

1 Q. **Reference: Application, Five-Year Capital Plan (2024-2028), page 6**

2 With respect to diesel units, does Hydro have up-to-date information on how diesel units might
3 be impacted by government zero-carbon initiatives? Are these units likely to become stranded?

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6 A. On August 19, 2023, the Government of Canada released its draft *Clean Electricity Regulations*
7 for public consultation. These regulations are intended to “establish a regime for limiting carbon
8 dioxide (CO₂) emissions that result from the generation of electricity from the combustion of
9 fossil fuels.”¹ While these draft regulations remain under review, they are intended to apply to a
10 unit that, on or after January 1, 2025, meets the following criteria:

11 a) has an electricity generation capacity of 25 MW or more;

12 b) generates electricity using fossil fuel; and

13 c) is connected to an electricity system that is subject to NERC² standards.

14 As Newfoundland and Labrador Hydro’s (“Hydro”) diesel gensets utilized for prime-power
15 generation in isolated communities do not exceed a capacity of 25 MW, and are not utilized on
16 an electricity system that is subject to NERC standards, Hydro expects that such units will be
17 exempt from the *Clean Electricity Regulations*.

¹ “Clean Electricity Regulations,” Government of Canada, August 19, 2023, <<https://www.gazette.gc.ca/rp-pr/p1/2023/2023-08-19/html/reg1-eng.html>>.

² The North American Electric Reliability Corporation (“NERC”).