



Lorraine Michael, MHA Signal Hill–Quidi Vidi
Leader, New Democratic Party

February 5, 2014

Board of Commissioners of Public Utilities

P.O. Box 21040

St. John's, NL

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Dear Board of Commissioners of Public Utilities,

We are writing the Public Utilities Board (the Board) to add our voice to the public's concern regarding the unprecedented situation that occurred with the province's power grid from January 2nd to January 8th, 2014. During that time, Newfoundland and Labrador Power and Newfoundland and Labrador Hydro were forced to implement rolling blackouts because of reduced capacity at Hydro's Holyrood generating station and record levels of demand.

Then on January 4th a province-wide blackout occurred, caused by a transformer fire which led to the tripping of the Holyrood Thermal generator and subsequent collapse of the provincial grid.

These events led the Board to decide to conduct an inquiry it says will initially be focused on whether load requirements on the Island Interconnected system can be met in the near term, but may also inquire into other issues surrounding the prudent operation of the province's power system.

For the pre-conference hearing the Board is asking for comments from interested members of the public.

New Democrats want to be part of that conversation. We have read with interest applications from other interested parties. We have a few fundamental issues we would like to see addressed. We offer them for the Board's consideration.

Above and beyond the many individual hardships faced by people during this recent crisis, the fact is public confidence in the power system and the province's public utility, Nalcor, has been badly shaken.

We feel strongly that the Board's enquiries will have to expand beyond load requirements in the near term in order to ensure the public's confidence in the power system is restored.

We think the Board will have to establish, through its investigations, that prudent measures are in place not only for the near term provision of power but also the long term.

In three years' time the province's power system is to undergo fundamental change with the introduction of Muskrat Falls power from Labrador and the connection to the North American grid through subsea links to Labrador and Nova Scotia.

The Board is responsible for ensuring a reliable supply of power to the people of the province, as are clearly outlined in sections 3 and 7 of the Electrical Power Control Act.

For the near term investigation we encourage the Board to insist on complete cooperation from all parties in order to establish clearly the conditions that led to the serious situation in early January of this year.

Beyond that task the Board must also reassure the public that they can expect a reliable and secure supply of power leading up to the introduction of Muskrat Falls power in 2017, and beyond.

We hope the Board will look past 2017 to the introduction of Muskrat Falls power to ensure that, with the switching from an isolated Island system to the interconnected system, reliability is maintained to the highest degree possible.

In short, public confidence in this new system must be also established.

In this area we have two concerns which we hope the Board will see fit to investigate:

1.) Review Alpine Transmission Line Reliability

The reliability of the alpine sections of the Labrador-Island Link over which power will flow from Muskrat Falls to Soldiers Pond outside St. John's has been the subject of some concern.

Manitoba Hydro International, the province's consumer advocate and a consortium of Island industrial customers have all expressed concerns about Nalcor's standards for these transmission lines to be built traversing alpine areas along the route. MHI in particular found that Nalcor's proposed transmission line design criteria was inadequate and did not comply with industry standards and practices.

As the Board pointed out in its *Review of two generation expansion options for the least-cost supply of power to Island interconnected customers for the period 2011 – 2067*, MHI had questioned:

In the Board's view MHI's recommendation is in accordance with generally accepted sound public utility practice. Nalcor's reasoning for its rejection of this recommendation is not supported by the facts. Nalcor is relying on its own operational experience to support a design standard for a critical component of the Island's transmission infrastructure, even though it has no experience with the transmission line conditions in the alpine areas contemplated by the proposed route.

While Nalcor has acknowledged in its DG3 reports that increased reliability is needed and will be increased, this remains an ongoing concern for many regarding the long-term reliability of power supply to the people of the Island portion of the province.

Were this section of the Labrador Island Link to fail due to extreme weather the province could be facing extended power shortages. As rolling blackouts are clearly not an option people are willing to accept, it is essential that these concerns are properly addressed.

2. Power from Nova Scotia via Maritime Link

In response to public concerns about future power system reliability Nalcor has introduced the idea that emergency power could be obtained from Nova Scotia through the Maritime Link, once it is built.

Article 5.2 of the Interconnection Operators Agreement with Emera does address emergency energy transactions, noting that each party “provide Emergency Energy to the other Party in accordance with the provisions of Schedules A3 and C9.0.”

Yet Schedules A and C are confidential. We would like the Board to at the very least review these agreements to ensure they are in the best interests of the people of the province.


These are just two concerns regarding system reliability for the new Muskrat Falls power system which will replace the current power system.

The people of the province deserve to have a full explanation of what happened during the power supply crisis of early January 2014. Did the Muskrat Falls project cause government and Nalcor to lose sight of their duty to protect and maintain the province’s power supply?

They deserve a full explanation on how Nalcor plans to ensure a stable and reliable power supply, not only in the short term, but beyond 2017 when they will fundamentally change the Island’s power system. Only when these are provided will the public confidence be restored.

To rebuild public confidence in the province’s power system, it is imperative that the Board investigate every facet of the current and future plans “that would result in power being delivered to consumers in the province at the lowest possible cost consistent with reliable service”.

Sincerely,



Lorraine Michael, MHA
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