

POOLE ALTHOUSE

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September 6, 2017

Via Electronic Mail & Courier

Newfoundland and Labrador Board
of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2

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

Dear Ms. Blundon:

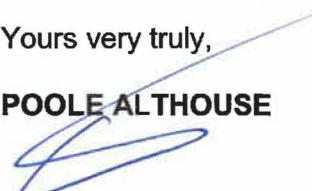
Re: Newfoundland and Labrador Hydro 2018 Capital Budget Application
Requests for Information – IC-NLH-1 to IC-NLH-11

Please find enclosed one original and twelve (12) copies of the Requests for Information of the Island Industrial Customers Group in relation to the above noted Application.

We trust you find the foregoing satisfactory.

Yours very truly,

POOLE ALTHOUSE


Dean A. Porter

DAP/lp

Enclosures
J:\Clients\4648-34\NLBCPU, ltr 2.doc

cc: Ms. Tracey Pennell - Newfoundland and Labrador Hydro
Mr. Dennis Browne, Q.C. - Consumer Advocate
Mr. Paul Coxworthy – Island Industrial Customers
Mr. Gerard M. Hayes – Newfoundland Power Inc.
Mr. Thomas O'Reilly, Q.C. - Cox & Palmer
Ms. Sheryl Nisenbaum – Praxair Canada Inc.
Mr. Larry Bartlett – Teck Resources Limited
Mr. Denis Fleming – Vale Newfoundland and Labrador Limited

IN THE MATTER OF the *Public Utilities Act* (the "Act"); and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for an Order approving (1) its 2018 Capital Budget pursuant to s. 41(1) of the Act; (2) its 2018 capital purchases, and construction projects in excess of \$50,000.00 pursuant to s.41(3)(a) of the Act; (3) its leases in excess of \$5,000.00 pursuant to s.41(3)(b) of the Act; and (4) its estimated contributions in aid of construction for 2018 pursuant to s.41(5) of the Act.

REQUESTS FOR INFORMATION OF THE ISLAND INDUSTRIAL CUSTOMERS GROUP

IC-NLH-1 – IC-NLH-11

ISSUED SEPTEMBER 6th, 2017

Holyrood Overview

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10 IC-NLH-1 At page 1, lines 17-19 of the 2018-2022 Capital Plan, Hydro states that "With the
11 sanction of the Muskrat Falls Project in December 2012, the future of the
12 Holyrood plant has been established." At page 6 of the "Holyrood Overview"
13 section of the Application, the Phase 3 Post Interconnection Phase for the
14 Holyrood Plant (Units 1, 2 and 3) is described as starting "post-winter 2021".
15 Please confirm that based on Hydro's most recent information and assessments,
16 Hydro still expects the Holyrood Plant (Units 1, 2 and 3) to be in the Phase 3
17 Post Interconnection Phase, as described in the Holyrood Overview, by no later
18 than June 2021.
- 19 IC-NLH-2 At page 6, lines 13-15 of the "Holyrood Overview" section of the Application,
20 Hydro states that "Until the end of the winter 2021, the plant will function as a
21 standby facility and depending on the availability of off-island supply, will operate
22 at some level of base loading." What are the projected levels of base loading of
23 the Holyrood plant to (and including) 2021.
- 24 IC-NLH-3 Please confirm that based on Hydro's most recent information and assessments,
25 the forecast use of the Holyrood Plant (Units 1, 2 and/or 3) for some base loading
26 is expected to end by no later than June 2021, or if it is expected to continue to
27 be used for forecast base loading purposes, post 2021, please provide the

1 projected levels of base loading of the Holyrood plant for 2022 and subsequent
2 years.

3 IC-NLH-4 If the Holyrood plant is expected to continue to have a base loading function from
4 2022 onwards, has Hydro, in its Capital Plan, taken fully into account the capital
5 projects necessary or prudent to maintain that function from 2022 onwards? If
6 not, what are the capital projects that can be foreseeably expected to be
7 necessary or prudent to maintain Holyrood's base loading function from 2022
8 onwards?

9 IC-NLH-5 At page 6, lines 4-5 of the "Holyrood Overview" section of the Application, in the
10 Phase 3 description, it states that "There will be no power production from
11 Holyrood after remaining excess fuel has been burnt". Has Hydro been able to
12 determine, in light of the possible variability ("depending on the availability of off-
13 island supply") in base load use of the Holyrood Plant up to at least the end of
14 winter 2021 (and possibly, depending on Hydro's assessments as requested
15 above, continuing into 2022 and onwards), when it will take delivery of "last fuel"
16 at Holyrood for power production purposes (excluding the 100 MW gas turbine
17 deliveries)? Based on Hydro's most recent information and assessments, for
18 what period of time is Hydro planning to contract for continuing delivery of fuel at
19 Holyrood for power production purposes (excluding the 100 MW gas turbine
20 deliveries)? Is it possible to anticipate the point when "remaining excess fuel has
21 been burnt" will be reached?

22 IC-NLH-6 If the Holyrood plant is expected to continue to take delivery of fuel, for power
23 production purposes (excluding the 100 MW gas turbine deliveries) from 2022
24 onwards, has Hydro, in its Capital Plan, taken fully into account the capital
25 projects necessary or prudent to take, store and handle such deliveries from
26 2022 onwards? If not, what are the capital projects that can be foreseeably
27 expected to be necessary or prudent to maintain Holyrood's ability to take, store
28 and handle such deliveries from 2022 onwards?

29 **Bay D'Espoir Expansion**

30 IC-NLH-7 At pages 58-59 of Hydro's Operation Philosophy Report and Critical Customers
31 Report, circulated March 30, 2017 in relation to the Board's ongoing Investigation
32 and Hearing on Supply Issues (Phase 2), Hydro states:

33 *"In order for Hydro to do a complete evaluation of the competitiveness of*
34 *new sources of Island Interconnected System generation, Hydro requires*
35 *an accurate estimate of each reasonable generation alternatives. One*
36 *proposed Island Interconnected System generation alternative is the*
37 *construction of a new hydroelectric generation turbine unit at the Bay*
38 *d'Espoir Power Plant.*

39 *The new hydroelectric generation turbine (unit 8) would be identical to*
40 *unit 7 and would add 154.4 MW of capacity to the Island Interconnected*
41 *System. It could also be started quickly and could be put on-line when*
42 *coming into high load periods or kept on-line for extended periods. Given*
43 *improvements in technology, a new turbine could also be more efficient*

1 *than the existing turbines at Bay D'Espoir. Bay D'Espoir unit 8 is one*
2 *candidate for the least-cost source of additional capacity.*

3 *Hydro is currently completing more detailed feasibility studies and cost*
4 *estimated for this alternative. The results of this analysis will be used as*
5 *input to the evaluation of the competitiveness of new sources of Island*
6 *Interconnected System generation. The construction schedule for a new*
7 *unit is estimated to be approximately 3.5 years, so Hydro is taking action*
8 *to attain the required information for its review."*

9 Please provide copies of the most recent studies or reports, prepared by Hydro
10 or in Hydro's possession, regarding the development of new sources of Island
11 Interconnected System generation, including but not limited to a new turbine at
12 Bay D'Espoir.

13 IC-NLH-8 Do the capital projects in relation to Bay D'Espoir, including for maintenance and
14 enhanced operation of Bay D'Espoir plant as well as for transmission capacity
15 from Bay D'Espoir, as proposed or projected in Hydro's Capital Plan, as filed in
16 the 2018 Capital Budget Application, take into account the reasonably
17 foreseeable capital additions (excluding the cost of construction and
18 commissioning of a new Bay D'Espoir turbine itself) necessary to accommodate
19 the 154.4 MW of capacity which would be added to the Island Interconnected
20 System by a new turbine?

21 IC-NLH-9 Please comment, based on Hydro's most recent information and assessments,
22 on what impact the addition of 154.4 MW of capacity to the Island Interconnected
23 System by a new Bay D'Espoir turbine, would have on the need to maintain
24 Holyrood Plant standby generation (and possibly base loading) functions from
25 2022 onwards, if the new Bay D'Espoir turbine were to be brought into full service
26 by the end of 2021?

27 IC-NLH-10 Does Hydro, based on its most recent information and assessments, foresee any
28 changes to the projected capital expenditures in its 2018-2022 Capital Plan, as
29 filed in the 2018 Capital Budget Application, based on the proposed or projected
30 development of new sources of Island Interconnected System generation,
31 including but not limited to a new turbine at Bay D'Espoir?

32 **Specifically Assigned Charges**

33 IC-NLH-11 Identify any and all proposed or projected capital expenditures contemplated by
34 the 2018-2022 Capital Plan, as filed in the 2018 Capital Budget Application (but
35 not limited only to capital expenditures proposed for 2018 itself), which Hydro
36 intends to seek to have specifically assigned to any of the members of the Island
37 Industrial Customer Group, including providing Hydro's detailed justification for the
38 projected expenditure (if such detailed justification is not already included in the
39 Capital Budget filing) and for the proposed specific assignment of that expenditure
40 to the Island Industrial Customer.

DATED at Corner Brook, in the Province of Newfoundland and Labrador, this 6th day of September, 2017.

POOLE ALTHOUSE

Per: 

Dean A. Porter

STEWART MCKELVEY

Per: 

Paul L. Coxworthy

COX & PALMER

Per: 

Denis Fleming

- TO: The Board of Commissioners of Public Utilities
Attention: Board Secretary
- TO: Newfoundland & Labrador Hydro
Attention: Ms. Tracey Pennell
- TO: Office of the Consumer Advocate
Attention: Mr. Dennis Browne, Q.C.
- TO: Newfoundland Power Inc.
Attention: Mr. Gerard Hayes
- TO: Praxair Canada Inc.
Attention: Ms. Sheryl Nisenbaum
- TO: Teck Resources Limited
Attention: Larry Bartlett