

1 Q. The *Holyrood Blackstart Analysis* report states at page 10:
2 “This project schedule assumes that the project can be exempted from the typical
3 environmental approval process required under current legislation for a diesel plant
4 of this size. Under that assumption, it is expected that an exemption could be
5 obtained, and relevant permits received within 60 days. Hydro intends to pursue
6 this exemption with all dispatch.”

7 Please describe all efforts Hydro has made to obtain exemption of this project from
8 the typical environmental approval process and provide copies of all
9 correspondence with government authorities related to the matter.
10
11

12 A. **Environmental Impact Assessment Requirement of the *Environmental Protection***
13 ***Act, 2002***

14 It was determined that the generation capacity of the new blackstart diesel plant
15 did not exceed the capacity of the existing combustion turbine, which it is replacing,
16 by more than one megawatt. Since new or modified thermal generation with a
17 capacity of less than one megawatt is not designated as an undertaking under the
18 *Environmental Assessment Regulations, 2003*, Hydro was not required to register
19 the proposal under Section 49 of the *Environmental Protection Act, 2002*. This was
20 confirmed by an exchange of letters between Hydro and the Environmental
21 Assessment Division, attached as NP-NLH-017, Attachments 1 and 2.
22

23 **Air Emission Source Approval per Section 7 of the *Environmental Protection Act,***
24 ***2002***

25 The Department of Environment and Conservation, Pollution Prevention Division,
26 *Guidance Document for Approval of Diesel Generators, 2013*, indicates that:

A Certificate of Approval is required for prime power diesel generating facilities having a total installed capacity greater than 100 kW, and for standby diesel generating facilities having a total installed capacity greater than 100 kW and which operate or are anticipated to operate more than 500 hours per year.

As the proposed blackstart diesel generation system is not anticipated to operate more than 500 hours per year, application for a Certificate of Approval is not required. Hydro has contacted Pollution Prevention Division personnel to confirm this. Hydro has been asked to provide information on the air emission characteristics of the diesel units to be installed and confirmation of the anticipated operating hours. This information is being compiled for submission.

Registration of the Fuel Storage System under the *Storage and Handling of Gasoline and Associated Products Regulation, 2003*

Hydro has determined that the fuel storage tanks associated with the diesel generating units have not been constructed in accordance with U.L.C. CAN4-S601, as required by Section 27 of the *Storage and Handling of Gasoline and Associated Products Regulations*. However, they are constructed to a UL-142 standard that has been approved by the Department of Environment and Conservation in the past as an acceptable alternative to the ULC-S601 standard for use in mobile diesel generators. Hydro has confirmed with the Department of Environment and Conservation that this alternative standard tankage is acceptable for use in this case, and has applied to the Government Services Centre (GSC) for registration of the tanks as supplied. The GSC issued registrations on February 26, 2014.



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December 16, 2013

Mr. Bas Cleary
Director
Environmental Assessment
Department of Environment and Conservation
P. O. Box 8700
St. John's, N.L.
A1B 4J6

Dear Mr. Cleary:

This is to follow-up on our recent conversation regarding a proposal by Newfoundland and Labrador Hydro (Hydro), a Nalcor Energy Company, to establish blackstart capability for its Holyrood Thermal Generating Station (HTGS).

Hydro owns and operates a 490 MW thermal generating station located in the vicinity of the community of Holyrood, Conception Bay. The HTGS is an integral component in Hydro's generation system and its ability to provide reliable electricity to the Avalon Peninsula area. Hydro's operations are regulated by the Public Utilities Board (PUB). The PUB has directed Hydro to establish a blackstart capability for the HTGS as soon as possible. Blackstart capability means the capability to start the HTGS when all units are out of service (black), and the transmission line grid connection is not available with a sufficient capacity to provide the necessary energy to start the HTGS to a point where it can operate independently. Once the HTGS is started and operating independently the blackstart capability is no longer operated.

Blackstart capability had been provided to the HTGS by a 14.1 MW Combustion Turbine located at site, however, this unit is no longer available as a result of equipment damage. An engineering assessment in 2012 concluded that it was not practical to repair the existing Combustion Turbine. Since the recommendation to discontinue use of the existing Combustion Turbine, Hydro's Engineering Department has assessed options to provide a blackstart capability for the HTGS. This assessment recommended the installation and operation of 8 – 1.825 MW diesel units within the HTGS yard as the preferred option to meet the immediate requirement.

When engineered and installed the units will operate concurrently at 14.6 MW, which will provide the necessary voltage and current to blackstart the HTGS. It is estimated to

take 7 to 8 consecutive hours of operation to blackstart the HTGS to a point where the blackstart capability will no longer be required.

The diesel units will be installed at a location within the HTGS property boundary. No stationary fuel storage or connection to existing fuel pipelines will be required. The diesel units will operate from the day tanks within the units and be supplied by a local contractor via truck delivery. The Environmental Emergency Response Plan implemented at the HTGS will be applied to these units and their operation.

Hydro is committed to the acquisition of all environmental approvals necessary for this work to proceed. The following environmental issues and approvals are identified regarding this proposal:

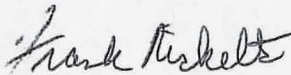
- Crown Lands – the diesel units and all related infrastructure will be located within the existing HTGS yard. No land or access issues are anticipated or approval from Crown Lands required.
- Government Services Center – no sanitation facilities to be installed. Existing sanitation facilities at the HTGS to be used by workers.
- DOE&C – the Pollution Prevention Division issues Certificates of Approval for Prime Power facilities greater than 100 KW and for stand by units having a total capacity greater than 100 KW and anticipated to be operated for more than 500 hours. The diesel units proposed for installation at the HTGS for blackstart capability will be operated on a stand by basis, however, it is anticipated they will not be required, and if required, will be operated for 7 to 8 hours consecutively as noted above. Hydro will communicate with the Pollution Prevention Division and clarify the requirement to acquire a Certificate of Approval for the blackstart option proposed.
- Public Consultation – The HTGS has a Community Liaison Committee that meets regularly. Meetings are intended to provide an opportunity for Plant personnel and local residents to discuss the operation of the facility and any community concerns identified. This group consists of Plant Management personnel, representatives of communities in the area, and representatives from the Pollution Prevention Division. Hydro is currently preparing information outlining the blackstart option proposed for the HTGS to be provided to members of the Community Liaison Committee in the near future. The next meeting of the group is scheduled for January 20, 2014. The blackstart proposal is on the Agenda for discussion at this meeting as well.
- The blackstart proposal requires approval from the PUB prior to proceeding. The submission to PUB is currently being completed and will be provided to them in the coming weeks.

The *Environmental Assessment Regulation, 2003, section 34 (1)*, identify diesel electric generating plants greater than 1.0 MW to be an Undertaking requiring registration under the Environmental Assessment provisions of the *Environmental Protection Act*. Past experience with these regulations suggest projects involving the replacement of existing generation by less than 1.0 MW may not trigger registration under the Act. At this time we would like to confirm that the blackstart option proposed for the HTGS does not require registration as an undertaking per section 49 of the *Environmental Protection Act, 2002*.

It should be noted that the proposed blackstart option for the HTGS does not trigger a Federal Environmental Assessment Process under the *Canadian Environmental Assessment Act*.

Please contact me at your earliest convenience should you require any additional information.

Sincerely,



Frank Ricketts
Manager, Environmental Services

cc:
B. Sellars



Government of Newfoundland and Labrador
Department of Environment and Conservation

January 22, 2014

Mr. Frank Ricketts
Newfoundland and Labrador Hydro
Hydro Place
P.O. Box 1240
St. John's NL A1B 4K7

File Ref No. 200.18.0237:0001

For: Blackstart Capability – 14.6 MW Diesel Units
At: Holyrood Generating Station
From: Newfoundland and Labrador Hydro

Dear Mr. Ricketts:

Your letter dated December 16, 2013 concerning blackstart capability at the Holyrood Generating Station had been reviewed and it has been determined that registration is not required under Section 47 of the *Environmental Protection Act, SNL 2002, cE-14.2*.

The proposal is for replacement of a damaged 14.1 MW combustion turbine with 8 diesel electric units totaling 14.6 MW. This is not entirely new electric power generation. The Environmental Assessment Regulations Section 34 (1e) require registration for new diesel electric power generation of more than one MW. The new units combined are only .5MW more than the existing unit.

Please contact Mr. Mansoor Ahmad of the Pollution Prevention Division at 729-1911 or email mansoorahmad@gov.nl.ca, regarding the issuance of a Certificate of Approval for this proposal.

Please be aware that this Department must be notified of any significant changes to the undertaking. All proponents are required to comply with all relevant legislation including permits and approvals from this Department and any other municipal, provincial or federal regulatory authorities.

- 2 -

If you have any questions regarding this matter please contact Pat Marrie at (709)729-2813, toll free at 1-800-563-6168 or email at pmarrie@gov.nl.ca.

Sincerely,



for

Bas Cleary
Director
Environmental Assessment

c.c. Derrick Maddocks, PPD