uncertainty that the proposed upgrade to the Wabush Terminal Station is necessary. Given the significant cost of the proposed upgrade work, the LIG takes the position that Hydro should provide further information to the Board as to why the proposed upgrades are necessary, and that the project should not be approved until that time.

### **Conclusion**

12. The LIG is satisfied that the Happy Valley Line 7 Upgrade; Labrador City L22 Voltage Conversion; and Wabush Substation Upgrade are necessary projects to ensure safe, adequate and reliable service to ratepayers in Labrador, and supports these proposed capital projects.

13. The LIG takes that position with respect to the proposed Wabush Terminal Station Upgrade that Hydro has not provided sufficient information to support the conclusion that it is a necessary project, and respectfully requests that the Board not approve the project until sufficient information has been provided to demonstrate the need for the project.

DATED at Toronto, Ontario, this 23<sup>rd</sup> day of November, 2020.

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