

1 Q. Re: 2013 Capital Projects Over 50,000 but less than 200,000: p. E-2 Install  
2 Automated Fuel Monitoring System (Upper Salmon):  
3 Please provide a copy of QMI-SAI Global's last report in reference to these issues.  
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6 A. The report name was quoted in error. The report that states non-compliance is the  
7 Internal Environmental Compliance Audit Report for 2011, not QMI-SAI Global. The  
8 reference in the Internal Environmental Compliance Audit Report is general to  
9 Hydro's remote diesel fuel systems and covers all such remote installation. The  
10 report states that Hydro applied for a variance to the weekly dipping and  
11 reconciliation requirements under provincial legislation and this was rejected by  
12 government. Therefore, in order to satisfy the requirements, Hydro plans to  
13 implement automated fuel monitoring systems at remote fuel sites. The issues  
14 identified in this report have since been documented as individual items. The  
15 applicable issue that resulted from the Internal Environmental Compliance Audit is  
16 as follows:

17 *"Issue:*

18 *Sections 18(1) and (2) of the Storage and Handling of Gasoline and Associated*  
19 *Products Regulations, Newfoundland and Labrador Regulation 58/03, requires*  
20 *storage tanks be gauged or dipped and water dipped, and the gauge or dip readings*  
21 *be reconciled with meter readings on a weekly basis for aboveground tanks, and*  
22 *daily for underground tanks. These records must be recorded and maintained on a*  
23 *form approved by the Department of Government Services for two years. The*  
24 *Department of Government Services must also be notified immediately of losses*  
25 *above normal as indicated by two consecutive reconciliations. Normal is defined as*  
26 *losses greater than one percent of the capacity of the storage tank or one percent of*  
27 *the throughput, whichever is greater. Section 18(3) of the regulations requires*

operators to determine cumulative apparent losses from storage tank systems on a semi-annual basis and inform the Department of Government Services immediately of losses in excess of one-half of one percent of the throughput for that period. Alternatively, a written proposal outlining alternate methods and procedures for the dipping and reconciliation of fuel storage systems can be filed with the Department of Government Services. Hydro Generation formulated an alternative proposal for dipping and reconciliation of fuel system (bi-weekly and monthly) at remote hydroelectric plants, spillway structures and control structures. The proposal was not accepted by the Department of Government Services. Hydro Generation are addressing this issue through a multi-year fuel enhancement program, but are sometimes limited by the annual budgetary process that can delay compliance to the regulations.”

Recommendation:

To comply with Section 18 of the Storage and Handling of Gasoline and Associated Products Regulations, Newfoundland and Labrador Regulation 58/03, Hydro Generation must continue moving forward with the fuel enhancement program and ensure adequate funding and resources are available to support the program on an annual basis.

Formal Management Response:

“Fuel monitoring systems are to be installed in remote locations where we can't visit to perform weekly fuel inventory control checks. The 20 year plan supports this program.”