

June 25, 2020

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

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon,

Re: The Liberty Consulting Group Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System – Monthly Update

On November 21, 2019, the Board of Commissioners of Public Utilities (“Board”) requested that Newfoundland and Labrador Hydro (“Hydro”) provide further information as a result of the findings in The Liberty Consulting Group’s (“Liberty”) Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System. In its response, Hydro committed to providing Liberty and the Board with a monthly status update regarding the schedule for the Labrador-Island Link (“LIL”) software development and testing, updated information in response to the specific requests detailed in the Board’s November 21, 2019 correspondence, and other pertinent information with respect to the Muskrat Falls Project (“Project”). Nalcor Energy (“Nalcor”) has provided Hydro with the following information on various aspects of the Muskrat Falls Project.

COVID-19 Pandemic Effects on Muskrat Falls Project Execution

In late May 2020, Project contractors resumed construction and commissioning activities following a period of being in care and maintenance mode. Care and maintenance mode had been deemed necessary early in Nalcor’s response to the COVID-19 pandemic (“Pandemic”). All Project sites are now working under procedures and work methods in alignment with Project COVID-19 hazard management guidelines. Nalcor has lifted the declaration of force majeure on all Project contracts.

Nalcor continues to assess the impact of the Pandemic on the Project and is evaluating its consequences on Project schedule and cost. Given the duration of the COVID-19 work suspension, it is known there will be both Project schedule and cost impacts; Project completion is delayed at least four months, with the potential that final completion could be delayed an additional two to six months.¹ The Integrated Project Schedule will be updated when greater certainty on the path forward is available.

Labrador-Island Link Software Development and Testing Schedule (Board Request #2)

The Board requested the schedule for LIL software development and testing and for Hydro to advise the Board on any future changes to this schedule, the reason for the change, and the implications of any delay for delivery of power and energy to the Island Interconnected System over the LIL.

¹ Newfoundland and Labrador Hydro, “The Liberty Consulting Group Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System – Monthly Update”, letter, May 26, 2020.

GE Grid’s facility in Stafford, UK continues to operate under its work from home policy for non-essential personnel and software development and testing is continuing.

As previously reported, GE Grid completed all Factory Acceptance Testing (“FAT”) test cases on May 1, 2020; however, bugs were identified during FAT that require fixing. GE Grid continues its process of investigating and resolving bugs and has provided an update to the software development schedule, shown in Table 1 below. As noted during the June 4, 2020 Reliability and Resource Adequacy Study Review technical conference, Nalcor added contingency to GE’s schedule milestones based on past experience and uncertainty related to the COVID-19 Pandemic. Nalcor’s schedule forecast has not changed since the technical conference update.

Table 1: Updated Software Development Schedule

Interim Software (Low Power \leq 450MW)			
GE Milestones	GE Grid Previous Schedule	GE Grid Current Schedule	LCP Forecast
Regression Testing and FAT Complete (Software to Site)	June 29, 2020	July 16, 2020	July 31, 2020
Dynamic Commissioning Complete Low Load (90-225MW)	July 31, 2020	August 24, 2020	September 13, 2020
Trial Operations Start (90-225MW) <i>Trial ops is complete after 30 consecutive days of operation</i>	August 1, 2020	August 25, 2020	September 14, 2020

Synchronous Condenser Binding/Vibration (Board Request #4)

The Board referenced Liberty’s discussion of binding/vibration issues with the Soldiers Pond Synchronous Condensers (“SC”). The Board required Hydro to report on these two issues, including details of the problems and the investigation into their root causes, as well as a plan and schedule to address them.

As previously reported, GE Power started a phased remobilization of personnel to site on May 12, 2020, followed by recommencement of commissioning activities on Synchronous Condenser (“SC”) Unit 2 on May 25, 2020.

Currently, the SC Unit 2 rotor has been successfully balanced, and commissioning of the hydrogen cooling system is ongoing. On-Grid Load Testing is currently scheduled to commence on July 10, 2020. Vibration data will be collected during testing of SC Unit 2 to determine if vibration levels are within acceptable tolerance limits for operation.

Installation of SC Unit 1 bearings and housings is pending completion of SC Unit 2 commissioning. Refurbishment work on SC Unit 3 bearings is ongoing.

GE Power has selected a design build contractor for the foundation vibration remediation work. They are currently working on the design and schedule.

Muskrat Falls Unit 1 Update

While limited construction activity resumed at Muskrat Falls in Labrador in late May, contractor mobilization continued through June. Senior personnel for Andritz Hydro, the turbine and generator contractor, completed self-isolation in mid-June and have returned to site to prepare for resumption of work in July. Unit 1 commissioning is a priority activity. It is forecast that Unit 1 commissioning will be completed and ready for operation² in August 2020.

Should you have any questions or comments about any of the enclosed, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young, Q.C.
Vice President, General Counsel & Corporate Secretary
GPY/kd

ecc: Board of Commissioners of Public Utilities

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² Released for service.