

2018 Capital Budget Application – Muskrat Falls to Happy Valley Interconnection Project

1 Q. **Re: Labrador Expansion Study, p. 14 (pdf); Labrador East Reliability Plan Board**
2 **Update, 2018-12-17**

3 Citation 1 (Labrador Expansion Study):

4 At the North Side Diesel Plant (“NSP”), there is approximately 4 MW of diesel
5 generation; however, due to the deteriorating condition of the plant, it is not
6 reliable as a long term source of capacity.

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8 Citation 2 (Labrador East Reliability Plan Update):

9 2.1 Ensure Reliability of the North Plant for Peak Loading Conditions

10 Status: Closed

11 Progress to Date: A third-party service provider for the North Plant Diesels carried
12 out an on site assessment on April 26, 2018. The assessment indicated that the
13 units were not in a condition to guarantee reliable service for the 2018-2019 winter
14 season. Hydro does not anticipate seeking Board approval for capital work related
15 to the North Plant.

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17 Preamble:

18 Citation 1 indicates that the NSP is not reliable as a long term source of capacity,
19 and Citation 2 indicates that it is not in a condition to guarantee reliable service for
20 the 2018-2019 winter season.

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22 a) What is Hydro’s conclusion regarding the NSP’s current status? Is it functional?
23 Can it be operated?

24 b) What are Hydro’s intentions regarding the NSP? Does it intend to
25 decommission it?

26 c) Please provide a summary of the costs that would be required to make the NSP
27 functional i) for the short term, and ii) for the long term.

1 A.

2 a) Newfoundland and Labrador Hydro's ("Hydro") conclusion regarding the North
3 Side Diesel Plant's ("NSP") current status is that it is currently functional and
4 operational, however, it is not relied upon in Hydro's operations protocol for
5 the Labrador East System.

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7 b) Hydro's intentions regarding the NSP are to continue to operate and maintain
8 the existing assets, but not to materially invest in plant or asset upgrades or
9 major maintenance. Hydro intends to retire these assets once they have
10 reached the end of their service lives.

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12 c) The estimated cost associated with making the NSP reliable for the short-term
13 (one to three years) is \$250,000. The scope of work would include repair only of
14 the operational units and plant infrastructure.

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16 The estimated cost associated with making the NSP reliable for the long-term is
17 \$1.4 million. The scope of work would include complete overhauls of the
18 operational units and component replacement as required rather than repair.
19 The scope of work would also include plant infrastructure replacement or
20 upgrade as required rather than repair.