

1 Q. **Reference: Application, Five-year Capital Plan (2023-2027), page 6**

2 It is stated “Replace Diesel Plant (2025–2026) – Paradise River (\$10 million total), which is  
3 required to replace the deteriorated diesel generating station, serving Paradise River in  
4 Labrador.”

- 5 a) Is diesel generation consistent with government climate change initiatives?  
6 b) What is the probability that Hydro’s diesel generators will become stranded?  
7 c) Given global, federal and provincial efforts toward a carbon-free society, is it possible that  
8 fuel for diesel generators may not be available in future years?

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11 A. a) In an analysis completed for a separate application, Newfoundland and Labrador Hydro  
12 (“Hydro”) assessed the use of renewable energy sources and determined that such energy  
13 sources are not currently viable for the provision of firm capacity and/or are not consistent  
14 with the least-cost provision of reliable power. Diesel generation is consistent with Hydro’s  
15 legislated mandate for the provision of reliable power at the lowest possible cost and with  
16 current environmental legislation.

17 b) In general, diesel units are the sole source of power in the communities in which they serve.  
18 Hydro, therefore, considers the risk of asset stranding for diesel units to be low. None of the  
19 diesel units planned for overhaul or replacement within the 2023 Capital Budget Application  
20 are at risk of asset stranding within the timeframe of their remaining useful life. Hydro is  
21 unable to comment on the probability that diesel generating assets will be stranded based  
22 on potential changes to legislation that have not yet been tabled nor implemented. Hydro  
23 maintains that the requirement for reliable firm capacity at least cost on isolated systems  
24 currently necessitates the use of diesel generation. Hydro will continue to assess legislation  
25 and advancement of renewable energy and storage technologies in planning its isolated  
26 systems.

1           c) While Hydro believes that it is reasonable to assume that the availability of diesel fuel may  
2           change as a result of shifts in demand as industries transition away from fossil fuel usage in  
3           the coming decades, Hydro is unable to comment on the timing or degree to which diesel  
4           fuel availability will impact Hydro's use of diesel generating units. In support of a separate  
5           previously-filed application, Hydro is assessing the viability of renewable fuels that may offer  
6           significantly improved emissions profiles and may aid in the transition away from traditional  
7           diesel generation, should such a transition be supported by economics (i.e., deemed to be  
8           least-cost), or by legislative changes.