



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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Dear Sirs:

Re: Newfoundland and Labrador Hydro – Application for Approval of a Capital Project to Supply and Install 100 MW (Nominal) of Combustion Turbine Generation – Request for Comments

Please be advised that the Board received the above-noted application on April 11, 2014. Notice of the Application was published and Intervenor Submissions were received on April 28, 2014. In its Application Hydro states:

“Due to its experiences in January 2014, Hydro has revisited its LOLH guidelines and has run sensitivity analyses with additional customer electrical loads and higher than expected forced outage rates at its generating stations. Those analyses indicate that it would be prudent, if practicable, to advance the installation of the combustion turbine and to increase the generating capacity of the combustion turbine it installs.”

and

“Given the reliability benefits that would be achievable by having a combustion turbine of approximately 100 MW installed at Holyrood to be in-service for the 2014-2015 winter, Hydro is applying for approval for a capital project for this generation addition.”

In its interim report to the Board on the Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System, Liberty Consulting Group has recommended:

“Hydro should treat the securing of new generation as a first priority; reach a prompt decision on a preferred option and proceed expeditiously towards an in-service date of December 1, 2014 or, if not possible, by December 1, 2015 at the latest.”

In its evidence supporting the Application Hydro further states:

“In order to successfully implement this option or a similarly expedited proposal, early approval is essential.”

Hydro stated a required award date of April 30, 2014 but has advised the Board that the date for approval could be extended until early in the week of May 5, 2014.


The normal regulatory process for reviewing such applications would include requests for information, evidence, submissions and possibly a public hearing. In the context of the timeframe set out by Hydro it appears that the only option may be to grant approval for Hydro to proceed with the project as proposed and subsequently establish a separate process to allow the parties the full opportunity to review the issues of cost and cost recovery.

The Board notes that this is an extraordinary process made necessary by the late filing of the application. The Board also notes that a similar process was also recently approved in Order No. P.U. 38(2013), allowing Hydro to proceed with the installation of diesel units at Holyrood for the purpose of black start.

The Board requests your comments by Friday, May 2, 2014.

If you have any questions please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email jgylinn@pub.nl.ca or by telephone 709-726-6781.

Yours truly,



Cheryl Blundon
Board Secretary

/epj
cc.

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