

April 10, 2019

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

**Attention: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro's Capacity Assistance Agreements with Vale  
Newfoundland and Labrador Limited**

### **Background**

Newfoundland and Labrador Hydro ("Hydro") presently has three capacity assistance agreements in place with industrial customers; one with Corner Brook Pulp and Paper Limited ("CBPP") and two with Vale Newfoundland and Labrador Limited ("Vale").

The Board of Commissioners of Public Utilities (the "Board") approved a 6 MW Load Curtailment Agreement with Vale in Board Order No. P.U. 44(2018). In that Order, Hydro was directed to file a report with the Board no later than April 15 of the year following each winter period. The report is to include the dates, times, duration, and system conditions under which capacity assistance was requested, provided, and capacity and variable payments made.

The Board approved the revised capacity assistance agreement with CBPP in Board Order No. P.U. 40(2018). The report detailing the use of that agreement is required by May 30, 2019.

Hydro also has an agreement with Vale for the provision of up to 8 MW of capacity assistance from Vale's diesel generating facilities. This agreement was provided to the Board on November 18, 2018 for information purposes.<sup>1</sup>

In accordance with Board direction, this letter summarizes the details and costs associated with Hydro's use of the capacity assistance agreements for the four month winter period of December 1, 2018 to March 31, 2019.

### **Capacity Assistance Operating Experience Summary**

During the winter of 2018–2019, Hydro did not make any requests to Vale to utilize the load curtailment under either the 6 MW Load Curtailment Agreement, or make a request for capacity assistance from their standby diesel generation. Therefore, there were no expenditures for curtailed energy at the Energy Curtailed Rate.<sup>2</sup> The total fixed fee (capacity) paid to Vale, as required under the agreements, is shown in Table 1.

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<sup>1</sup> As this agreement is for supply of capacity and energy to Hydro and does not affect the Industrial Service Agreements approved by the Board, Hydro did not seek a Board Order with respect to this agreement.

<sup>2</sup> "Energy Curtailed Rate" means \$0.20 per kWh of energy curtailed.

**Table 1: Fixed Fee Charges under Vale Agreements**

<b>Agreement</b>	<b>No. of Assistance Requests</b>	<b>Demand Capacity Fee \$/kW/yr.<sup>3</sup></b>	<b>Capacity (kW)</b>	<b>Paid Under The Agreement (\$)</b>
Capacity Assistance	0	28	7,560	211,680
Load Curtailment	0	28	6,000	168,000
<b>2018-2019 Total</b>	<b>0</b>		<b>13,560</b>	<b>379,680</b>

Please contact the undersigned should you have any questions.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



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

cc: Gerard Hayes, Newfoundland Power Inc.  
Paul Coxworthy, Stewart McKelvey  
Denis Fleming, Cox & Palmer  
ecc: Larry Bartlett, Teck Resources Ltd.

Dennis Browne, Q.C., Browne Fitzgerald Morgan & Avis  
Sheryl Nisenbaum, Praxair Canada Inc.  
Dean A. Porter, Poole Althouse

<sup>3</sup> "Demand Curtailment Fee" calculated at \$7 per kW/month, for the agreement duration of four months.