Q. **Re: Fuel Oil Storage Facility - Refurbishment of Tank 3**

Is there any plausible scenario where Hydro would have two of the four Tanks out-of-service, for more than one oil delivery cycle? Does Hydro have any contingency plans presently in place to deal with the circumstance of two of four Tanks being out of service for an extended period of time?

A. There is a plausible scenario whereby Hydro would have two of the four tanks out of service for more than one delivery cycle; however, it would not occur under planned conditions. This could occur if issues develop with two of the tanks that force them both out of service. Presently, there is one tank out of service (Tank No. 3); and another tank (Tank No. 1), although still in use, has several issues.

The primary concern with Tank No. 1, identified in the 2003 assessment, is a severely deteriorated roof plate requiring complete replacement. Personnel at the plant have not accessed the roof area since 2003, with the exception of the gauging area that has the addition of a self-contained additional platform area. In this past year, Plant personnel have additionally confirmed a leaking isolating valve on the east suction heater as well as a flange leak on the heater to tank attachment. Both of these repairs will require draining to repair. This tank is operated in a last-to-fill, first-to-drain approach, but technically is "not out of service".

As per Hydro's response to P2-IC-NLH-12, the requirements from Holyrood in the next five years could increase significantly from that experienced in recent years. Under these increased production requirements, with only two tanks in service, deliveries would have to be very carefully planned and timed so as to maintain reliable levels of fuel. Under a two-tank scenario, there would be a heightened

potential for a fuel shortage which could result from issues such as delays in the suppliers securing vessels and fuel, disruption in deliveries, etc,. Hydro would act to mitigate the impact of the same by ensuring that all sources of standby generation are ready for extended operation. These would include Hydro and Newfoundland Power's gas turbines and diesel generators. However, if a fuel shortage was imminent which would limit Holyrood energy or peaking capability to levels below system requirements (with all sources of standby generation on and hydraulic sources maximized), major customers would be informed and load curtailment plans would have to be established as per System Operating Instruction T-001 which deals with generation shortages. A copy of this instruction is attached.

HYDRO
THE POWER OF COMMITMENT

NEWFOUNDLAND AND LABRADOR HYDRO - SYSTEM OPERATING INSTRUCTION

Title:	Instruction Number:	T-001
Generation Loading Sequence And Generation Shortages*,**	Station:	ENV, ERP, General
	Revision Number:	7

INTRODUCTION

In the event of a system generation shortage, the following guidelines shall be followed in the sequence outlined in order to minimize outages to customers :

PROCEDURE

A. Normal Generation Loading Sequence

1. Bring on line all available Hydro hydroelectric generators and load them to near their full capacity.

2. Request Newfoundland Power to maximize their hydro production .

3. Make a Capacity Request of Deer Lake Power to maximize their hydroelectric generation.

4. Request Non-Utility Generators to maximize their hydro production .

5. Increase Holyrood production to near full capacity .

6. Notify customers taking non-firm power and energy that if they continue to take non-firm power, the energy will be charged at higher standby generation rates .

7. Ask Newfoundland Power to curtail any interruptible loads available .

8. Start and load standby generators, both Hydro and Newfoundland Power units, in order of increasing average energy production cost with due consideration for unit start-up time.

9. Cancel all non-firm power delivery to customers and ensure all industrial customers are within contract limits.

If load is still increasing and it is apparent that a generation shortage may occur, proceed as follows:

10. Ensure that steps A1 to A9 above have been followed and implemented.

11. Inform Newfoundland Power of Hydro's need to reduce supply voltage at Hardwoods and Oxen Pond and other delivery points to minimum levels to facilitate load reduction. Begin voltage reduction.

12. Request industrial customers to shed non-essential loads and inform them of system conditions.

13. Request industrial customers to shed additional load.

14. Request Newfoundland Power to shed load by rotating feeders. At the same time, shed load by rotating feeders in Hydro's Rural areas where feeder control exists.

Note:

Generation from Wind Farms may shutdown with little notice.

* Part of the Environmental Management System
** Part of the Emergency Response Plan

PREPARED BY:	APPROVED/CHECKED BY:	ISSUED DATE:	07/16/92
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