

1 Q. Has Hydro initiated any change in its approach to the identification and purchase of
2 critical spares in the last five years, given the age of Hydro's infrastructure? In the
3 answer, describe in detail any specific action taken with respect to the Holyrood
4 Thermal Generating Station.

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7 A. As part of Hydro's long-term asset management strategy, critical spares have been
8 reviewed on an ongoing basis, reflecting the condition assessments performed. The
9 inventory of critical spares is actively managed through periodic reviews and
10 external validation.

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12 Specific to Holyrood, in late 2011 AMEC analyzed the Holyrood asset inventory and,
13 based upon the 2010 condition assessment, prepared a high level critical spares list.
14 The list was compared to Hydro's spares in stock with gaps being filled on a priority
15 basis as part of Holyrood's five-year plan. In 2012 extensive research was
16 conducted on best practices for the evaluation criteria for critical spares. The
17 research was used to develop a model for asset criticality and critical spares
18 requirements. In November 2013 specialists from BDI (consultants in inventory
19 management) were hired to perform an independent review of Hydro's asset
20 criticality methodology and facilitated ranking of asset criticality down to, in some
21 cases, the equipment and component level. Using the asset criticality ranking an
22 ongoing, comprehensive review of Holyrood spares was initiated in late 2013 to
23 ensure the proper critical spares are available.