



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

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2019-10-22

Ms. Shirley Walsh
Senior Legal Counsel, Regulatory
Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place, Columbus Drive
St. John's, NL A1B 4K7

Dear Ms. Walsh:

**Re: Newfoundland and Labrador Hydro – Reliability and Resource Adequacy Study –
The Liberty Consulting Group Recommendations – Further Information**

This is further to the Board's correspondence dated September 12, 2019 and Newfoundland and Labrador Hydro's ("Hydro") reply filed on September 27, 2019, both of which are related to recommendations in the Liberty Consulting Group report dated August 19, 2019 setting out a number of immediate actions which should be taken by Hydro. It is noted that Newfoundland Power, the Industrial Customer Group and the Consumer Advocate filed comments as well.

The Board notes the following in relation to the information provided in Hydro's reply:

- i) **Liberty Recommendation #1** (extended bipole LIL outage): Hydro explained that it will file three reports relating to this issue but did not provide firm dates other than to state that the first report would be filed by the end of November.
- ii) **Liberty Recommendation #2** (stakeholder engagement): Hydro explained that it was working to secure appropriate resources and that it would provide further information in the Reliability and Resource Adequacy Study update to be filed on November 15, 2019.
- iii) **Liberty Recommendation #5** (benchmarking of planning reserve margin): Hydro accepted this recommendation. Hydro's actions in relation to this issue will be evaluated by the Board following the filing of the Reliability and Resource Adequacy Study update on November 15, 2019.
- iv) **Liberty Recommendation #7** (Holyrood Thermal Generating Station life extension): Hydro stated that the current plan provides for reliable operation of the steam generating units up to April 1, 2021 and that contingency plans have been developed

for an extension of one to two years. Hydro also explained that it is working on contingency plans for longer term indefinite operation of the Holyrood Thermal Generating Station. Hydro did not provide information related to the contingency plan for the short-term extension of this plant or the work associated with a long-term extension.

- v) **Liberty Recommendation #8** (LIL operation delays): Hydro incorporated LIL unavailability until June 2020 into their base case scenarios in the Winter Readiness report filed on October 10, 2019, however, given the risk that the LIL may not be fully functional for a time frame of two to three years after it is placed in service, the Board believes that Hydro should also provide an assessment of system reliability with respect to alternate scenarios for LIL availability in the 2021 to 2023 timeframe.
- vi) **Liberty Recommendation #9** (LIL monopole availability and uncertainties related to the Holyrood Thermal Generating Station): Hydro explained that lessons learned in relation to the software functionality are being used to inform development of the final bipole software and provide overall reliability and availability of the LIL and that it has been decided that the Holyrood Thermal Generating Station will be kept available in stand-by mode until the LIL is proven reliable. The Board notes that Liberty will continue to monitor the issues surrounding LIL availability through its quarterly reporting.
- vii) **Liberty Recommendation #12** (Holyrood Thermal Generating Station major systems review): Hydro agreed to engage a third party to “validate and further inform” Hydro’s understanding of requirements to continue the operation of the Holyrood Thermal Generating Station. Hydro explained that it anticipates that it will engage the third party and file a capital budget application in the fourth quarter of this year. Hydro did not provide information related to the nature and scope of the assessment or a schedule for the completion of the work or a firm date for the filing of any application for approval of capital expenditures.

To provide clarity with respect to the important issues raised in Liberty’s report and given that, as the Board stated in its September 9, 2019 correspondence, the matters addressed are of an urgent nature the Board requires that Hydro provide:

- i) A further reply by October 31, 2019 setting out the following additional information:
 - o With respect to Liberty Recommendation #1 (extended bipole LIL outage), an update with respect to the work being performed, including the name of the third party performing the engineering review and the schedule for the filing of the three planned reports.
 - o With respect to Liberty Recommendation #7 (Holyrood Thermal Generating Station life extension), details with respect to the contingency plan for the short-term continued operation of the Holyrood Thermal Generating Station beyond April 2021 as well as the work and schedule associated with the long-term contingency plan for the indefinite operation of the Holyrood Thermal Generating Station.

- With respect to Liberty Recommendation #12 (Holyrood Thermal Generating Station major systems review), details of the nature and scope of the assessment which will be conducted, the identity of the third party, as well as a schedule for the completion of the work and firm date for the filing of any application for approval of capital expenditures.
- ii) In the November 15, 2019 Reliability and Resource Adequacy Study update, the following additional information:
 - With respect to Liberty Recommendation #2 (stakeholder engagement) a description of the work to be done and a schedule for this work.
 - With respect to Liberty Recommendation #8 (LIL operation delays) an assessment of system reliability with respect to alternate scenarios for LIL availability, including no availability and varying Holyrood Thermal Generating Station availability in the 2021 to 2023 timeframe.

If you require clarification or have any questions, please contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,



Sara Kean
Assistant Board Secretary

SK/cj

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