

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

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

3 With respect to Slide 18:

4 **a)** Are the prices in the table gross or net prices? If gross, what are the anticipated net  
5 revenue forecasts. Provide details on the anticipated amount of power sales, fixed and  
6 operational costs, etc.

7 **b)** Who provided the price forecasts for February and July 2023?

8 **c)** Is Hydro involved with the sale of power from the Upper Churchill? Where is it sold and  
9 what is the net revenue realized from the sale of that power?

10 **d)** If not answered previously, what has been the historical weighting of power sold in New  
11 York and New England since January 1, 2018 on a monthly basis specifying on-peak and  
12 off-peak?

13 **e)** Are the on-peak and off-peak periods the same year round and from year to year? Are  
14 the proposed on-peak and off-peak periods in Section 2.3.3 of Schedule 1 of the  
15 Application the same as in New York and New England? If not, please detail the  
16 variations in those markets and how they compare with peak usage in Labrador East,  
17 Labrador West and on the Island.

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20 **A. a)** The prices on slide 18<sup>1</sup> are net prices as calculated using the formula described in Section  
21 2.3.6 of Schedule 1 of the Application.<sup>2</sup>

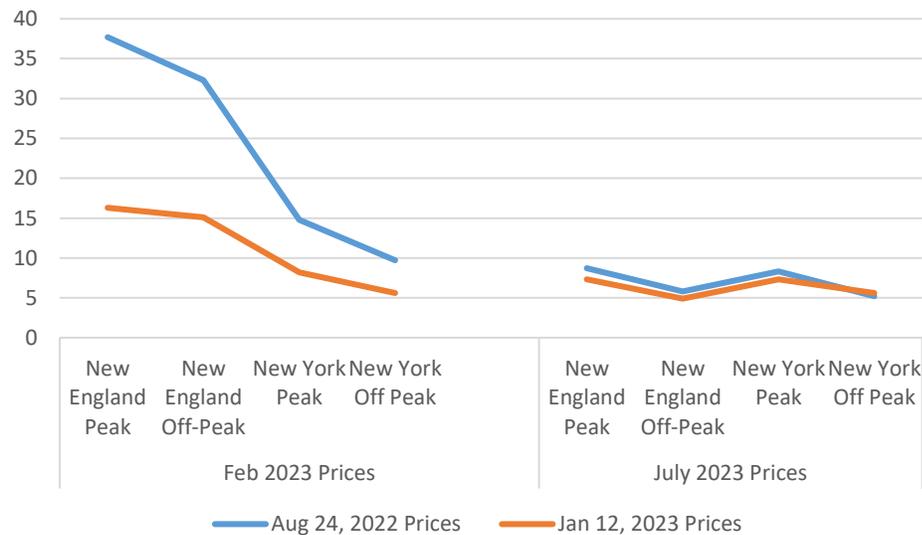
22 **b)** The prices provided were based on an August 24, 2022 forecast market price for the months  
23 of February and July 2023. Forecast prices can fluctuate based on market volatility,  
24 particularly in winter. As demonstrated in Chart 1, forecast market prices on

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<sup>1</sup> "Non-Firm Rate Application – Information Session for Interested Parties," Newfoundland and Labrador Hydro, November 30, 2022.

<sup>2</sup> "Application for a Non-Firm Rate for Labrador," Newfoundland and Labrador Hydro, September 15, 2022, sch. 1, p. 11, f.n. 24.

1            January 12, 2023 have decreased as a result of mild weather impacting the price volatility of  
 2            natural gas and electricity in export markets.



**Chart 1: Comparison of Net Back Prices (Cents per kWh)  
 August 2022 vs. January 2023**

3            **c)** As Newfoundland and Labrador Hydro (“Hydro”) noted in the Application,<sup>3</sup> Hydro has two  
 4            contracts with Churchill Falls (Labrador) Corporation (“CF(L)Co”) to supply power to  
 5            customers on the Labrador Interconnected System. First, CF(L)Co sells up to 225 MW to  
 6            Hydro for sale to Labrador West customers, with first priority given to Industrial customers  
 7            in Labrador West. Second, CF(L)Co sells 300 MW to Hydro for use in the province with no  
 8            limitations on location of use. The *Public Utilities Act*<sup>4</sup> does not apply to these sales by  
 9            CF(L)Co to Hydro. Hydro is unable to provide any details of other sales that CF(L)Co may  
 10            make to other parties.

11            **d)** Please refer to Hydro’s response to BKL-NLH-001 of this proceeding for the split of total  
 12            sales by market. Monthly sales to New York and New England are provided in Hydro’s

<sup>3</sup> “Application for a Non-Firm Rate for Labrador,” Newfoundland and Labrador Hydro, September 15, 2022, sch. 1, att. 1, sec. 3.2, p. 5 of 24.

<sup>4</sup> *Public Utilities Act*, RSNL 1990, c P-47.

1           response to LAB-NLH-004 of this proceeding. Peak and off-peak sales information is not  
2           readily available.

3           **e)** The winter on-peak period is proposed to be 7 am to 10 pm Monday to Friday for the  
4           months of December to March and the non-winter peak period is 8 am to 10 pm for the  
5           period April to November. The off-peak period will include all other hours.<sup>5</sup>

6           The market information is used in computing the proposed price in the peak and off-peak  
7           hours; the market information was not used to define the peak periods.

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<sup>5</sup> "Application for a Non-Firm Rate for Labrador," Newfoundland and Labrador Hydro, September 15, 2022, sch. 2, p. 2 of 3.