



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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2017-11-10

Ms. Tracey Pennell
Senior Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place, Columbus Drive
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Dear Ms. Pennell:

Re: Newfoundland and Labrador Hydro - Winter Readiness Planning 2017-2018 - Follow up

On October 31, 2017 Newfoundland and Labrador Hydro ("Hydro") submitted its second of three *Winter Readiness Planning Reports* detailing Hydro's winter readiness activities for the 2017-2018 winter season. This report identified potential risks in relation to hydraulic, diesel, thermal, and gas turbine generation on the Island Interconnected system. In particular:

- Grand Falls Unit 4 is unavailable until February 28, 2018 while awaiting a generator rewind, resulting in a loss of 5 MW.
- Diesel generation at Holyrood will not be available until at least January 2018 unless Hydro is granted approval from the Department of Municipal Affairs and Environment to operate without larger exhaust stacks when required for reliability. Until this permission is granted there is a loss of 10 MW.
- Thermal generation at Holyrood is a potential risk as a result of hardened ash in Units 1 and 2 which could not be removed even after additional washing using a combination of high volume flushing and high pressure jetting. Despite this, Hydro expects Units 1 and 2 will be capable of achieving full or close to full load when load tested in the fall. Unit 1 is currently unavailable while a forced air fan motor is being replaced, resulting in the loss of 170 MW. Unit 2 is currently derated by 20 MW.
- The gas turbines at Hardwoods and Stephenville are reported as a potential risk as recovery is required with respect to winter readiness activities. Nevertheless Hydro expects that both the Hardwoods and Stephenville gas turbines will be at full capacity by December 1, 2017. The Hardwoods gas turbine is currently rated at full capacity with a loaner engine while its original engine is being repaired. The Stephenville gas turbine is currently derated by 25 MW.

In addition, on November 4, 2017 a leak in Bay d'Espoir Penstock 1 was reported. An assessment in relation to the extent of the issue and a course of action to be undertaken to remedy the situation is currently underway by Hydro. The unavailability of Bay d'Espoir Units 1 and 2 while Penstock 1 is being repaired means a loss of 153 MW to the Island Interconnected system.

The Board also notes that the loss of hydraulic capacity at Bay d'Espoir and Grand Falls combined with low reservoir storage levels exacerbated by one of the driest Octobers in the province's recorded history could result in increased thermal generation requirements. This is a concern given the potential risks related to thermal generation.

Further the Board notes that, according to Hydro's May 2017 *Near-Term Generation Adequacy Report*, its reliability planning criteria could be violated if TL267 is not available for the winter season. While TL267 is progressing since tower erection activities were resumed in late August with an expected in-service date of December 8, 2017, the Board notes that Hydro is entering the winter season in possible violation of its planning criteria.

The Board is concerned that the issues which have been identified could impact adequacy and reliability on the Island Interconnected system during the 2017-2018 winter season. The Board requests that Hydro file, by November 24, 2017, an update on each of the issues identified herein, the level of risk associated with each unresolved issue, and Hydro's plans to mitigate the risks and/or impacts. In the absence of further direction from the Board, Hydro should include a further update in relation to these issues in the *Winter Readiness Planning Report* scheduled to be submitted on December 8, 2017.

If you have any questions or concerns please do not hesitate to contact the Board's Engineering Advisor, Mike Janes, by email mjanes@pub.nl.ca or telephone (709) 726-3037.

Yours truly,



Cheryl Blundon
Board Secretary

CB/cj

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