



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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2023-11-23

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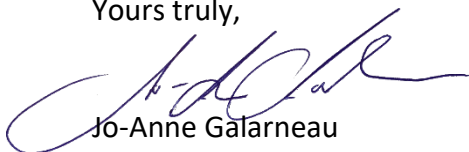
Dear Ms. Walsh:

Re: Newfoundland and Labrador Hydro - Approval of the Terms of a Capacity Assistance Agreement between Hydro and Corner Brook Pulp and Paper Limited - Requests for Information

Enclosed are Requests for Information PUB-NLH-001 to PUB-NLH-017 regarding the above- noted application.

If you have any questions, please do not hesitate to contact the Board Legal Counsel, Ms. Jacqui Glynn, by email jglynn@pub.nl.ca or by telephone 709-726-6781.

Yours truly,



Jo-Anne Galarneau
Board Secretary

CB/cj

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1 **IN THE MATTER OF**
2 the **Electrical Power Control Act, 1994**,
3 SNL 1994, Chapter E-5.1 (the “**EPCA**”)
4 and the **Public Utilities Act**, RSNL 1990,
5 Chapter P-47 (the “**Act**”), as amended,
6 and regulations thereunder; and
7

8 **IN THE MATTER OF**
9 an application by Newfoundland and Labrador
10 Hydro for approval of the terms of a Capacity
11 Assistance Agreement between Newfoundland
12 and Labrador Hydro and Corner Brook Pulp and
13 Paper Limited, pursuant to sections 70(1) and 71
14 of the **Act**.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NLH-001 to PUB-NLH-017

Issued: November 23, 2023

- 1 **PUB-NLH-001** The last Capacity Assistance Agreement included a fixed fee of \$2,992,500 for
2 six months plus a variable cost of a maximum \$0.26 per kW per hour for 105
3 MW of capacity. The proposed agreement includes an annual fixed fee of
4 \$7,200,000 and no variable rate for the first 180 hours for 90 MW of capacity.
5 (a) Using the payment terms of the previous agreement, please provide a
6 calculation of what the total estimated annual cost would be assuming
7 that 90,000 kW for the 180 hours were used during the winter period.
8 Please reconcile this amount to the fixed fee of \$7,200,000, with no
9 variable rate for the first 180 hours, in the proposed agreement.
- 10 (b) Based on the Capacity Assistance Agreement reports filed with the Board
11 since the winter of 2014-2015, the total cost for using the agreement has
12 not exceeded \$3.1 million (fixed plus variable). Please confirm that \$3.1
13 million is the highest amount paid to Corner Brook Pulp and Paper under
14 previous Capacity Assistance Agreements.
- 15 (c) The fixed fee in the previous Capacity Assistance Agreement was \$4.75
16 per kW per month for six months. Assuming that the agreement was
17 available for the full year, using the same monthly fee, the annual rate
18 would equate to \$57 per kW per year. Please explain the rationale for
19 the increase to the \$80 per kW per year in the proposed agreement.
- 20 (d) Please provide the total fixed cost of the agreement over the 15-year
21 term, including Hydro's estimate of Consumer Price Index estimates and
22 the maximum 2.5% adjustment.
- 23 (e) Please provide the total variable cost of the agreement over the 15-year
24 term based on the average number of annual hours that have been
25 requested since 2014. Please also provide the total variable cost of the
26 agreement over the 15-year term if 50% and 100% of the available
27 additional hours are used.
- 28
- 29 **PUB-NLH-002** For the last 5 years, please provide a table including the number of times
30 capacity assistance was requested, the amount of capacity assistance
31 provided, the duration of the capacity requested and provided and, the cost
32 of the capacity assistance provided on a fixed, variable and total basis.
- 33
- 34 **PUB-NLH-003** Please provide the number of occasions within the past 5 years that Corner
35 Brook Pulp and Paper was not able to respond to a capacity assistance request
36 from Hydro and provide the reasons why CBPP was not able to do so?
- 37
- 38 **PUB-NLH-004** Please confirm this is the first time that Hydro will have a capacity assistance
39 agreement that provides for available capacity usage in the summer months.
- 40
- 41 **PUB-NLH-005** Please provide the rationale for requiring capacity assistance for summer
42 usage.

- 1 **PUB-NLH-006** Does Hydro expect that there will be high level of usage of capacity assistance
2 in the summer months?
3
- 4 **PUB-NLH-007** Please confirm that the maximum capacity available during the summer
5 months is 50 MW. Please explain why the fixed fee of \$7.2 million is based on
6 90 MW if only 50 MW is available for four months of the year.
7
- 8 **PUB-NLH-008** Schedule 1, Evidence, page 4, lines 1-5. Hydro explains that the proposed
9 capacity agreement will allow time for new backup generation to be installed
10 and commissioned.
11 (a) Previous capacity assistance agreements have been for a one- or two-
12 year term. Please provide the rationale for entering a 15-year capacity
13 assistance agreement.
14 (b) What consideration was given to a shorter term to maintain flexibility in
15 capacity sources to better address changing circumstances, particularly
16 considering the Reliability and Resource Adequacy Review?
17 (c) In its October 2022 Reliability and Resource Adequacy Study, page 4,
18 lines 4-5, Hydro has stated that “the time from recommendation to
19 eventual commissioning of a new resource (such as Bay d’Espoir Unit 8)
20 could potentially take eight years.” Please explain why a shorter term
21 that is better aligned with the commissioning of new backup generation
22 (e.g. 8-10 years) was not chosen rather than the 15-year term that is
23 being proposed within the agreement.
24 (d) Did Hydro request a shorter term for the agreement?
25 (e) Does Corner Brook Pulp and Paper have to expend funds or make capital
26 investments to ensure it can provide the capacity assistance on the
27 proposed terms?
28
- 29 **PUB-NLH-009** Please confirm that the total assistance hours available are 270 (180 hours at
30 a fixed cost and 90 hours at a variable cost).
31
- 32 **PUB-NLH-010** On page 2, Schedule 2, under the heading Miscellaneous, there are two
33 clauses which detail two separate instances where it appears additional
34 capacity assistance may be available. Please confirm that additional capacity
35 assistance may be available and provide the circumstances and conditions
36 under which Hydro expects to be able to request this capacity.
37
- 38 **PUB-NLH-011** Did Hydro explore other capacity assistance availability options with Corner
39 Brook Pulp and Paper for winter 2023-2024 given the potential violations of
40 its reliability criteria reported in the November 15, 2023 Near-Term Reliability
41 Report?

- 1 **PUB-NLH-012** Please confirm whether the reliability criteria provided in the November 15,
2 2023 Near-Term Reliability Report are based on available capacity assistance
3 from Corner Brook Pulp and Paper of 105 MW or 90 MW.
4
- 5 **PUB-NLH-013** What would be considered “material and substantial changes in Hydro’s
6 operations” that would provide Hydro the right to terminate the agreement?
7
- 8 **PUB-NLH-014** Why is 9 months’ notice for termination considered appropriate?
9
- 10 **PUB-NLH-015** Schedule 1, Evidence, page 2, lines 12-14.
11 “In addition to certainty surrounding the cost, the proposed terms have
12 stronger test requirements in advance of winter, as well as more stringent
13 reporting and outage approval requirements for CBPP’s generation fleet.”
14 (a) Please provide details of the stronger test requirements and more
15 stringent reporting and outage approval requirements.
16 (b) Why did Hydro decide that it was necessary to have stronger test
17 requirements and more stringent reporting and outage approval
18 requirements within this agreement when compared to previous
19 capacity assistance agreements?
20 (c) Does Hydro have increased concerns in comparison to previous capacity
21 assistance agreements with respect to the reliability of Corner Brook
22 Pulp and Paper’s generating assets? If so, please provide details.
23
- 24 **PUB-NLH-016** The contracted capacity on page 1 of Schedule 2, while noting that a higher
25 value may be possible, peaks at 90 MW. The capacity available within the May
26 4, 2021 capacity assistance agreement, as noted in Table 1 within Schedule 1,
27 peaks at 105 MW.
28 (a) Please explain why the capacity available to be requested has reduced
29 from 105 MW to 90 MW.
30 (b) Has there been a reduction in the capacity capability of Corner Brook
31 Pulp and Paper’s generation fleet? If so, please provide details.
32 (c) Has there been an increase in Corner Brook Pulp and Paper’s operational
33 load requirements that have resulted in less capacity being available to
34 Hydro within this latest capacity assistance agreement? If so, please
35 explain.
36 (d) Did Hydro request assistance capacity at 105 MW for the winter of
37 2023/2024?
38
- 39 **PUB-NLH-017** Footnote 2 of the Application states that pending approval of the terms of
40 the new Capacity Assistance Agreement Corner Brook Pulp and Paper has
41 agreed to provide capacity assistance to Hydro under the terms approved in
42 Order No. P.U. 4(2021). If the application is not approved, will Hydro

- 1 continue to have access to 105MW of capacity at a fixed cost of \$2.9 million
- 2 plus the variable costs for the winter of 2023/2024?

DATED at St. John's, Newfoundland and Labrador, this 23rd day of November, 2023.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per



A handwritten signature in blue ink, appearing to read 'Jo-Ann Galarneau', is written over a solid horizontal line.

Jo-Ann Galarneau
Board Secretary