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Claims made against N.L. Hydro, but not to N.L. Hydro

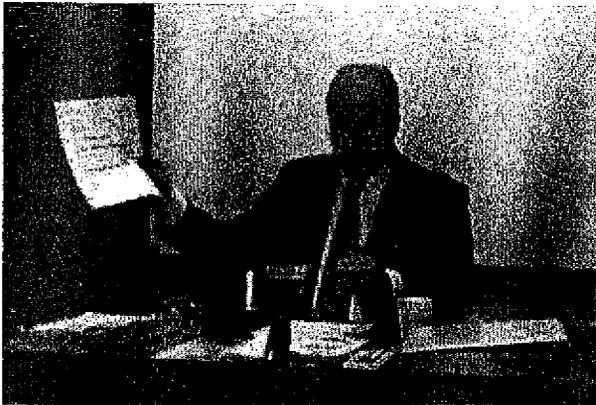


Ashley Fitzpatrick

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Intervener tells PUB he believes Hydro paid too much for power unit

An intervener in the ongoing review of the power system in Newfoundland and Labrador, Danny Dumaresque claims the numbers, and the details, don't add up when it comes to Newfoundland and Labrador Hydro's combustion turbine addition at the Holyrood power plant.



Danny Dumaresque

He called reporters to the Super 8 hotel in St. John's Wednesday afternoon, providing a roughly 25-page summary of his research into the power project and raising 23 questions on the subject.

The questions are on cost, the unit's capabilities, the procurement process followed, available alternatives and general assurances it will all not cost more than expected.

The presentation, with questions, was to be filed with the public utilities board (PUB) before the day was out.

"As you can appreciate from the documentation provided, there are many unanswered and troubling questions surrounding the project," he said.

Not least of all — while he did not provide all of the sources for his valuation — he said the unit could have been provided at a cheaper price.

With the standing costs, he claimed about \$40 million of the roughly \$119-million total is unaccounted for in information available.

Meanwhile, senior staff at Hydro were taking part in an annual day-long safety forum for Nalcor Energy supervisors, being held at the Sheraton Hotel. Hydro is a Nalcor subsidiary.

After the closeout, Hydro vice-president Rob Henderson took questions from reporters on the combustion turbine.

"We went through a competitive process, fully followed the Public Tender Act rules, and we ended up with the lowest bidder supplying that and meeting our requirements," he said, unsure of why Dumaresque would claim unaccounted costs.

"The cost of the unit includes a number of things, it's the engineering work, it's the balance of plant work — which is the underground, civil works. There's wiring and water infeeds, there's fuel storage equipment, there's a whole range of elements that are part of the combustion turbine in addition to the actual unit," he said. "The actual unit is around \$23 million, but then there's a lot of other things that go with that."

Henderson said the selection made and contracts signed by Hydro represent the least-cost option for meeting power needs for the main grid and helping to assure reliability of the power system going forward.

In response to questions following his presentation, Dumaresque acknowledged he had not taken his findings to Hydro for response before calling in local reporters.

"Of course I haven't done that," he said.

Henderson said the questions being posed at the news conference all speak to topics he expects will be covered by the Public Utilities Board, as it completes its review of Hydro's combustion turbine purchase and accounts for dollars being spent.

The project was OK'd by the regulator for completion (as of May 7). The ongoing review will result in a decision as to whether or not Hydro can recover its costs from ratepayers.

To date, as representatives for the utility detailed during a site tour Tuesday, the project remains on time for a Dec. 7 start-up, and on budget.

afitzpatrick@thetelegram.com