

HAND DELIVERED

October 4, 2019

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

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: Reliability and Resource Adequacy Study – Liberty Recommendations

Background

On November 16, 2018, Newfoundland and Labrador Hydro (“Hydro”) filed its *Reliability and Resource Adequacy Study* (the “Study”) with the Board of Commissioners of Public Utilities (the “Board”). The Study focused on Hydro’s proposed planning criteria and its ability to meet customer and system requirements reliably over a ten-year planning horizon (2019 to 2028). The Liberty Consulting Group (“Liberty”) was engaged by the Board to review the Study, and filed its report *Review of Newfoundland and Labrador Hydro’s Reliability and Resource Adequacy Study* (the “Liberty Review”) on August 20, 2019.

The Liberty Review included 13 recommendations for Hydro in relation to the Study. By letter to Hydro dated September 12, 2019, the Board noted that 7 of the 13 recommendations suggest that Hydro take immediate action, and requested that Hydro file comments on those recommendations by September 27, 2019. In addition, the Board invited the other parties to provide their comments on the recommendations, or Hydro’s comments thereon, by today’s date.

These are Newfoundland Power’s comments.

Hydro’s Comments on Liberty’s Recommendations

As directed, Hydro provided its comments on the 7 Liberty recommendations in a letter to the Board dated September 27, 2019. Hydro accepted the recommendations relating to a stakeholder engagement process (Recommendation #2), the benchmarking of planning reserve margin (Recommendation #5) and an impact assessment of delays in Labrador-Island Link (“LIL”) operation through the coming winter (Recommendation #8). Hydro indicated it would provide updates on these items in either its 2019-2020 Winter Readiness Planning report, to be filed on October 10, 2019, or its annual update to the Study, to be filed on November 15, 2019.

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The remaining recommendations requiring immediate action by Hydro (Recommendations #1, #7, #9 and #12) relate to the current uncertainty surrounding the availability of the LIL in the near term and the possibility that steam production at the Holyrood Thermal Generating Station (“Holyrood”) may be required beyond April 2021. Hydro’s response provided updates regarding its ongoing efforts with respect to these issues, including its plan to engage a third party to assist with assessment of what may be required to further extend the life of Holyrood.

Newfoundland Power’s Comments

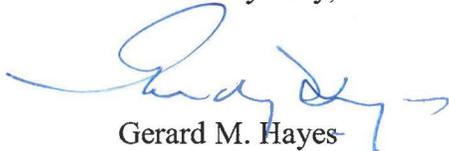
The Liberty recommendations identified by the Board as requiring immediate action highlight the uncertainty regarding reliability of the Island Interconnected system, both in the near term and following the interconnection of the Muskrat Falls Project. Newfoundland Power observes that the future reliability of the system, in particular, reliability of supply over the LIL, has not yet been fully assessed. Furthermore, it is Newfoundland Power’s view that additional evidence will be required for the Board to determine whether mitigating the risk of supply interruptions on the LIL will require further extension of Holyrood’s service life, or some other solution.

In its response to Recommendations #1 and #7, Hydro has committed to providing the Board with additional information and analysis regarding these matters. Newfoundland Power respectfully submits that such information should be shared with all of the parties to the Reliability and Resource Adequacy Review.

Concluding

We trust this is satisfactory. If there are any questions with respect to these comments, please contact the undersigned.

Yours very truly,



Gerard M. Hayes
Senior Counsel

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Newfoundland and Labrador Hydro

Paul Coxworthy
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