

1 Q. What are the options for Hydro to purchase or install additional generation to meet
2 the winter peak demand for the period 2014 to 2017, inclusive, for the Island
3 Interconnected system? Describe in detail each option and the steps Hydro has
4 taken to consider each option.

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7 A. Hydro is confident in its ability to meet the forecast load for the remaining winter
8 period until March 2014 with existing generating capability. As well, the Board has
9 recently approved a project for Hydro to install blackstart capability at the Holyrood
10 Thermal Generating Station. With some modifications to enable an extended
11 operation at 16 MW, this project can be used to provide peak power when required
12 and is expected to be in service in early March. Hydro is presently investigating this
13 alternative to provide additional capacity to the Island system if required.

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15 Hydro has previously identified a capacity deficit in 2015 when the Loss of Load
16 Hours (LOLH) is projected to rise beyond the accepted threshold of 2.8 hours. Work
17 has been in progress to finalize an application for a recommendation to meet the
18 capacity requirements, including the option of a 60 MW Combustion Turbine (CT) at
19 the Holyrood Generating Station location. This facility would provide an additional
20 60 MW (nominal) of system generation capacity for the Island Interconnected
21 transmission system to satisfy established generation planning criteria. This review
22 is in the final stages but in light of the recent system events, Hydro is reviewing the
23 application to ensure the timing and associated specifications remain optimal.

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25 In addition to the aforementioned projects, Hydro is also in the process of
26 contacting manufacturers and brokers of new and used generating equipment to
27 determine the capital cost and availability of several additional generation

1 solutions. These include the lease and/or purchase of both diesel and gas turbine
2 units and an update to the work completed in the report filed with the Board on
3 November 22, 2013, "Proposal to Provide Black Start Capability to Holyrood
4 Thermal Generating Station." Although engineering and market research efforts
5 are still in progress, Hydro has determined several generating options potentially
6 available to meet winter peak demand, if determined necessary or prudent. Those
7 include the options presented in the blackstart analysis and the potential of
8 installing an additional 16 MW diesel plant with a similar configuration as the
9 existing blackstart generating solution. These units would require a different
10 electrical interconnection than the current project.

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12 The above investigations and analysis will continue and an update will be provided
13 to the Board.