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April 18, 2023

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

Attention: Cheryl Blundon  
Director of Corporate Services and Board Secretary

**Re: Purchase and Replace Last Stage Blades for Units 1 and 2 at the Holyrood Thermal Generating Station – Hydro's Reply**

On March 29, 2023, Newfoundland and Labrador Hydro ("Hydro") filed an application with the Board of Commissioners of Public Utilities ("Board") for approval for replacement of the last stage blades ("LSBs") on Units 1 and 2 at the Holyrood Thermal Generating Station ("Holyrood TGS"), including the purchase of a second set of LSBs, at an estimated cost of \$6,408,700 ("Application").

#### **Party Comments**

On April 12, 2023, Newfoundland Power Inc. ("Newfoundland Power") provided its comments with respect to the Application. Newfoundland Power does not object to the necessity of Hydro's proposed expenditures and agrees that the continued operation of the Holyrood TGS is required to ensure reliable service to customers. However, Newfoundland Power raised concerns regarding the delayed retirement of the Holyrood TGS and the anticipated costs necessary to continue to utilize that asset to ensure continued reliable service to customers. Newfoundland Power submitted that evaluation of alternative sources of supply to the Holyrood TGS should be considered an immediate priority by Hydro since an earlier replacement of the Holyrood TGS capacity could provide both cost and reliability benefits to customers.

On March 31, 2022, as part of the *Reliability and Resource Adequacy Study Review*, Hydro filed the "Assessment to Determine the Potential Long-Term Viability of the Holyrood Thermal Generating Station". The assessment indicated that with capital asset renewal and maintenance investments, the Holyrood TGS was a technically viable option through 2030. Hydro then committed to utilize the results of that study to inform the analysis of future supply options. Hydro's *Reliability and Resource Adequacy Study Review* ("2022 Update") established the need for Holyrood TGS to support the Labrador-Island Link until new resources are added.<sup>1</sup>

Hydro recognizes the need to accelerate the integration of new generation to reduce the dependence and costs associated with the Holyrood TGS.<sup>2</sup> Analyses associated with supply alternatives are ongoing and will be presented as part of the Reliability and Resource Adequacy Study proceeding. These analyses are a top priority for Hydro.

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<sup>1</sup> "Reliability and Resource Adequacy Study Review – Reliability and Resource Adequacy Study – 2022 Update," Newfoundland and Labrador Hydro, October 3, 2022, vol. III, sec. 5.3, p. 21/14–15.

<sup>2</sup> "Reliability and Resource Adequacy Study Review – Reliability and Resource Adequacy Study – 2022 Update," Newfoundland and Labrador Hydro, October 3, 2022, vol. III, sec. 5.3.2, p. 26/3–5.

Hydro notes that there were no comments forthcoming from any of the other parties with respect to Hydro's Application.

**Conclusion**

As noted in Hydro's Application, and conceded to by Newfoundland Power, this project is required to support the reliable and safe operation of the Holyrood TGS at full generation capacity until alternative long-term sources of supply options become available. Hydro respectfully requests that the Board approve the Application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



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