

1 Q. On May 14, 2026, the federal government announced its new national energy strategy,
2 "Powering Canada Strong," which includes an expanded role for natural gas. Along with that
3 strategy, there will be a review and amendments to the federal Clean Electricity Regulations to
4 reflect the new approach. On June 1, 2026, the provincial government announced completion
5 of Phase II of the Natural Gas Resource Assessment of the Jeanne d'Arc Basin. In relation to that
6 report, the CBC reported that the Holyrood TGS could be adapted for gas generation¹.

- 7 a) Will Hydro study the merits of converting the Holyrood TGS to a natural gas facility with
8 an extended life beyond 2035?
- 9 b) Will Hydro now study the merits of constructing a new natural gas plant as a
10 replacement for the Holyrood TGS?
- 11 c) How much capacity would a converted Holyrood TGS or a replacement natural gas plant
12 need to be to ensure that expected load can be met?
- 13 d) Could a converted Holyrood TGS or a replacement be supplied directly by piped natural
14 gas from the offshore natural gas fields?
- 15 e) Can the proposed Avalon CT use natural gas as its fuel?
- 16 f) Could the Avalon CT be converted to a combined cycle plant burning offshore natural
17 gas? Would this reduce or eliminate the need for new wind turbines as anticipated in
18 the Reference Plan?
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21 A. Newfoundland and Labrador Hydro ("Hydro") recognizes the potential significance of the
22 province's recent natural-gas resource assessment and the federal government's stated
23 intention to provide greater flexibility for natural gas within Canada's *Clean Electricity*
24 *Regulations*.² While these developments warrant ongoing attention, they do not yet establish a

¹ Fitzpatrick, A., "N.L. government pitching gas developments for energy future," CBC News, June 1, 2026,
<https://www.cbc.ca/news/canada/newfoundland-labrador/n-l-government-pitching-gas-developments-for-energy-future-9.7219329>.

² *Clean Electricity Regulations*, SOR/2024-263.

1 commercially available natural-gas supply for the Island Interconnected System within the
2 province.

3 Accordingly, Hydro has not assumed natural gas as part of its current resource plan and cannot
4 defer the immediate capacity and energy investments required to maintain reliable service.

5 Hydro must continue to advance supply options that are available, proven, technically mature,
6 and capable of meeting system needs within the required timeframe.

7 Should a natural-gas development proposal advance, including development of infrastructure
8 for the delivery of natural gas and policy frameworks to inform the cost of delivered fuel, Hydro
9 would assess the potential opportunity to utilize natural gas through its normal resource-
10 planning and regulatory processes. This assessment would consider the reliability and firmness
11 of supply; timing of required pipeline and fuel-delivery infrastructure, fuel cost, capital and
12 operating costs, technical requirements for existing or proposed generating assets,
13 environmental and regulatory compliance, system reliability, and the comparative cost and
14 performance of other supply alternatives.

15 While Hydro would complete its assessments, as noted above, Hydro notes that the Holyrood
16 Thermal Generating Station (“Holyrood TGS”) has exceeded its intended useful life and
17 continues to experience unpredictable reliability. Given the advanced age of the existing plant,
18 conversion of the plant is not a practical alternative, and conversion of the Holyrood TGS to a
19 gas-fired plant would necessitate tear-down of the existing plant and wholesale replacement
20 with a natural-gas-fired plant.

21 While the Avalon Combustion Turbine (“CT”) could be converted to utilize natural gas, and the
22 selected CT package can be operated in a combined-cycle configuration, Hydro has not included
23 provisions for natural gas or combined-cycle operation in its proposed project. As natural gas
24 development progresses, Hydro would assess the potential opportunity to utilize natural gas
25 through its normal resource-planning and regulatory processes.