

1 **Q. (Reference Application Schedule C, page 3 of 9, Substation Protection and**
2 **Control Replacements and Substation Ground Grid Upgrades) Why aren't these**
3 **projects included as part of the Substation Refurbishment and Modernization**
4 **project?**
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6 A. The Board's implementation of the Provisional Guidelines in January 2022 necessitated a
7 significant reorganization of Newfoundland Power's annual capital budget application.
8 The Provisional Guidelines introduced new criteria for differentiating between projects
9 and programs, new investment classifications, and new materiality thresholds requiring
10 different levels of evidentiary justification.
11

12 To comply with the Provisional Guidelines and to ensure evidentiary requirements are
13 met, Newfoundland Power separated projects from programs. The Company is now also
14 required to separate items contained within different investment classifications to ensure
15 that the different drivers of the work are clear. Further, single-year projects are now
16 differentiated from multi-year projects because multi-year projects may require review in
17 subsequent years.
18

19 Under the new regime established by the Provisional Guidelines, Newfoundland Power
20 can only effectively combine budget items under a single project where they address
21 shared assets, share similar materiality with respect to cost and scope of work, and are
22 contained in the same investment classification.
23

24 Consequently, the Company now separates individual *Substation Refurbishment and*
25 *Modernization* projects. Previously, this work was combined into a single *Substation*
26 *Refurbishment and Modernization* project. The Company now presents each individual
27 *Substation Refurbishment and Modernization* project as a separate capital project for
28 each substation.¹
29

30 The work performed under the *Substation Protection and Control Replacements* program
31 and *Substation Ground Grid Upgrades* project takes place in different substations. The
32 scopes of work are distinguishable from the four proposed substation refurbishment and
33 modernization projects.
34

35 The *Substation Protection and Control Replacements* program is a program, not a
36 project, and involves replacing substation protection and control systems, including
37 Supervisory Control and Data Acquisition system equipment and protection relay
38 devices. This program is in the Renewal investment classification.
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40 The *Substation Ground Grid Upgrades* project is a project, not a program, and involves
41 upgrading substation ground grids to ensure compliance with *ANSI/IEEE Standard 80-*
42 *2013 Guide for Safety in AC Substation Grounding*. This project is in the Service
43 Enhancement investment classification.
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¹ The definition of a project is set forth in Appendix A of the Provisional Guidelines at page 12 of 18. Consideration should be given to whether a project is characterized by "One identifiable asset or reasonable well-defined collection of identifiable assets (i.e. an enumerated asset list across a defined geography)."