



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

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2016-10-13

Ms. Tracey Pennell
Senior Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
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Dear Madam:

Re: Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System – Directions further to the Board's Phase One Report

Further to the Board's Phase One Report which stated that direction would be given on the actions required to address the matters considered in the report, Newfoundland and Labrador Hydro shall file the following specific reports by the dates indicated:

- i) The final Integrated Action Plan by November 30, 2016.
- ii) A report by March 30, 2017 on the actions taken in response to each of Liberty's recommendations in its report dated October 22, 2015 on the March 2015 Outage. This report shall include all actions and plans to establish a more robust operational philosophy regarding reliability and to enhance the skills and capabilities of Hydro's employees related to reliability engineering and analysis.
- iii) A report by March 30, 2017 on improving the transparency of the designation of critical customers.
- iv) A report by November 30, 2016 on a comprehensive review of the energy supply for the Island Interconnected system as recommended by Liberty in its report dated August 19, 2016, that considers all risks and provides a risk-based recommendation on the need, timing and amount, if any, for additional pre-Muskrat Falls supply. This report shall include all current information on the load forecast and the status of generating units and shall address specifically the condition of the thermal units at Holyrood, the combustion turbines at Hardwoods and Stephenville and the Bay d'Espoir Penstock 1.

Newfoundland and Labrador Hydro shall file the following reports on an ongoing basis as indicated.

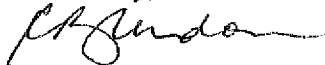
- i) Semi-annual reports on its load forecasting tools (Nostradamus) to be filed each year on May 15 and November 15 with the first report commencing on November 15, 2016. The monthly reports currently being filed may be discontinued.
- ii) Semi-annual reports on May 15 and November 15 each year on generation adequacy for the Island Interconnected system. This will replace the previous report which was filed annually in September.
- iii) Annual winter readiness reports by September 30. Updates to this report are to be filed by October 30 and November 30, including updates on October 30, 2016 and November 30, 2016 on the report filed on September 30, 2016.
- iv) Daily system reports.
- v) Quarterly reports on the performance of generating units within 15 days of the end of each quarter.
- vi) Annual reports on transmission system and terminal station asset management execution by April 11 each year, including the status of completion of activities in relation to the annual plan and the following year's plan.

In response to Hydro's letter of September 27, 2016 related to the September 2016 generation adequacy report, the Board confirms that it does not require this report given that Hydro is to file a comprehensive energy supply risk assessment report by November 30, 2016 as directed by this letter.

Hydro is hereby further directed to use the P90 weather variable as the base case in all reporting to the Board for supply planning decisions related to the Island Interconnected system.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or telephone (709) 726-6781.

Yours truly,



Cheryl Blundon
Board Secretary

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Newfoundland and Labrador Hydro

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