



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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2019-09-12

Ms. Shirley Walsh
Senior Legal Counsel, Regulatory
Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place, Columbus Drive
St. John's, NL A1B 4K7

Dear Ms. Walsh:

Re: Newfoundland and Labrador Hydro – Reliability and Resource Adequacy Study – Liberty Recommendations – Hydro's Comments

On November 16, 2018 Newfoundland and Labrador Hydro filed a Reliability and Resource Adequacy Study addressing short and long term integration of the Muskrat Falls Project into the Provincial electrical system as well as proposed changes to Hydro's planning criteria. Liberty Consulting Group was engaged by the Board to review this study and filed its report on August 20, 2019. A number of Liberty's recommendations suggest that Hydro take immediate action, in particular:

- 1) **Recommendation #1** - Hydro should promptly examine the likelihood and the range of consequences of an extended bipole LIL outage under extreme weather circumstances, and should undertake a robust examination of generation options (including continued use of the Holyrood steam units) to mitigate that risk.
- 2) **Recommendation #2** - Hydro should promptly commence a stakeholder engagement process to address VOLL, informed by a sound, contemporaneous examination of extended bipole outage risk and the options, including extension of generation at Holyrood, for mitigating that risk.
- 3) **Recommendation #5** - Hydro should promptly analyze whether differences in its system and those of Manitoba Hydro and Hydro Quebec have any implications for benchmarking its planning reserve margin.
- 4) **Recommendation #7** - Promptly conduct the analyses necessary to assess short-term and indefinite extension of Holyrood's life as a supply resource.
- 5) **Recommendation #8** - Immediately conduct a detailed assessment of the impacts of a delay in LIL operation into and past the coming winter.

- 6) **Recommendation #9** - Resolving the issues that have surrounded LIL monopole availability should continue to form a critical focus and Hydro should ensure that longer-term uncertainties about Holyrood's future do not lead to decisions that compromise its ability to operate reliably now.
- 7) **Recommendation #12** - Engage an entity with substantial experience in boiler construction and repair to conduct a detailed assessment of Holyrood's major systems.

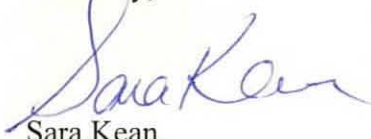
The Board asks that Hydro provide its comments in relation to these recommendations setting out a full explanation as to whether it agrees with each recommendation and; if so, what actions are being taken with associated timelines. Further, where Hydro does not agree with a recommendation it should provide a full explanation as to why including alternative approaches which may be considered.

Given the urgent nature of the issues raised in these recommendations, the Board requests that Hydro provide its comments by Friday, September 27, 2019. The Board will consider these comments, and those of other interested persons filed, by Friday, October 4, 2019 before determining the approach to be taken in the circumstances.

Once the Board has determined the approach which will be taken with respect to the above recommendations, the process to be followed with respect to the full review of the Reliability and Resource Adequacy Study and Liberty's report will be established.

If you require clarification or have any questions, please contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,



Sara Kean
Assistant Board Secretary

SK/rr

Newfoundland and Labrador Hydro

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