

1 Q. Reference: Summary Report of Probabilistic Based Transmission Reliabilities  
2 Assessment - Island Interconnected System:  
3 *“Hydro’s current deterministic based Transmission Planning Criteria are similar to*  
4 *North American Electric Reliability Corporation (NERC) Transmission Planning*  
5 *standards; however, deviations from the NERC standards have been applied due*  
6 *to the isolated nature of the IIS and the potential cost impact of full compliance on*  
7 *the limited customer base.” (pg 1-2)*

8 What does Hydro anticipate to be the cost impact of full compliance with NERC  
9 standards?

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12 A. Hydro has not yet finalized its recommendations with regard to what NERC  
13 standards are applicable for implementation for the IIS. However, Hydro is near the  
14 finalization of a gap analysis and cost review for implementation.

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16 This review has resulted in an estimated cost for full compliance with NERC  
17 standards to be \$12 million to implement and \$3 million annually to maintain  
18 compliance. The \$12 million to implement includes an estimate of \$1.6 million of  
19 capital additions related to sequence of event and fault recording devices required  
20 to improve disturbance analysis and reporting, and the implementation of security  
21 hardware and software for critical infrastructure protection. The remaining  
22 implementation costs are related to establishing processes, controls,  
23 documentation and completing training. The implementation costs do not include  
24 the costs related to the PUB and the Government of Newfoundland and Labrador  
25 to implement mandatory standards and regulatory filings with respect to these.