

1     **Q.     Reference Application, Capital Programs and Projects, Overhaul Diesel Units (2026) page 9**

2             It is stated *“The introduction and increase of tariffs on spare parts for diesel*  
3             *units will lead to higher prices for the same, as well as add to supply chain issues*  
4             *that are still being experienced from the after-effects of the COVID-19*  
5             *pandemic.”*

6             **a)** What tariffs are being introduced and increased on spare parts for diesel units and  
7             by which countries? Please provide documentation on this.

8             **b)** Please identify the countries of origin for spare parts for diesel units.

9             **c)** Are the after-effects of the COVID-19 pandemic on the supply chain worse than the  
10            effects during the pandemic itself and particularly pronounced for spare parts for  
11            diesel units relative to the other materials and electrical equipment purchased by  
12            Hydro?

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15    **A.    a)** Most of Newfoundland and Labrador Hydro’s (“Hydro”) diesel generating units and spare  
16            parts are manufactured in the United States of America (“USA”). Many of these  
17            components require raw materials imported from other countries, resulting in additional  
18            tariffs. As a result of these tariffs, production costs of gensets and spare parts has  
19            increased, as well as supply chain constraints from the after-effects of the COVID-19  
20            pandemic. Hydro does not have specific documentation regarding the implementation of  
21            tariffs or retaliatory tariffs other than that which is publicly available.

22            **b)** The countries of origin for spare parts for diesel units includes the USA, Sweden, Germany,  
23            and England.

24            **c)** The lead times for new diesel generating units, engines and spare parts are still higher  
25            compared to pre-pandemic, lead times, as a result of production stoppage at  
26            manufacturing plants during the pandemic and high demand afterward. This cost increase  
27            is not only affecting diesel units, and encompasses many other materials and equipment

1 purchased by Hydro, as detailed within the projects and programs in its 2026 Capital  
2 Budget Application. For example, Hydro's Wood Pole Line Management (2026) program  
3 attributes increased expenditures to rising labour costs and contractor pricing due to  
4 global inflation, in addition to increased costs for procurement and expediting of materials  
5 as a result of global supply chain issues.