

April 7, 2022

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

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: *Reliability and Resource Adequacy Study Review – Labrador-Island Link Monthly Update – March 2022*

On November 21, 2019, the Board of Commissioners of Public Utilities (“Board”) requested that Newfoundland and Labrador Hydro (“Hydro”) provide further information as a result of the findings in The Liberty Consulting Group’s (“Liberty”) Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System. In its response, Hydro committed to providing Liberty and the Board with a monthly status update regarding the schedule for the Labrador-Island Link (“LIL”) software development and testing, updated information in response to the specific requests detailed in the Board’s November 21, 2019 correspondence, and other pertinent information with respect to the Muskrat Falls Project. On January 19, 2021, the Board requested Hydro continue monthly reporting and outlined specific information, at a minimum, to be included.¹ Enclosed please find the update as requested.

The Lower Churchill Project (“LCP”) and its contractors continue to follow all COVID-19 Health and Safety measures as per the established guidelines. The LCP will continue to closely monitor the COVID-19 pandemic and follow advice from medical experts and Public Health guidance.

1.0 LABRADOR-ISLAND LINK

1.1 Commissioning Activities

1.1.1 Bipole Commissioning

In March 2022, GE Canada (“GE”) confirmed that all punchlist items that required resolution for this version of software, which is intended to be used for Trial Operations, were closed and regression testing was underway. Regression testing was complete at the end of March 2022. LCP and Hydro are currently reviewing the regression testing results in order to finalize the Factory Acceptance Testing (“FAT”) plan and schedule. The regression test and FAT plan review is schedule to be complete by April 8, 2022; once this is complete the FAT start date and duration will be determined.

¹ Hydro’s report has been adjusted to reflect the Board’s request, with the exception of information related to the LIL monthly energy transfers and Maritime Link availability and exports and imports in the month. Both pieces of information are currently included in Hydro’s monthly energy supply report and are not available in a time frame that corresponds with the timing of this report.

1.1.2 Soldiers Pond Synchronous Condensers

The synchronous condenser (“SC”) 1 bearing replacement work is ongoing. The cause of the bearing damage is unknown at this time, and whether the issue is unique to SC1 or if it is common to all three units. GE Power’s Root Cause Analysis is pending further test results; the results and proposed resolution will be provided to LCP and Hydro when complete. GE Power’s Return to Service schedule for SC1 is now July 2022. SC2 and SC3 are online.

1.2 Operations

As previously reported, on February 25, 2022, after the fire alarm investigation, the Operations group was preparing to re-energize Pole 1 and bring the LIL back from monopole to bipole operation when a procedural step was missed, causing Pole 1 to trip. The Operations group attempted to rampdown the LIL following the pole trip but an issue with the protection and control software prevented the correct operation. The Operations group de-energized the LIL to investigate.

GE conducted an investigation of the Muskrat Fall Converter Station hardware, as well as the issue with the software. Following the investigation, an operating restriction was placed on the software as a mitigation for the misoperation; a permanent fix has been incorporated into the new version of software, referenced above. Pole 2 was placed back in service on March 24, 2022, followed by bipole on April 1, 2022. The 450 MW power transfer limit is still applied to the current version of software, and the Newfoundland and Labrador System Operator (“NLSO”) determines the actual power transfer level daily based on system conditions. The remaining Maritime Link Runback Tests are scheduled for April 8, 2022.

1.3 Outages

There were no LIL-related customer outages to report for March 2022.

2.0 MUSKRAT FALLS GENERATION

2.1 Operations

All four Muskrat Falls Units are operational and released to the NLSO for dispatch.

With respect to the Unit 2 vibration issue, Andritz has identified that one runner blade on Unit 2 becomes offset from the others when power on the unit is reduced, producing a vibration, which diminishes when power is increased. Unit 2 has been operating at constant power for most of the first quarter of 2022. Andritz is planning to undertake an internal inspection of the Unit 2 turbine during the upcoming summer shutdown.

3.0 LABRADOR-ISLAND LINK SCHEDULE

As previously noted, GE’s software release is currently planned for the second quarter of 2022. Given the delay in completion of FAT, GE’s Trial Operations Complete milestone has slipped from May 31, 2022, to later in June 2022.

4.0 CF(L)CO² MULTI-PARTY POOLING AGREEMENT AND HYDRO-QUÉBEC IOA³

Weekly discussions to progress the IOA are ongoing between the NLSO and Hydro-Québec and CF(L)Co. The parties are working to conclude the agreement by April 15, 2022. The reason for the extension is to provide time for the ongoing legal review and negotiation of any legal language issues that arise.

If you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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Vice President, Chief Legal Officer & Corporate Secretary
MSL/kd

ecc:

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² Churchill Falls (Labrador) Corporation (“CF(L)Co”).

³ Interconnection Operators Agreement (“IOA”).