

1 Q. How will charging a rate for non-firm power that is likely to be substantially higher than the
2 existing firm rate affect Hydro's statutory obligation to supply power at a rate that will "promote
3 the development of industrial activity in Labrador".

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6 A. The rate that is established for the sale of firm power to Labrador Industrial customers was
7 established pursuant to the Labrador Industrial Rates Policy, intended to meet Newfoundland
8 and Labrador Hydro's ("Hydro") statutory obligation to promote the development of industrial
9 activity in Labrador. The approval of the proposed non-firm rate will have no impact on the firm
10 electricity rate charged to Hydro Industrial customers in Labrador. As stated in the evidence to
11 the application,¹ Hydro applies a similar approach for the sale of energy in excess of the monthly
12 forecast requirements of the Labrador Industrial customers as is proposed for the non-firm rate.
13 The Imbalance Rate on the Labrador Interconnected System applies to excess energy sold to
14 Labrador Industrial customers; the price for the Imbalance Rate is based on the forecast average
15 monthly market price. Purchases under the Imbalance Rate comprise a small portion of sales to
16 Labrador Industrial customers. Hydro does not expect the proposed non-firm rate option to
17 have any detrimental impact on the development of industrial activity in Labrador.

¹ "Application for a Non-Firm Rate for Labrador," Newfoundland and Labrador Hydro, rev. March 29, 2023 (originally filed September 15, 2022), sch. 1.