



April 27, 2015

Board of Commissioners  
of Public Utilities  
P.O. Box 21040  
120 Torbay Road  
St. John's, NL A1A 5B2

**Attention: G. Cheryl Blundon, Director of Corporate Services and Board Secretary**

Ladies and Gentlemen:

**Re: The Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System**

The Consumer Advocate is pleased to enclose his submissions in respect of the above-captioned matter, for the consideration of the Board.

We trust the foregoing is found to be in order.

Yours very truly,

O'DEA, EARLE

A handwritten signature in blue ink, appearing to read 'Thomas Johnson', is written over the typed name.

THOMAS JOHNSON, Q.C.  
TJ/cel  
Encl.

cc: Newfoundland and Labrador Hydro  
Attention: Mr. Geoffrey Young

Newfoundland Power  
Attention: Gerard Hayes

1 **IN THE MATTER OF** the *Public Utilities Act*,  
2 R.S.N.L., c. P-47, (the "Act"); and  
3

4 **IN THE MATTER OF** the Board's investigation  
5 and hearing into supply issues and power  
6 outages on the Island Interconnected system  
7 (the "Proceeding").  
8  
9  
10  
11

12 To: The Board of Commissioners of Public Utilities of Newfoundland and Labrador  
13 Suite E 210, Prince Charles Building  
14 120 Torbay Road  
15 P.O. Box 21040  
16 St. John's, NL A1A 5B2  
17

18 Attention: Ms. Cheryl Blundon, Board Secretary  
19  
20

21 **Consumer Advocate's Submissions on P.U.B. Investigation**  
22 **(Phase I) into Supply Issues and Power Outages on the**  
23 **Island Interconnected System**  
24

25 Introduction  
26

27 Over the period January 2 to 8, 2014, customers on the Island Interconnected system  
28 experienced widespread power outages and consequent hardship and inconvenience. The  
29 weather was freezing cold and many thousands of customers were left in the cold and dark for  
30 prolonged periods.  
31

32 On January 6, 2014 while the outage events were still ongoing, the Consumer Advocate wrote  
33 the Chair of the Board and stated in part,  
34

35 *The rotating blackouts and widespread outages that have been experienced on the*  
36 *island interconnected system have caused inconvenience and, in some cases, real*  
37 *hardship to customers. Thousands of customers have been experiencing extended*  
38 *outages which, given the very cold weather that the province has been experiencing, is*  
39 *of major concern.*  
40

41 *Given these circumstances, I believe that there are many customers who have had their*  
42 *confidence shaken that their basic electricity needs can be met now and on an ongoing*  
43 *basis in the winter period. This, I believe, is quite understandable given these recent*  
44 *events. At this juncture the focus must remain on the immediate task that is ongoing by*

1           *Hydro and Newfoundland Power personnel to restore electricity to all concerned.*  
2           *However, once stability to the system has returned it is my view that it will be necessary*  
3           *for the recent events to be inquired into by the board in conjunction with the interested*  
4           *parties so that findings can be made available to the public as to what transpired,*  
5           *whether the events giving rise to the outages could reasonably have been avoided and*  
6           *whether, most importantly, there are other measures or procedures that need to be*  
7           *taken or implemented in order to reasonably ensure that the system can safely and*  
8           *adequately meet the needs of customers.*

9  
10          The events of January, 2014 will not be forgotten by those who experienced it. These events  
11          severely shook the confidence of customers in the reliability of our electrical system in general  
12          and in Newfoundland and Labrador Hydro, in particular.

13  
14          The Consumer Advocate believes that it will take a considerable period of time before customer  
15          confidence can be restored. Time alone will not restore it. Customers will need to actually  
16          experience solid, reliable electrical service, and where service interruptions do occur, they will  
17          need to receive first rate communications from their utilities.

18  
19          The Consumer advocate respectfully puts forward the following submissions and  
20          recommendations for the consideration of the Board as the Board considers its final report on  
21          Phase I of the investigation. The Consumer Advocate would also take this opportunity to  
22          commend the work of Liberty Consultants and the Board and its staff in carrying out this  
23          investigation into the supply issues and power outages of January, 2014.

#### 24 25          Liberty's Final Reports' Findings

26  
27          Liberty's reports of December 17, 2014 confirmed the outage causes as first described by  
28          Liberty in its interim report of April 24, 2014. Liberty's reports of December 17, 2014 relate to  
29          adequacy and reliability on the Island Interconnected system until interconnection with Muskrat  
30          Falls. The reports also address winter readiness and the actions taken by both Hydro and  
31          Newfoundland Power in preparation for the 2014-2015 winter period. Liberty's Hydro report  
32          provides Liberty's conclusions following a review of Hydro's governance, staffing, programs,  
33          processes, asset management activities, and performance measurement related to longer term  
34          efforts at sustaining appropriate levels of reliability. Liberty's Newfoundland Power report  
35          reviewed the adequacy and reliability of Newfoundland Power's system, and found that:

1 Newfoundland Power's planning and design of its system, its asset management  
2 practices, its systems operations, its outage management and energy practices and its  
3 customer communications processes all conform to good utility practices. Liberty has  
4 identified additional opportunities to enhance performances in certain areas as described  
5 in this report.  
6

7 The Consumer Advocate commends Newfoundland Power on these findings. Liberty's overall  
8 conclusions in its Hydro report were as follows  
9

### 10 Overall Conclusions

- 11 • Liberty continues to conclude, in full accord with Liberty's Interim Report, that the  
12 outages of January 2014 stemmed from two differing sets of causes: (a) the  
13 insufficiency of generating resources to meet customer demands and (b) issues with  
14 the operation of key transmission system equipment.
- 15 • The introduction of an additional 120 megawatts of generation in the form of a new  
16 combustion turbine pursued following the January 2014 outages will make a  
17 significant contribution to generating resource sufficiency. Hydro needs to make  
18 completion of the unit, now planned to be in service by the end of December 2014, a  
19 critical priority.
- 20 • Liberty found, however, that even with the installation of the new combustion turbine  
21 and new capacity assistance arrangements with certain industrial customers,  
22 generation reserves are very low and the risk of outages remains high for the 2015-  
23 2017 winter seasons. Hydro must continue to focus on ensuring the availability of all  
24 generation units for the winter period.
- 25 • Hydro has made substantial progress in addressing its problems that contributed to  
26 transmission equipment failures. The actions it has taken will mitigate the risk that  
27 such failures may contribute to outages over the next few winter seasons.  
28 Continuing action is required at least through 2015 to complete the necessary work.  
29 Hydro also needs to focus on a number of areas that will contribute to improve  
30 reliability over the longer term.
- 31 • Following Liberty's Interim Report and its own investigations, Hydro established  
32 comprehensive plans and schedules for improving supply and addressing  
33 transmission performance. Its work in completing the plans has been commendable,  
34 although important work remains to be completed. (emphasis added)  
35

### 36 Consumer Advocate's Recommendations

37  
38 Liberty's Hydro report made conclusions and recommendations in relation to the areas Planning  
39 and Supply, Asset Management, Transmission and Distribution System Planning and Design,  
40 TRO Asset Management, System Operations, Outage Management, Emergency Management,  
41 Customer Service and Outage Communications Issues, and Governance and Staffing. Hydro's

1 February 5, 2015 Response to the Phase I Report by Liberty Consulting states that Hydro is in  
2 substantial agreement with Liberty's recommendations. On the areas of board of director  
3 structure and re-structuring of the senior level executive organization to create a consolidating  
4 executive and escalation of the regulatory affairs function to level of officer, Hydro stated that it  
5 could not agree at this time. Hydro states that additional changes to its governance strategy will  
6 be required and Hydro will engage its Board in light of Liberty's comments as regards ensuring  
7 a more in-depth engagement of Directors in Hydro's operations. Hydro also states that the  
8 manner in which Hydro and Nalcor will be structured is under review. Finally, Hydro has stated  
9 its intention to fully consider Liberty's recommendation that the regulatory affairs function be  
10 elevated to the executive level reporting to the consolidating Hydro executive as part of Nalcor's  
11 determination of its longer-term structure. **The Consumer Advocate submits that Hydro  
12 should move promptly on these reviews in light of Liberty's conclusions.**

13  
14 The Consumer Advocate is very concerned in light of Liberty's troubling assessment of potential  
15 risks to service for the 2015-2017 winter seasons. As noted, Liberty has concluded that despite  
16 the installation of the new combustion turbine and new capacity arrangements with certain  
17 industrial customers, generation reserves are very low and the risks of outages remain high.  
18 Liberty has stated that Hydro must continue to focus on ensuring the availability of all generation  
19 units for the winter period. Liberty's report (p. 12) states that Liberty considers the challenge of  
20 availability improvement "*a high priority for Hydro and a continuing matter of major importance.*"  
21 In the Board's Interim report of May 15, 2014, the Board ordered Hydro *inter alia* to file by June  
22 12, 2014 a generation master plan for winter preparation and to file by October 1, 2014 and  
23 December 1, 2014 status reports in relation to winter readiness for Hydro's generation assets.  
24 Subsequently, Liberty evaluated Hydro's submitted plans and tracked implementation progress  
25 towards completion for the winter of 2014-15. **The Consumer Advocate recommends that  
26 this reporting and monitoring process continue until the interconnection occurs. In light  
27 of the identified risks, this is necessary to ensure that the appropriate work is done in  
28 time for winter.**

29  
30 As has been discussed in Liberty's and the Board's interim reports and confirmed in Liberty's  
31 final report, multiple failures of key transmission system and terminal station equipment led to  
32 widespread outages on January 4, 2014 and the days following and led as well to another  
33 series of rotating outages thereafter. Liberty reports that Newfoundland Power attributed 15  
34 percent of its customer outages to the capacity-induced rotating outages of January 2<sup>nd</sup> and 3<sup>rd</sup>

1 and fully 80 percent to the equipment related outages that followed and which eventually ended  
2 on January 8<sup>th</sup> (5 percent was attributable to winter storm conditions). In this context another of  
3 Liberty's overall conclusions, as noted, commented upon Hydro's substantial progress in  
4 addressing problems that contributed to transmission equipment failures. Liberty has at the  
5 same time concluded that continuing action is required at least through 2015 to complete the  
6 necessary work. **The Consumer Advocate recommends that Liberty should be retained to  
7 monitor Hydro's progress on these required actions and to report to the Board as  
8 regards same.**

9  
10 Advance Notification Communications Protocols

11  
12 Liberty's December 17, 2014 Report on Newfoundland Hydro commented (p. 137) upon Hydro's  
13 and Newfoundland Power's joint development of an advance notification protocol to guide  
14 customer communications when generation reserve margins are expected to dip below  
15 predetermined thresholds.

16  
17 At the March 30, 2015 hearing, Hydro officials stated that the recent events of March 4, 2015 at  
18 Holyrood did not fit the present protocol which is based on system reserves. Hydro's Vice  
19 President of Corporate Relations and Customer Service stated that going forward Hydro will be  
20 implementing a new communications protocol to advise the public of system vulnerabilities. The  
21 **Consumer Advocate recommends that this protocol be developed and reported upon to  
22 the Board and intervenors as soon as practical.** While the events of March 4, 2015 are  
23 currently under investigation by the Board, those events did cause many thousands of residents  
24 to be caught in the lurch. The development of a protocol to advise of material system  
25 vulnerabilities, should help prevent such customer inconvenience and confusion from occurring  
26 in the future.

27  
28 Outage Communications

29  
30 The recent events of March 4, 2015 provided an actual testing of inter-utility communications.  
31 The description of early morning communications of March 4<sup>th</sup> by Hydro's Vice President, Dawn  
32 Dalley at the March 30<sup>th</sup> hearing leads the Consumer Advocate to conclude that more work is  
33 needed in this area. Ms. Dalley relates handling 26 calls between 7:18 and 8:00 am from her  
34 residence. She stated that Hydro wishes to streamline communications by using conference

1 calling to link up Hydro and Newfoundland Power system operations and communications  
2 personnel during such events. **The Consumer Advocate recommends that the utilities**  
3 **jointly develop and report upon an improved mode of inter-utility communications for**  
4 **such circumstances as soon as practicable.** Further, given the cruciality of the utilities  
5 providing accurate, authoritative and timely information to customers, news media and social  
6 media – consideration should be given to whether that goal may be assisted by having a  
7 member of the communications team report to the office earlier than normal business hours  
8 during the critical winter period.

9  
10 Media Releases

11  
12 Hydro's Vice President of Corporate Relations and Customer Service stated on March 30, 2015  
13 that during the outages of January, 2014, Hydro's communication team found itself spending a  
14 lot of time and effort in attempting to correct misinformation that often flowed quite quickly from  
15 social media to traditional media. **With the cruciality of outage-related information being**  
16 **accurate, authoritative and timely, the Consumer Advocate recommends that the utilities**  
17 **engage with media outlets with a view to developing a protocol as to how important**  
18 **outage related information is handled and misinformation is minimized.**

19  
20 Critical Customer Lists

21  
22 At the March 30, 2015 hearing, Mr. Keith Morgan, Solicitor for Nu-Quest Distribution Inc. called  
23 for greater regulatory oversight over the creation and maintenance of critical customer lists.

24  
25 **The Consumer Advocate would recommend that there be a transparent means for**  
26 **customers with alleged critical needs to be considered being added to such lists<sup>1</sup>. The**  
27 **Consumer Advocate would also recommend that each of the utilities regularly update**  
28 **these lists and provide same to the Board.**

29  
30 Newfoundland Power has stated (CA-NP-016) that its primary criteria for designating critical  
31 customers focuses on roles which are essential to the health, safety and welfare of the  
32 communities that the company serves. Newfoundland Power stated in replies to requests for  
33 information and at the March 30<sup>th</sup> hearing that Newfoundland Power's criteria for designation of

1 critical customers are broadly consistent with both common sense and existing public utility  
2 practices. The Consumer Advocate agrees with this assessment.

3  
4

5 Dated at St. John's in the Province of Newfoundland and Labrador, this 27<sup>th</sup> day of April, 2015.

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19



---

Thomas Johnson, Q.C.  
Consumer Advocate  
323 Duckworth Street  
St. John's, NL A1C 5X4  
Telephone: (709)726-3524  
Facsimile: (709)726-9600  
Email: [tjohnson@odeaearle.ca](mailto:tjohnson@odeaearle.ca)

---

<sup>1</sup> For ease of reference from the Board, CA-NP-016, ff. relate to this issue.





Island Industrial Customers  
Attention: Paul Coxworthy

Grand Riverkeeper Labrador Inc.  
Attention: Ms. Roberta Frampton Benefiel

Mr. Danny Dumaresque