

July 4, 2018

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: An Application by Newfoundland and Labrador Hydro for approval of capital expenditures to increase the generating capacity at the Holyrood Thermal Generating Station - Improve Boiler Load Capacity – Units 1, 2 and 3 – Hydro's Reply

The following is Newfoundland and Labrador Hydro's (Hydro) Reply to the Parties' submissions with regard to the above noted Application.

1.0 Application Background

On June 1, 2018, Hydro filed an Application for approval of capital expenditures to increase the generating capacity at the Holyrood Thermal Generating Station - Improve Boiler Load Capacity – Units 1, 2 and 3.

2.0 Hydro's Response

Newfoundland Power Inc. stated in its comments that it supports Hydro's Application. As part of its comments Newfoundland Power stated:

Although the proposed capital expenditures appear justified based on the evidence filed in support of the Application, Hydro's 2014 decision to discontinue use of the MgO fuel additive system appears to have been a significant contributor to the fouling issues. It is not clear from the record whether the decision to decommission the fuel additive system was supported by proper consultation with boiler experts. For this reason, before the expenditures proposed in the Application are approved for recovery from customers, Newfoundland Power submits that the Board should require Hydro to provide reasonable justification of its 2014 decision to decommission the fuel additive system.

With respect to the noted comment from Newfoundland Power, in 2014 Hydro used the best analysis available at that time and determined that the decommissioning of the MgO additive was prudent.

Originally, the MgO additive was added in part to address the Vanadium content of the fuel such that it did not cause fouling in a specific area of the boiler. The fuel specification subsequently changed such that a drop in metals content of the fuel, e.g. Vanadium, inherently removed the problem that the MgO fuel additive was being used to treat, thereby removing the requirement for the MgO fuel additive system.

The issue currently being experienced, which the MgO fuel additive is being added back in to address, is in a different part of the furnace and involves different chemical components than the problem experienced in the past. This information was contained in Hydro's response to PUB-NLH-003, which Hydro submits provides reasonable justification of its 2014 decision to decommission the fuel additive system such that no further procedural steps are required.


Hydro did not receive comments from any other parties.

Hydro respectfully requests that the Board approve Hydro's Application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

Newfoundland & Labrador Hydro



Michael Ladha
Legal Counsel & Assistant Corporate Secretary

ML/bds

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
ecc: Larry Bartlett – Teck Resources Limited

Dennis Browne, Q.C. – Consumer Advocate
Sheryl Nisenbaum – Praxair Canada Inc.
Dennis Fleming – Cox & Palmer