

1 Q. **Reference: Application Rev. 1, Volume 1, Holyrood Thermal Generating Station Overview,**  
2 **page 11**

3 If it is necessary to maintain generation production capability at Holyrood TGS beyond March  
4 31, 2022, for example until March 31, 2023, how would this impact the proposed capital budget  
5 expenditures at the plant?

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8 A. As outlined in Newfoundland and Labrador Hydro's ("Hydro") correspondence of September 28,  
9 2020, generation operation at the Holyrood Thermal Generating Station ("Holyrood TGS") has  
10 been extended to March 31, 2023.<sup>1</sup> With this extension, the proposed capital projects for 2021  
11 are not impacted. These projects are required to support safe and reliable generation until 2022  
12 and beyond, and/or to support safe and reliable operation of the synchronous condensing  
13 facility for the long term.

14 The Thermal Plant Five-Year Capital Plan, as outlined in the 2021 Capital Budget Application, was  
15 prepared with the understanding that generation production will cease at the Holyrood TGS on  
16 March 31, 2022. As a result of the extension of this date to March 31, 2023, it is expected there  
17 may be changes to the capital budget expenditures at the plant starting in 2022. These changes  
18 will include the addition of projects required to continue safe and reliable operation for the  
19 additional production time. Such projects could include an overhaul of the Unit 3 steam turbine  
20 valves in 2022, estimated at \$3.4 million,<sup>2</sup> and a boiler condition assessment project in 2022.  
21 Other items such as major pumps and control systems will be re-assessed in consideration of the  
22 expected operating requirements within that extension. Hydro will ensure prudence in its capital  
23 expenditures.

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<sup>1</sup> "The Liberty Consulting Group Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System – Monthly Update," Newfoundland and Labrador Hydro, September 28, 2020.

<sup>2</sup> Reliability and Resource Adequacy Study – 2019 Update," Newfoundland and Labrador Hydro, November 15, 2019.

1 The extension in production operation beyond March 31, 2022 will also result in deferrals of  
2 identified projects that are timed to correspond with the end of steam date. Such projects  
3 include the projects to Replace Stage II Electrical Distribution System, Install New Oil Systems  
4 Unit 3, and Inspect and Upgrade Light Oil Systems. Generally speaking, the deferral duration will  
5 be one year, equal to the length of the operation extension. If further extensions are required,  
6 modifications to the projects could be necessary if the deferral time exceeds the anticipated  
7 reliable life of an asset.

8 Most of the projects in the Thermal Plant Five-Year Capital Plan are required to support long-  
9 term operation of the synchronous condenser and are not be impacted by an extension in  
10 production operation.