Q. **Tab D; Volume 1: Capital Projects over $200,000 and less than $500,000 (Replace Fuel Storage Tank – Paradise River)**

Hydro states on page D-40, lines 2-4, that "Hydro recommends replacing the existing tank with two smaller 8,000 L tanks. Two tanks of this size provide approximately six weeks of bulk storage for the diesel plant during peak demand periods, which Hydro has determined to be adequate as fuel can be delivered to the Paradise River DGS by truck."

How did Hydro determine that six weeks of bulk storage was adequate? Please provide any analyses conducted by Hydro that supports such an assertion.

A. Newfoundland and Labrador Hydro's isolated systems fuel storage criteria are outlined in "Rural Isolated Systems Generation Planning Criteria."[1] This document specifies the minimum amount of fuel storage Hydro shall maintain on site in locations such as Paradise River where fuel is supplied to the diesel plant as part of a vendor contract. Based on these criteria, the minimum amount of fuel storage capacity required in Paradise River would allow for three weeks of operation.

To achieve three weeks worth of fuel storage in Paradise River, 8,000 L of fuel storage is required. As part of the estimation process, a determination was made that the total installed cost of two 8,000 L fuel tanks would exceed the cost of two 4,000 L tanks by $10,000. The incremental cost was deemed to be justified on the basis it would eliminate the need for any future requirement for temporary fuel storage in the event of tank maintenance.

[1] Rural Planning Standard "Rural Isolated Systems Generation Planning Criteria Doc # RP-S-002," Newfoundland and Labrador Hydro, August 21, 2020, provided as Attachment 1 to CA-NLH-019 of this proceeding.