Q. **Reference: CA-NLH-023, CA-NLH-026 and CA-NLH-045**

The tables show that Hydro spent $789.4 million on Holyrood during the 4-year period from 2022 to 2025 (CA-NLH- 023), and forecasts expenditures of $562.5 million from 2026 through 2030 (CA-NLH- 045). Therefore, during the Bridging Period (2022 through 2030), Hydro expects to spend $1,352 million. Further, recent reliability performance at Holyrood has been poor with DAFOR in the past two years averaging 27.57% (CA-NLH-026, Table 1). In an effort to determine if: i) past expenditures Holyrood TGS have been prudent, ii) Holyrood TGS remains used and useful and iii) proposed expenditures in the 2027 CBA are warranted, please provide the following.

a) The reason that annual expenditures going forward are expected to be much lower than recent historical expenditures even as the plant gets older.

b) An assessment of the reliability benefit from maintaining Holyrood TGS in service from 2022 to 2025 versus its environmental impact and $789.4 million cost.

c) An evaluation of the cost and environmental impact of maintaining one, two and three Holyrood TGS units in service in generation mode in the winter of 2027/28 versus the reliability gain resulting from maintaining the 3 units in generation mode considering customer willingness to pay for reliability improvements.

A. **a)** The early portion of the Bridging Period included “catch-up” expenditures as prior to the bridging period the plant’s operation was extended on an annual basis, which precluded long-term capital planning. Upon the establishment of the Bridging Period, Newfoundland and Labrador Hydro (“Hydro”) proposed, received approval, and executed work that had been previously deferred but was determined to be required to maintain safe and reliable operation through the Bridging Period.

Furthermore, planned expenditures for the period 2027–2030 largely represent routine, known expenditures associated with routine equipment overhauls and inspections, with an allowance for in-service failures. However, the reliability performance of the units has grown increasingly unpredictable, and as such, unplanned capital expenditures including in-service failure expenditures, are anticipated to continue to be required to maintain safe and reliable operation. Hydro is committed to investing necessary capital expenditures to ensure the availability of all three units at Holyrood to support system reliability until such time that generation at Holyrood is displaced by new supply options, such as those currently before the Board of Commissioners of Public Utilities in Hydro's 2025 Build Application.

b) Through the *Reliability and Resource Adequacy Study Review*, Hydro's reliability analysis has consistently demonstrated that the three Holyrood Thermal Generating Station ("Holyrood TGS") units must remain available in order to meet Hydro's established reliability criteria, until such time that adequate incremental generation is added to the Island Interconnected System to facilitate retirement of one or more units. While Hydro has not completed analysis demonstrating the impacts of retirement of the Holyrood TGS for the period requested, Hydro's 2024 Near-Term Reliability Report assessed the impact of having one unit unavailable through the winter period. This demonstrated expected Loss of Load Hours ("LOLH") of 4.1 for the 2024-2025 winter period, compared to Hydro's reliability criteria of 2.8 LOLH. Hydro's 2025 Near-Term Reliability Report demonstrated criteria violations through the 2026-2030 period in scenarios considering a Holyrood TGS DAUFOP[1] of 34%. It can therefore be inferred that retirement of one or more units at the Holyrood TGS would result in substantial reliability criteria violations on the Island Interconnected System.

c) Please refer to part b).

[1] Derated Adjusted Utilization Forced Outage Probability ("DAUFOP").