

December 17, 2020

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Labrador East Reliability Plan Update

On September 30, 2020, Newfoundland and Labrador Hydro ("Hydro") filed correspondence with the Board of Commissioners of Public Utilities ("Board") indicating that, due to the time frame associated with the in-service of the Muskrat Falls generating units, Hydro is unable to complete the interconnection of the six-kilometre transmission line extension ("L1303")¹ prior to the winter 2020–2021 season and will continue to supply Labrador East using the 138 kV interconnection to Churchill Falls via transmission line L1301/1302 for the upcoming winter season. Hydro anticipates completing the interconnection in the late spring/early summer of 2021, when an outage for the interconnection can be accommodated with minimal customer impact and subject to the availability of generation at Muskrat Falls.

With a focus on the provision of reliable service, Hydro has implemented a reliability plan for Labrador East during the upcoming winter season, similar to that which was in place during the 2019–2020 winter season. In its September 30, 2020 correspondence, Hydro committed to provide monthly updates to the Board on the status of its winter reliability plan in Labrador East beginning in November 2020 and carrying through to March 2021.

The forecasted P50 peak load for Labrador East this winter is 78.3 MW and the forecasted P90 peak load is 79.7 MW. The transfer capacity on the transmission system remains at 76 MW and an additional approximately 29 MW are available from the Happy Valley Gas Turbine and North Plant for peak loading conditions.

Hydro's December 2020 update on the components of its Labrador East Reliability Plan follows.

i. Happy Valley Gas Turbine

Status: Complete

Update: All Annual Work Plan activities are now complete. The gas turbine was tested on December 10, 2020 and was placed in synchronous condenser mode following successful completion of the test.

¹ Approved in Board Order No. P.U. 9(2019).

ii. North Plant

Status: Complete

Update: All Annual Work Plan activities are now complete. The diesel units at the North Plant have been operated several times since August 2020. The most recent run up of the units was successfully completed on November 6, 2020.

iii. L1301/L1302 Inspections

Status: Ongoing

Update: Hydro completed its most recent inspection of L1301/L1302 on November 8, 2020. No defects were found during the inspection and no issues have occurred on the lines since that time. The helicopter inspection planned for December 14, 2020 has been postponed due to poor weather and will be rescheduled for the next suitable day.

iv. Interruptible Service Agreement

Status: Complete

Update: Hydro filed an application with the Board on October 27, 2020 for approval of an interruptible service agreement with Labrador Lynx Limited which provides up to 5.5 MW of interruptible load each month during the term of the agreement.² The Board approved the application in Board Order No. P.U. 31(2020).

v. Operations Protocol

Status: Complete

Update: Hydro has reviewed and updated, as appropriate, the following procedures:

1. Sectionalisation procedures for the Happy Valley distribution system;
2. Labrador East 25 kV Bus Regulation procedure (TOP-P-053); and
3. Procedures for the emergency establishment of the Muskrat Falls – Happy Valley Interconnection in the event of a loss of transmission from L1301.³

vi. Labrador East Customer Communication Initiative

Status: Complete

Update: The Labrador East Communication Initiative has been updated for 2020–2021 and implementation is underway. Hydro representatives have met with all stakeholders to review the Advance Notification Protocol and contingency planning efforts for the coming winter season.

² The agreement indicates an expiry date of the earlier of the end of March 2021 or the in-service date of the Muskrat Falls to Happy Valley Interconnection.

³ As communicated to the Board on March 17, 2020, testing of L1303 was completed earlier in 2020, confirming that in the event of a catastrophic failure of L1301, Hydro is in the position to provide power on a contingency basis to Labrador East over the new system through the energization of L1303.

Other Items

Load Restrictions

Regulation 17, approved by the Board in P.U. 34(2019),⁴ remains in effect and limits large⁵ load additions in Labrador East and West. Hydro will continue to consider any new applications for load in light of this restriction. On November 12, 2020, Hydro filed an application for an exemption to Regulation 17 to provide a service connection to the Department of Justice and Public Safety Building being constructed in Happy Valley-Goose Bay. The Board approved the application in Board Order No. P.U. 34(2020).

Contingency Power

In the event of a catastrophic failure of L1301, Hydro is in the position to provide power on a contingency basis to Labrador East over the new system through the energization of L1303. Such an interconnection would require operating restrictions to mitigate risk to customers and would only be considered in an emergency situation due to the voltage regulation considerations required. Hydro would make a decision based on customer outage exposure using the limited supply from the Happy Valley Gas Turbine and North Plant, L1301 restoration time, forecasted weather, and energization time for the interconnection.

Other Labrador East Reliability Considerations

As previously communicated to the Board,⁶ a consequence of the deferral of the Muskrat Falls to Happy Valley Interconnection is that the 50 MVA transformer in the Muskrat Falls Terminal Station 3 on the North Spur is not available for relocation to the Happy Valley Terminal Station. For the coming winter, overloads that might arise from a power transformer failure in this station would be avoided by the operation of the Happy Valley Gas Turbine and the North Plant.

Hydro is not aware of any other items that could impact the reliability of the Labrador East Interconnected System during the 2020–2021 winter season.

Should you have any questions or comments about any of the enclosed, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/sk

ecc: **Board of Commissioners of Public Utilities**
Jacqui Glynn
PUB Official Email

⁴ Originally approved in Board Order No. P.U. 32(2018).

⁵ 200 kW and greater.

⁶ "Labrador East Reliability Plan Update," Newfoundland and Labrador Hydro, March 17, 2020.

Newfoundland Power

Gerard Hayes
Kelly C. Hopkins
Regulatory Email

Consumer Advocate

Dennis M. Browne, Q.C., Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse

Iron Ore Company of Canada

Gregory A.C. Moores, Stewart McKelvey

Labrador Interconnected Group

Senwung Luk, Olthuis Kleer Townshend LLP
Julia Brown, Olthuis Kleer Townshend LLP