Q. **Reference: CA-NLH-076**

In light of the high cost of the Makkovik fuel tank inspections and access upgrades (at ~$11,000 per customer):

a) Has Hydro considered reducing the need for all four fuel storage tanks by pairing the diesel plant with a BESS or installing batteries behind customers' meters or other means of reducing diesel plant fuel consumption?

b) Based on past experience, and considering that the largest tank was installed in 2019, have all four tanks been needed or is one possibly redundant or could be made redundant with conservation measures or other means?

A. **a)** Fuel storage tank capacity is designed to provide nine months of fuel storage for the Makkovik Diesel Generating Station. While the addition of battery energy storage systems or customer-side battery installations can provide benefits such as reduced generator run time, the reduction in fuel consumption that could reasonably be achieved would not be sufficient to eliminate a 314,000-litre fuel storage tank, equivalent to 24% of Newfoundland and Labrador Hydro's ("Hydro") total fuel storage capacity in Makkovik. As with any isolated renewable energy project, Hydro would be required to maintain sufficient fuel storage capacity to ensure reliable service in event of battery system failure or an extended period when the system is unavailable.

b) All four tanks are required to meet Hydro's nine-month fuel storage criteria.