

- 1 **Q:** (Liberty December 17, 2014 Report to Board on *Supply Issues and Power*
2 *Outages Review Island Interconnected System* addressing Newfoundland and
3 Labrador Hydro) With regard to Mr. Antonuk’s background, it is stated
4 (page 8): “*His work in the past several years includes: ... (c) multiple reviews of*
5 *generation planning by electric utilities*”. In Mr. Antonuk’s experience, are
6 utilities always at risk of outages no matter how much generation capacity
7 there is in reserve, and if so, how do utilities balance the risk of outages against
8 cost and the impact on customer rates, or are rate impacts not generally a
9 consideration?
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- 12 **A.** In the practical world, there will always be risks that current capabilities will not be
13 sufficient to avoid customer interruption. The way that utilities essentially
14 universally deal with the limits to what risks can be eliminated through supply
15 resources is to determine those for which they will and will not plan. Utilities
16 identify those contingencies (loss of unit(s) being the best example here) for which
17 they will provide mitigation, and then determine what alternatives and costs are
18 required to do so. Decisions on what alternatives to pursue and when, occur either
19 internally according to the utility’s judgment, or in some jurisdictions, result from a
20 process that involves stakeholder input made in some sort of regulatory proceeding.
21 One example of such a process involves the establishment of benchmarks to be
22 met, such as reserve margins. Alternatively, some jurisdictions identify and perhaps
23 even approve in advance particular resource additions to be made.