

1 Q. The Generation Planning Issues Report of 2012 (Appendix C of Hydro's Application
2 for Approval of the Project to Supply and Install 100 MW Combustion Turbine)
3 states on Page 15 that, "It should be noted that the capacity deficits trigger the
4 need for the next generation source by late 2014 under the current planning criteria
5 to avoid exceeding the LOLH limits in 2015." Yet it appears that the new CT had
6 always been planned for late 2015, not late 2014. Please explain the basis for this
7 decision and the rationale for not planning a late 2014 installation.

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10 A. Further to a meeting with Liberty on May 29, 2015, Hydro is providing the following
11 revised response.

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13 At the time that the 2012 *Generation Planning Issues Report* was completed, the
14 addition of a 50 MW CT was identified as the least cost alternative to maintain the
15 generation planning criteria requirements prior to Muskrat Falls and the Labrador-
16 Island Link interconnection. The 2012 study identified a potential LOLH violation in
17 early winter of 2015 that would not be mitigated by the addition of the 50 MW CT
18 as it was anticipated, based on data available at the time, that the new CT could not
19 be acquired and installed until the fall of 2015. Based on previous experience and
20 given that the criteria violation was slight and limited to the winter period of 2015,
21 the risk associated with the brief criteria exceedance was deemed to be low.

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23 Further, Hydro observed that the deficits that triggered the need for the next
24 generation source did not materialize as expected. For example, the industrial
25 loads were not occurring as was initially expected. It should be noted as well that
26 the ultimate sanction of the Muskrat Falls development would impact generation
27 requirements, or changes to generation requirements. Hydro notes, therefore, that

1 proceeding with the next generation source with the load not materializing as
2 expected, and the Muskrat Falls project under consideration for sanctioning
3 impacted the exact timing of the CT installation.