

P.U. 33 (2003)

IN THE MATTER OF the
PUBLIC UTILITIES ACT,
R.S.N. 1990, c. P-47, as amended
(“the *Act*”)

AND

IN THE MATTER OF an
Application by Newfoundland
Power Inc. (“NP”) for written
consent to remove certain of NP’s
diesel generating plants (the “Plants”)
from service pursuant to Section 38
of the *Act*.

DECISION AND ORDER

Application

NP owns and operates (a) a diesel generating plant in a building on land owned by NP on Southside Rd., in St. John’s, NL (the “St. John’s Diesel Plant”); (b) a portable diesel generating plant located in the Grand Bay Substation at Port aux Basques, rated at 700 kW (the “Portable Diesel # 1”) and; (c) a portable diesel generating plant located at the Grand Bay Substation at Port aux Basques, rated at 670 kW (the “Portable Diesel # 2”).

On August 19, 2003 NP filed an Application with the Board of Commissioners of Public Utilities (the “Board”), pursuant to Section 38 of the *Act*, seeking consent to the decommissioning of the St. John’s Diesel Plant as well as Portable Diesel #1 and # 2 (the “Application”).

Concurrent with the filing of the Application, on August 19, 2003, NP advised that it had provided a copy of the Application to the City of St. John's and the Town of Port aux Basques, informing them of NP's intention to decommission the three diesel units.

Several studies performed by NP on the condition and feasibility of the Plants recommend that NP cease to operate the Plants and that they be decommissioned. The reports indicate that a substantial portion of the equipment in the Plants is obsolete, or is in an aged and deteriorated condition, and extensive maintenance and repairs are now required to restore the Plants to safe and reliable operating condition.

The St. John's Diesel Plant was originally installed in 1953 to provide power for station services for the start-up of the St. John's Steam Plant which was built at the same time. The Steam Plant has now been decommissioned. The St. John's Diesel Plant rated at 2,500 kW has not operated for more than a few hours annually during its lifetime and has not been operated at all since 1999. Currently, the Plant does not serve any strategic purpose. Given its size and location it is not useful for system backup in the St. John's region. Considerable capital investment is required to make it operational since it has passed its reliable service life and there are safety concerns with its operation.

In relation to the two Portable Diesel Plants, NP, in its last capital budget application, sought and received approval to proceed with the purchase of a 2.5 MW standby portable generator unit to be stationed in the Grand Bay Substation in the Town of Port aux Basques to replace the two existing diesel units, rated together at 1.37 MW. The Board in Order No. P. U. 36(2002-2003) approved the proposed purchase of the 2.5 MW unit.

NP undertakes in the Application to maintain Portable Diesels # 1 and # 2 until such time as the new larger standby portable generator unit is commissioned to ensure there is no reduction in the availability of service to customers in the Port aux Basques area. This is expected to take place in December, 2003.

On August 22, 2003, the Board provided notice of the Application to the City of St. John's and the Town of Port aux Basques requesting confirmation that: 1) they were aware of NP's intention to decommission the Plants; and 2) that they had no objection to the application. On August 26, 2003 the City of St. John's confirmed its knowledge of and compliance with the Application, and on September 9, 2003 the Town of Port aux Basques confirmed its knowledge of and compliance with the Application.

The Board has considered the Application and the surrounding circumstances from the evidence before it and is guided by the provisions of the *Act* in making its decision. The Board finds that the removal of the Plants from service will not adversely affect the reliability of service provided by NP in its service territory nor will it impair the ability of NP to provide electrical energy in its service territory as required by Section 54 of the *Act*.

ORDER

IT IS THEREFORE ORDERED THAT:

- 1) Pursuant to Section 38 of the *Act*, the Board consents to and approves the decommissioning by NP of the St. John's Diesel Plant: and
- 2) Pursuant to Section 38 of the *Act*, the Board consents to and approves the decommissioning by NP of Portable Diesel #1 and # 2, after the 2.5 MW portable unit approved in P. U. 36(2002-2003) is put into service at the Grand Bay Substation.

DATED at St. John's, Newfoundland and Labrador, this 28th day of September 2003.

Robert Noseworthy,
Chair & Chief Executive Officer.

Darlene Whalen, P. Eng.,
Vice-Chairperson.

G. Fred Saunders,
Commissioner.

G. Cheryl Blundon,
Board Secretary.