

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P.U. 34(2019)

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

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for
9 approval to expand the restriction on load
10 additions in Labrador East approved in
11 Order Nos. P.U. 32(2018), P.U. 36(2018)
12 and P.U. 18(2019).
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14

15 **Background**
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17 In April 2018 Newfoundland and Labrador Hydro (“Hydro”) filed correspondence setting out its
18 plan to ensure the provision of reliable service in Labrador East.¹ This correspondence set out
19 Hydro’s plan to develop an approach to limit the amount of load growth related to requests for
20 service connections or upgrades in Labrador East during 2018.
21

22 On May 31, 2018 Hydro filed an application for approval of a new regulation to permit a restriction
23 on load additions in Labrador East. In Order No. P.U. 32(2018) the Board found that it was
24 appropriate in the circumstances to implement a load restriction in Labrador East for the winter of
25 2018-2019 but directed Hydro to file a revised regulation. The Board approved the wording of
26 Regulation 17 in Order No. P.U. 36(2018). The regulation was amended in Order No. P.U.
27 18(2019) so that it would remain in place beyond the winter of 2018-2019 and until further order
28 of the Board.
29

30 On September 25, 2019 Hydro filed an application with the Board requesting approval to amend
31 Regulation 17 to include Labrador West and to increase the load restriction threshold from 100
32 kW to 200 kW in both Labrador East and Labrador West (the “Application”). The Application
33 stated that with respect to load management in Labrador West Hydro’s baseline forecast for the
34 system indicated that demand is likely to exceed the system’s 350 MW capacity in 2019.
35 According to the Application increasing the load restriction to 200 kW would contribute to

¹ In Order No. P.U. 9(2018) the Board noted reliability concerns in Labrador East for the 2018-2019 winter season and directed Hydro to file a plan for the provision of reliable service in Labrador East.

1 providing reliable service to customers in Labrador East and Labrador West pending the
2 completion of the regulatory process related to the Network Additions Policy and the Expansion
3 Study. The Application explained that a majority of the applications for service received by Hydro
4 in Labrador East and refused pursuant to Regulation 17 were for peak loads above 200 kW. Further
5 the number of customers added in Labrador East between 2012 and 2018 with peak loads between
6 100 kW and 200 kW averaged less than two per year, with similar numbers in Labrador West. The
7 Application submitted that the proposed amendment to Regulation 17 is a balanced approach to
8 new customers' service requests while ensuring adequate capacity is available to serve existing
9 customers in Labrador East and Labrador West. The Application stated Hydro's position that the
10 amended regulation would best meet Hydro's goals of customer acceptance, largest return with
11 limited customer impact, and reduced impact on regional economic development.

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13 The Application was copied to: Newfoundland Power Inc.; the Consumer Advocate, Dennis
14 Browne, Q.C.; a group of Hydro's Island Industrial customers: Corner Brook Pulp and Paper
15 Limited, NARL Refining Limited Partnership, Vale Newfoundland and Labrador Limited; the
16 communities of Sheshatshui, Happy Valley-Goose Bay, Wabush, and Labrador City (the
17 "Labrador Interconnected Group"); Iron Ore Company of Canada ("IOC"); Teck Resources
18 Limited; and Praxair Canada Inc.

19
20 Requests for information ("RFIs") were filed in relation to the Application by the Labrador
21 Interconnected Group. On October 11, 2019 Hydro responded to the RFIs.

22
23 On October 18, 2019 the Labrador Interconnected Group filed submissions.

24
25 On October 21, 2019 Hydro filed a reply submission. No other submissions were filed in relation
26 to the Application.

27 28 **Submissions**

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30 In its submission the Labrador Interconnected Group supported Hydro's proposal to expand
31 Regulation 17 to include Labrador West. The Labrador Interconnected Group explained that its
32 concerns relating to potential negative impacts of a load restriction on the regular development of
33 communities on the Labrador Interconnected system have been adequately addressed by way of
34 the process related to applications for an exemption to the load restriction. The Labrador
35 Interconnected Group believes that such exemption requests continue to be an adequate means by
36 which community development can continue while Regulation 17 is operative.

37
38 The Labrador Interconnected Group submitted that it is supportive of measures that promote
39 regional economic development in Labrador but, in its view, the proposed increase in the threshold
40 to 200 kW has more potential dangers than benefits. The Labrador Interconnected Group's central
41 concern is that the higher threshold will make fractionation a more viable work-around to
42 Regulation 17 for cryptocurrency miners. The Labrador Interconnected Group requested that the
43 current load restriction threshold of 100 kW be maintained.

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45 In its reply submission Hydro stated that circumvention of Regulation 17, while possible, is
46 unlikely. Hydro explained that it will monitor applications for service and would examine if further

1 steps were necessary if it became aware of an attempt to use fractionation to circumvent Regulation
2 17. Hydro noted that the regulation is only in place while the Network Additions Policy and
3 Labrador Interconnected System Transmission Expansion Plan are under review by the Board.
4 Hydro requested that the Application be approved as submitted.
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6 **Board Findings**

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8 In Order No. P.U. 32(2018) the Board approved the implementation of a load restriction in
9 Labrador East given the transmission constraints and reliability concerns and the potential impact
10 of large load additions. The Board acknowledged that the restriction was an extraordinary measure
11 which could have significant impacts on potential customers and the communities but found that
12 it would serve to reduce load additions until a comprehensive plan for the Labrador Interconnected
13 system is developed.
14

15 Hydro now seeks to extend the load restrictions to Labrador West to assist in the provision of
16 reliable service to customers pending the completion of the regulatory process related to the
17 Network Additions Policy and the Expansion Study. Based on the information provided demand
18 is likely to exceed the system's capacity in 2019 and, under present operating conditions, industrial
19 customer loads must be curtailed when loads exceed the system capacity. The Board notes that the
20 Labrador Interconnected Group supported the extension of the restriction to include Labrador
21 West. The Board believes that the extension of the load restriction to Labrador West is reasonable
22 in the circumstances.
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24 The Application also proposed that the threshold for the load restriction in Labrador East and
25 Labrador West be increased from 100 kW to 200 kW. According to the Application the limit of
26 200 kW maximum demand for any new customer would effectively limit the addition of new
27 customers in Hydro's two large general service classes of service while allowing for regional
28 development. The Application explained that, between 2012 and 2018, the number of customers
29 added with peak loads between 100 kW and 200 kW averaged less than two per year in Labrador
30 East and was similar in Labrador West. While it was acknowledged by Hydro that it is possible to
31 circumvent the load restriction Hydro advised that it would monitor applications for service and
32 further steps may be taken in the event of an attempt to circumvent the regulation. The Board
33 believes that increasing the threshold for the restriction on new loads to 200 kW is a balanced
34 approach to accommodating new customer requests while ensuring adequate capacity for existing
35 customers and that monitoring of applications for service as proposed by Hydro should address
36 the concerns expressed by the Labrador Interconnected Group with respect to fractionation by
37 cryptocurrency miners.
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39 The Board is satisfied that the proposed amendments to Regulation 17 to extend the restriction on
40 new load additions to include Labrador West and to increase the threshold for the restriction from
41 100 kW to 200 kW should be approved.

1 **IT IS THEREFORE ORDERED THAT:**

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3 1. The proposed amended Regulation 17, as set out in Schedule A to this Order, is approved.

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5 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 29th day of October, 2019.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



Dwanda Newman, LL.B.
Vice-Chair



Sara Kean
Assistant Board Secretary

**NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS**

17. TEMPORARY RESTRICTION FOR LOAD ADDITIONS TO LABRADOR EAST AND LABRADOR WEST (REVISED)

Effective September 11, 2018 and until further order of the Board of Commissioners of Public Utilities, Hydro will not provide service connections or service upgrades to an Applicant that will result in the addition of load requirements of greater than 200 kW on the Labrador East and Labrador West Systems. The load addition limit applies to Applicants for single service connection requests for load additions in excess of 200 kW and to Applicants requesting multiple service connections for which the total load addition of the multiple service requests exceeds 200 kW. The load addition limit to Applicants for multiple services will apply to both service requests made concurrently and service requests made at different times for the period while this regulation is in effect.

All Applicants for new services and for name changes on existing services shall complete a written Electrical Service Contract. Hydro will review name change requests on existing serviced premises to ensure that the additional load required to serve the new applicant does not exceed 200 kW. The review of name change requests will also include the review of multiple name change requests and/or new service connection requests from the same Applicant to ensure that the total additional load provided to an individual Applicant will not exceed 200 kW.

When Hydro has reason to believe there are special circumstances surrounding an application for service in Labrador East or Labrador West that will result in the addition of load requirements of greater than 200 kW, where it may be appropriate to approve service connections and upgrades, Hydro may apply to the Board for a variance or exemption to this Regulation.

Hydro will notify the Board of all service connection or service upgrade applications refused by Hydro during the effective period of this Regulation.