

April 28, 2026

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

Attention: Mike McNiven  
Board Secretary

**Re: Newfoundland and Labrador Hydro – Application for Extension to Filing Date for Methodology for Wholesale Rate Annual Updates**

In September 2024, Newfoundland and Labrador Hydro (“Hydro”) filed an application for an update to the Wholesale Utility Rate charged to Newfoundland Power Inc. (“Newfoundland Power”) to become effective January 1, 2025. The Board of Commissioners of Public Utilities (“Board”) approved Hydro’s application for the wholesale rate in Board Order No. P.U. 1(2025). In that Order, the Board directed Hydro to file a methodology for updating the wholesale rate no later than Hydro’s next General Rate Application (“GRA”), or April 15, 2026.

In Hydro’s July 1, 2026 Utility Rate Adjustment, filed April 24, 2026,<sup>1</sup> Hydro has proposed to maintain the existing marginal cost rate currently reflected in the wholesale rate.<sup>2</sup> In its upcoming GRA, which is expected to be filed in the coming weeks, Hydro will propose modifications to the rate design for Island Industrial Customers (“IIC”) to reflect Hydro’s marginal cost of energy.<sup>3</sup> Hydro requests that it file its methodology for updating the wholesale rate in November 2026 to allow time to further review and develop the methodology to not only address the annual updates for the utility rate, but also the rate for the IIC.

Developing, reviewing, and applying a wholesale rate methodology is a complex exercise that requires appropriate time and sequencing. Hydro currently has a substantial number of regulatory filings underway, including filings that are legislated, filings mandated by Board Orders, and filings necessary to support the safe and reliable provision of electricity service. Hydro must prioritize these obligations to ensure all required filings are completed appropriately.

As Hydro did not propose a change to the existing marginal cost rate currently reflected in the wholesale rate in its July 1, 2026 Utility Rate Adjustment Application, Hydro believes it would be reasonable to grant an extension of the deadline to file a proposed methodology for updating the wholesale rate. Allowing additional time does not create new rate impacts or embed unreviewed outcomes, and remains consistent with the Board’s expectation that wholesale rate methodology be developed thoughtfully and within a framework that supports a balanced and coherent approach to rate design.

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<sup>1</sup> “July 1, 2026 Utility Rate Adjustment Application”, Newfoundland and Labrador Hydro, April 24, 2026.

<sup>2</sup> Hydro consulted with Newfoundland Power on the application delay, and they did not express any concerns.

<sup>3</sup> In the GRA, Hydro will propose updated marginal costs to be reflected in base rates effective July 1, 2027.

Mike McNiven  
Board of Commissioners of Public Utilities

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Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/mc

ecc:

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
Ryan Oake  
Board General

**Consumer Advocate**

Adrienne H.Y. Ding, O'Dea Earle  
Justin W. King, O'Dea Earle

**Linde Canada Inc.**

Sheryl E. Nisenbaum  
Peter Strong

**Newfoundland Power Inc.**

Dominic J. Foley  
Douglas W. Wright  
Regulatory Email

**Teck Resources Limited**

Darren Hennessey

**Island Industrial Customer Group**

Paul L. Coxworthy, Stewart McKelvey  
Denis J. Fleming, Cox & Palmer  
Glen G. Seaborn, Poole Althouse

**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“*EPCA*”) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (“*Act*”), and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“*Hydro*”) for the approval of an extension for filing a methodology for updating the wholesale rate.

**To: The Board of Commissioners of Public Utilities (“Board”)**

**THE APPLICATION OF HYDRO STATES THAT:**

**A. Background**

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2024*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. In September 2024, Hydro filed an application for an update to the Wholesale Utility Rate charged to Newfoundland Power Inc. (“*Newfoundland Power*”) to become effective January 1, 2025. The update reflected recent changes in Hydro’s underlying marginal cost of energy and proposed that the second block energy rate be based on the opportunity cost of the market value of exports, rather than the cost of fuel at the Holyrood Thermal Generating Station. The application reflected Hydro’s 2025 forecast average marginal cost of energy for the winter and non-winter periods.
4. Hydro proposed to maintain the marginal cost rates from the date of implementation to its next General Rate Application (“*GRA*”), where Hydro indicated it would propose the methodology for annual updates to the underlying forecast marginal cost. Hydro indicated that, if it were anticipated that the *GRA* would not be concluded by July 1, 2026, a separate application would be filed in advance of the conclusion of the *GRA* in time for the July 1, 2026 Utility Rate

Adjustment, which would propose a methodology for annual updates to the Wholesale Utility Rate to incorporate changes in forecast marginal cost.

5. The Island Industrial Customer (“IIC”) Group objected to Hydro’s proposed wholesale rate change on the basis that it was an isolated adjustment made outside a full GRA process. They submitted, among other things, that it was reasonable to expect the wholesale rate to be addressed in Hydro’s next GRA, to allow for balancing of embedded demand costs, marginal energy costs, and marginal capacity costs, rather than adjusting a single component in isolation.
6. In Board Order No. P.U. 1(2025), the Board approved Hydro’s application to update the wholesale utility rate charged to Newfoundland Power, effective January 1, 2025. The Board found that the revised rate better reflected Hydro’s marginal cost of energy, and would reduce rate volatility for customers.
7. In the same Order, the Board acknowledged the concerns raised by the IIC Group and determined that broader wholesale rate design issues including marginal cost considerations could appropriately be addressed in Hydro’s next GRA. The Board directed Hydro to file “a methodology for updating the wholesale rate no later than its next general rate application, or April 15, 2026.” The methodology would address how the wholesale rate would be updated annually between each GRA.
8. The wholesale rate approved in Board Order No. P.U. 1(2025), represented a material update and has been in effect since January 1, 2025. No further change to the wholesale rate has been proposed or implemented since that time. In its application for July 1, 2026 Utility Rate Adjustments, filed on April 24, 2026, Hydro proposed to maintain the existing marginal cost rate currently reflected in the wholesale rate; this has been communicated to Newfoundland Power.
9. Hydro is currently preparing its GRA, in which Hydro will propose modifications to the rate design for the IIC to reflect Hydro’s marginal cost of energy. In the GRA, Hydro will also propose an update to the Utility Wholesale Rate, including an updated seasonal second block energy rate.
10. Hydro proposes to file an application later in 2026, proposing a methodology for updating the wholesale rate that will govern future annual updates. Filing the methodology later in 2026 will allow Hydro to develop a framework that is coherent and consistently applicable to:

- (i) the Utility Wholesale Rate charged to Newfoundland Power; and
  - (ii) the proposed updated rate structure for IIC, including the marginal rate component.
11. This approach aligns with the Board's determination in Board Order No. P.U. 1(2025), that wholesale rate design issues are best addressed in a manner that balances embedded demand costs, marginal energy costs, and marginal capacity costs, rather than through isolated or piecemeal adjustments.
12. As Hydro is not proposing a change to the existing marginal cost rate currently reflected in the wholesale rate in its July 1, 2026 Utility Rate Adjustment Application, the filing of a wholesale rate methodology at this time is not required to prevent rate impacts, avoid regulatory prejudice, or protect customers from volatility.
13. Granting an extension will not embed unreviewed outcomes, will not result in interim rate changes, and will remain fully consistent with the Board's direction and findings in Board Order No. P.U. 1(2025). Therefore, Hydro believes it would be reasonable to grant an extension of the deadline to file a proposed methodology for updating the wholesale rate.
- B. Hydro's Requests**
14. Hydro requests the Board approve an extension of time to file its methodology for updating the wholesale rate to November 2026.
15. Hydro submits that granting the requested extension is reasonable, will not prejudice any party, and will support the development of a high-quality and comprehensive methodology for updating the wholesale rate and Island Industrial rate annually, consistent with the Board's regulatory objectives
- C. Communications**
16. Communications with respect to this application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

**DATED** at St. John's in the province of Newfoundland and Labrador on this 28th day of April 2026.

**NEWFOUNDLAND AND LABRADOR HYDRO**



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Shirley A. Walsh  
Counsel for the Applicant  
Newfoundland and Labrador Hydro  
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St. John's, NL A1B 4K7  
Telephone: (709) 685-4973

**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“EPCA”) and the *Public Utilities Act, RSNL 1990*, Chapter P-47 (“Act”), and regulations thereunder; and


**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”) for the approval of an extension for filing a methodology for updating the wholesale rate.

**AFFIDAVIT**

I, Dana Pope, of St. John’s in the province of Newfoundland and Labrador, make oath and say as follows:

- 1) I am Vice-President, Regulatory Affairs & Stakeholder Relations, Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

**SWORN** at St. John’s in the province of Newfoundland and Labrador this 28th day of April 2026, before me:

  
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Commissioner for Oaths, Newfoundland and Labrador  
A Barish, NL

  
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Dana Pope, CPA (CA), MBA