

December 16, 2019

VIA EMAIL

s. 40(1)

Attention: [REDACTED]

Dear [REDACTED]

s. 40(1)

Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act, 2015* (File #: PB/880/2019)

On November 18, 2019, Nalcor Energy received your request for access to the following records/information:

1. *What are the current revenue requirements for the Island Interconnected system including those of NLH, NP and other parties before full commercial operation of Muskrat Falls? Please provide revenue requirements of NP and NLH costs separately.*
2. *What are the energy sales to which these revenue requirements relate and do they include the costs of self-generation by NP and by Corner Brook Pulp and Paper?*
3. *Is the 22.89 cents/KWh shown on page 28 of "Understanding Muskrat" intended to be an average rate for the system or is it intended to be a residential rate only, without reference to general service and industrial rates? My interpretation of "Understanding Muskrat" is that this blended cost number of 22.89 cents/KWh is intended as an average rate without any assignment of cost to particular customer classes.*
4. *Provide the load forecast for the June 23, 2017 Muskrat Falls Project Update, which produced a rate forecast of 22.89 cents/KWh, along with the October 2018 load forecast, which resulted in a rate forecast of 21.05 cents/KWh, as well as the latest load forecast if any since October 2018.*
5. *What will the full system revenue requirements be after Muskrat Falls is in full operation and before any offsets are applied due to fuel savings, increased export revenues, and increased revenues from sales to existing or new domestic customers. Please provide the revenue requirements for NP and NLH separately.*
6. *Please provide updated information on the following 2021 projections from "Understanding Muskrat":*
 - a. *17.42 cents/KWh for 4.641 TWh: Unit cost of Muskrat Falls power;*
 - b. *22.89 cents/KWh spread over 6.93 TWh of energy sales: Average cost of energy sales;*
 - c. *6.93 TWh: Energy sales on Island Interconnected system;*
 - d. *1.324 TWh: Muskrat Falls energy used on Island;*
 - e. *61 cents/KWh: unit cost of 1.324 TWh Muskrat Falls energy used on Island;*
 - f. *3.317 TWh: Muskrat Falls energy exported, including Nova Scotia block;*

- g. 4.43 cents/KWh spread over 6.93 TWh: Newfoundland Power revenue requirements;*
- h. 6.8 cents/KWh spread over 6.93 TWh: NL Hydro revenue requirements;*
- i. 11.66 cents/KWh: Muskrat Falls costs spread over all 6.93 TWh of Island Interconnected energy sales;*
- j. \$778 million: revenue requirements of Island Interconnected system prior to Muskrat Falls;*
- k. \$808 million: revenue requirements of Muskrat Falls; and*
- l. \$1,586 million: revenues requirements of Island Interconnected system.*

Please see Appendix A, attached hereto, for the information that is responsive to your request. Please note that there are currently no responsive records regarding part five of your request.

It is the goal to publish this letter following a 72 hour period after it is sent electronically to you or five business days in the case where the letter has been mailed to you.

Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in section 42 of the Access to Information and Protection of Privacy Act (*the Act*). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your appeal should identify your concerns with the request and why you are submitting the appeal.

The appeal may be addressed to the Information and Privacy Commissioner as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John's, NL. A1B 3V8
Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act (a copy of this section of the Act has been enclosed for your reference).

If you have any further questions, please feel free to contact the undersigned by telephone at (709) 733-5346 or by e-mail at granthiscock@nalcenergy.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Grant Hiscock". The signature is stylized with a large initial "G" and a long horizontal stroke.

Grant Hiscock
Access and Privacy Officer

Access or correction complaint

42. (1) A person who makes a request under this Act for access to a record or for correction of personal information may file a complaint with the commissioner respecting a decision, act or failure to act of the head of the public body that relates to the request.

(2) A complaint under subsection (1) shall be filed in writing not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16(2).

(3) A third party informed under section 19 of a decision of the head of a public body to grant access to a record or part of a record in response to a request may file a complaint with the commissioner respecting that decision.

(4) A complaint under subsection (3) shall be filed in writing not later than 15 business days after the third party is informed of the decision of the head of the public body.

(5) The commissioner may allow a longer time period for the filing of a complaint under this section.

(6) A person or third party who has appealed directly to the Trial Division under subsection 52(1) or 53(1) shall not file a complaint with the commissioner.

(7) The commissioner shall refuse to investigate a complaint where an appeal has been commenced in the Trial Division.

(8) A complaint shall not be filed under this section with respect to

(a) a request that is disregarded under section 21;

(b) a decision respecting an extension of time under section 23;

(c) a variation of a procedure under section 24; or

(d) an estimate of costs or a decision not to waive a cost under section 26.

(9) The commissioner shall provide a copy of the complaint to the head of the public body concerned.

Direct appeal to Trial Division by an applicant

52. (1) Where an applicant has made a request to a public body for access to a record or correction of personal information and has not filed a complaint with the commissioner under section 42, the applicant may appeal the decision, act or failure to act of the head of the public body that relates to the request directly to the Trial Division.

(2) An appeal shall be commenced under subsection (1) not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16(2).

(3) Where an applicant has filed a complaint with the commissioner under section 42 and the commissioner has refused to investigate the complaint, the applicant may commence an appeal in the Trial Division of the decision, act or failure to act of the head of the public body that relates to the request for access to a record or for correction of personal information.

(4) An appeal shall be commenced under subsection (3) not later than 15 business days after the applicant is notified of the commissioner's refusal under subsection 45(2).

Appendix A: Responsive Information

1. What are the current revenue requirements for the Island Interconnected system including those of NLH, NP and other parties before full commercial operation of Muskrat Falls? Please provide revenue requirements of NP and NLH costs separately.

The most recently approved revenue requirements for the Island Interconnected System for NL Hydro and NL Power are available on the Board of Commissioners of Public Utilities website. Newfoundland and Labrador Hydro's 2017 GRA Compliance Application is available at the link below. The revenue requirements are provided in Exhibit 14, Schedule 1.1, Page 1 of 2, Column 3 – Island Interconnected.

www.pub.nf.ca/applications/NLH2017GRACompliance/application/NLH%202017%20GRA%20Compliance%20Application%20-%202019-07-11.PDF

NL Power's current revenue requirements are available at the following link:

[http://www.pub.nf.ca/applications/NP2019GRA/application/Application%20-%20Volume%201%20-%20Exhibit%207%20-%202019%20Revenue%20Requirements%20\(Revision%201\).pdf](http://www.pub.nf.ca/applications/NP2019GRA/application/Application%20-%20Volume%201%20-%20Exhibit%207%20-%202019%20Revenue%20Requirements%20(Revision%201).pdf)

2. What are the energy sales to which these revenue requirements relate and do they include the costs of self-generation by NP and by Corner Brook Pulp and Paper?

NL Hydro's energy sales can be found at the link referenced in the response to question 1. Please see Exhibit 2: Test Year Load Forecasts.

Information relating to NL Power energy sales is available at the following link (section 3.2.1: Revenue):

<http://www.pub.nf.ca/applications/NP2019GRA/application/From%20NP%20-%202019-2020%20General%20Rate%20Application%20-%20Volume%201%20-%202018-06-01.PDF>

The revenue requirements for NL Power include the costs associated with generating its own electricity, but also included are power purchases from NL Hydro. NL Power purchases approximately 93% of its energy requirements from NL Hydro.

The cost of power that NL Hydro purchases from Corner Brook Pulp and Paper from its co-generation facility for capacity assistance is included in the Island Interconnected revenue requirements. Costs incurred by Corner Brook Pulp and Paper for its own use are not included in NL Hydro's revenue requirements.

3. Is the 22.89 cents/KWh shown on page 28 of “Understanding Muskrat” intended to be an average rate for the system or is it intended to be a residential rate only, without reference to general service and industrial rates? My interpretation of “Understanding Muskrat” is that this blended cost number of 22.89 cents/KWh is intended as an average rate without any assignment of cost to particular customer classes.

The 22.89 cents/kWh is an estimated domestic residential rate for the Island Interconnected customers, before tax.

4. Provide the load forecast for the June 23, 2017 Muskrat Falls Project Update, which produced a rate forecast of 22.89 cents/KWh, along with the October 2018 load forecast, which resulted in a rate forecast of 21.05 cents/KWh, as well as the latest load forecast if any since October 2018.

Please see the below for the most current NL Hydro load forecast for 2021 as well as the requested NL Hydro load forecasts for the year 2021 that were relied upon for the rate calculations of 22.89 cents/KWh and 21.05 cents/KWh.

**NLH Energy Sales Forecast for the Island Interconnected System
(GWh)**

	<u>2021</u>
<u>NEWFOUNDLAND POWER</u>	
Deliveries from NLH	5774
<u>NLH RURAL OPERATIONS</u>	
Sales to Customers	415
<u>INDUSTRIAL DELIVERIES</u>	
Deliveries from NLH	692
<u>NLH SUMMARY</u>	
TOTAL NLH ENERGY SALES	<u>6881</u>

1. Excludes NLH Station Service Losses, NLH Island Interconnected 230kV/138kV Transmission Losses and NLH Rural Distribution Losses.
2. Excludes customer supplied generation owned by Newfoundland Power and Deer Lake Power.

Prepared: July-19

**NLH Energy Sales Forecast for the Island Interconnected System
(GWh)**

	<u>2021</u>
<u>NEWFOUNDLAND POWER</u>	
Deliveries from NLH	5846
<u>NLH RURAL OPERATIONS</u>	
Sales to Customers	420
<u>INDUSTRIAL DELIVERIES</u>	
Deliveries from NLH	613
<u>NLH SUMMARY</u>	
TOTAL NLH ENERGY SALES	<u>6879</u>

1. Excludes NLH Station Service Losses, NLH Island Interconnected 230kV/138kV Transmission Losses and NLH Rural Distribution Losses.
2. Excludes customer owned generation by Newfoundland Power and Deer Lake Power.
3. The residential retail rate forecast of 21.05 cents per kWh is based on NLH energy sales in the year 2021.

Prepared: 9-Aug-18

**NLH Energy Sales Forecast for the Island Interconnected System
(GWh)**

	<u>2021</u>
<u>NEWFOUNDLAND POWER</u>	
Deliveries from NLH	5740
<u>NLH RURAL OPERATIONS</u>	
Sales to Customers	408
<u>INDUSTRIAL DELIVERIES</u>	
Deliveries from NLH	726
<u>NLH SUMMARY</u>	
TOTAL NLH ENERGY SALES	<u>6874</u>

1. Excludes NLH Station Service Losses, NLH Island Interconnected 230kV/138kV Transmission Losses and NLH Rural Distribution Losses.
2. Excludes customer owned generation by Newfoundland Power and Deer Lake Power.
3. The retail residential rate forecast of 22.89 cents per kWh is based on NLH energy sales in the year 2021.

Prepared: 9-May-17

5. What will the full system revenue requirements be after Muskrat Falls is in full operation and before any offsets are applied due to fuel savings, increased export revenues, and increased revenues from sales to existing or new domestic customers. Please provide the revenue requirements for NP and NLH separately.

Please note that a revenue requirement forecast, as requested, is not available. There are no responsive records to this component of your request.

6. Please provide updated information on the following 2021 projections from “Understanding Muskrat”:

- a. 17.42 cents/KWh for 4.641 TWh: Unit cost of Muskrat Falls power*
- b. 22.89 cents/KWh spread over 6.93 TWh of energy sales: Average cost of energy sales*
- c. 6.93 TWh: Energy sales on Island Interconnected system*
- d. 1.324 TWh: Muskrat Falls energy used on Island*
- e. 61 cents/KWh: unit cost of 1.324 TWh Muskrat Falls energy used on Island*
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- g. 4.43 cents/KWh spread over 6.93 TWh: Newfoundland Power revenue requirements*
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- i. 11.66 cents/KWh: Muskrat Falls costs spread over all 6.93 TWh of Island Interconnected energy sales*
- j. \$778 million: revenue requirements of Island Interconnected system prior to Muskrat Falls*
- k. \$808 million: revenue requirements of Muskrat Falls*
- l. \$1,586 million: revenues requirements of Island Interconnected system*

After further conversations, you agreed that in advance of providing a formal response to this component of your request, we would have a discussion with you regarding the specific elements of this part of your request and how best to respond in order to better meet your information needs.