



NEWFOUNDLAND AND LABRADOR

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

2023-10-12

Newfoundland and Labrador Hydro

Shirley Walsh
P.O. Box 12400
Hydro Place, Columbus Drive
St. John's, NL A1B 4K7
E-mail: shirleywalsh@nlh.nl.ca

Newfoundland Power Inc.

Dominic Foley
55 Kenmount Road
P.O. Box 8910
St. John's, NL A1B 3P6
E-mail: dfoley@newfoundlandpower.com

Industrial Customer Group

Paul Coxworthy
Stewart McKelvey
Cabot Place, 100 New Gower Street
P.O. Box 5038
St. John's, NL A1C 5V3
E-mail: pcoxworthy@stewartmckelvey.com

Consumer Advocate

Dennis Browne, KC
Browne Fitzgerald Morgan & Avis
Terrace on the Square, Level 2
P.O. Box 23135
St. John's, NL A1B 4J9
E-mail: dbrowne@bfma-law.com

Labrador Interconnected Group

Senwung Luk
Olthuis Kleer Townshend LLP
250 University Ave, 8th Floor
Toronto, ON M5H 3E5
E-mail: sluk@oktlaw.com

Dear Madam/Sirs:

**Re: Newfoundland and Labrador Hydro - Reliability and Resource Adequacy Study Review
Planned Reports, Studies and Analyses - Further Comments and Directions**

In correspondence dated September 22, 2023 Newfoundland and Labrador Hydro ("Hydro") provided its responses to the Board's August 28, 2023 directions on the studies, reports and analyses Hydro proposes to file in the Reliability and Resource Adequacy Study Review ("RRAS"). The Board has considered Hydro's responses and provides the following further comments and directions.

1. Direction to ensure adequate resources are dedicated so that there is no further slippage in the schedule and also to seek and implement opportunities to advance the schedule for the

completion of the identified studies, the filing of an application and the implementation of new generation.

All necessary analysis and studies must be completed to ensure that all stakeholders are fully informed on the issues and that the evidence supports well-informed and prudent decisions on the significant issues affecting the future of the electricity system in the Province that are being addressed in the RRAS Review. It is for this reason that the Board has given direction as necessary as the review has proceeded on various work to be completed and reports to be undertaken by Hydro.

As the Board noted in its August 28, 2023 correspondence, Hydro's proposed schedule calls for the filing of an application for new generation in the fourth quarter of 2024 at the earliest with several critical reports required to support such an application also being filed in the fourth quarter of 2024. At the same time Hydro has identified a potential need for new additional generation to be in place by 2030 and a construction schedule of up to eight to ten years for new generation. Based on this new generation would be installed by 2033 at the earliest and could be later. Hydro has indicated that the Holyrood Generating Plant may be extended beyond the planned retirement date of 2030 until such time as alternative generation is commissioned, or adequate performance of the Labrador Island Link ("LIL") is proven and generation reserves are met. However, no information on the capital and operating costs or the ability to extend the Holyrood Generating Plant beyond 2030 has yet been filed. Given these circumstances, the Board reiterates its concern on the schedule and its direction to Hydro to ensure adequate resources are dedicated so that there is no further slippage in the schedule and it is advanced to the extent possible while still completing all necessary work and analysis.

Further, as the study period provided by Hydro to date covers up to 2030, it does not include information on the implications for reliability and resource adequacy issues for the period beyond 2030 when Hydro forecasts a need for new generation but its proposed schedule does not provide for the completion of a new generation source by that date and there is insufficient information on the implications of the continuation of the Holyrood Plant beyond 2030. **The Board directs Hydro to extend its study period beyond 2030 for a reasonable time period to reflect these issues.**

2. Direction to consider and report on supply options available on a short-term basis, including consideration of the expedited placement of a combustion turbine as a near-term and a potential long-term option.

It is not clear from Hydro's September 22, 2023 correspondence that Hydro plans to study and report on short-term options, including the potential of a combustion turbine.

The Board reiterates its direction on the need to study short- or-near-term options expressed in its August 28, 2023 correspondence that:

...it is critical that Hydro explore all options for near-term or short-term capacity options in the event of an emergency or a forecast shortfall while a longer-term solution is still being studied and implemented. The procurement of near-or-short-term options to be available in the event of a LIL extended outage or a forecast capacity shortfall may assist in the reduction of some of the significant capital and operating costs projected for Holyrood and Hardwoods to 2030. In particular, the Board considers earlier replacement of Holyrood and Hardwoods, either partially or fully, with a combustion turbine or other supply option to be an issue that needs to be fully addressed.

3. Direction to (i) file a report in the next RRAS Update on the options available to mitigate the duration of LIL outages, including the LIL reinforcements and enhancements that are feasible, their costs and what the resulting risk of outages and their consequence remain after the reinforcement or enhancement and (ii) to file a report in the first half of 2024 on the action and activities it has undertaken in response to the recommendations in the Haldar reports.

Hydro proposed in its September 22, 2023 correspondence that a discussion of these issues be included in the spring 2024 RRAS Update as opposed to a separate filing. Given the extent and significance of these issues and the preliminary findings outlined in the report *Summary of Findings from L3501/2 Failure Investigations* filed on October 4, 2023, the Board believes a thorough and full assessment is required and reiterates its direction on the filing of a separate report in the first half of 2024. This report should include an update on the further work Hydro summarized was being undertaken in its October 4, 2023 reports, including the scope and schedule for the planned work on studying potential enhancements for the LIL.

4. Direction to include a range of electrification scenarios in the sensitivities to be completed on the load forecast in the next update to the RRAS.

The load forecast scenarios outlined by Hydro in its September 22, 2023 correspondence are acceptable. It would assist the Board's and the parties' understanding of the implications of the various load forecasts if Hydro provided the assumptions to be used in developing each load forecast scenario as soon as they are available. **Hydro is directed to file the assumptions for each load forecast scenario as soon as possible and by the end of the first quarter of 2024 at the latest.**

5. Direction to include information in the next update to RRAS on the potential for short-term sales to Quebec.

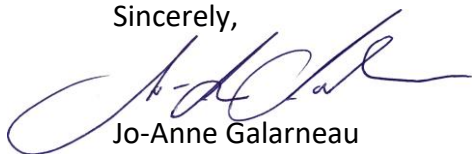
Hydro requested the Board reconsider this direction on the basis that potential sales to export markets do not have any implications for Hydro's expansion plan and such information could have commercial sensitivity implications. The Board did not direct Hydro to perform the specific analysis requested by the Labrador Interconnected Group on the potential for short-term sales to Quebec but stated "it may be helpful to provide additional information on this issue in its

next RRAS update.” Hydro now routinely provides information on sales to certain external markets in its monthly Energy Supply reports. The Board believes that general information on the potential for export sales is related to capacity additions in the province. The Board also notes that there is a process in place to protect confidential information that is filed with the Board which would address Hydro’s concern on filing commercially sensitive information. The Board reiterates its direction that Hydro provide additional information on this issue in the next RRAS update.

In conclusion, the Board reiterates that it is critical that Hydro act expeditiously to complete the reports and analyses required to support a full, transparent and thorough process for the RRAS review, including those directed by the Board to allow for a full, careful and prudent consideration of the reliability and resource adequacy of the current and future electrical system in the Province.

If you have any questions, please do not hesitate to contact the Board’s counsel in this matter, Ms. Maureen Greene, KC, by email mgreene@pub.nl.ca or telephone (709) 726-3175.

Sincerely,



Jo-Anne Galarneau
Board Secretary

JG/cj

ecc **Newfoundland and Labrador Hydro**
NLH Regulatory, E-mail: NLHRegulatory@nlh.nl.ca
Consumer Advocate
Stephen Fitzgerald, KC, E-mail: sfitzgerald@bfma-law.com
Sarah Fitzgerald, E-mail: sarahfitzgerald@bfma-law.com
Bernice Bailey, E-mail: bbailey@bfma-law.com
Public Utilities Board
Maureen Greene, KC, E-mail: mgreene@pub.nl.ca

Newfoundland Power Inc.
NP Regulatory, E-mail: regulatory@newfoundlandpower.com
Industrial Customer Group
Dean Porter, E-mail: dporter@poolealthouse.ca
Denis Fleming, E-mail: dfleming@coxandpalmer.com
Labrador Interconnected Group
Nick Kennedy, E-mail: nkennedy@oktlaw.com