

1 Q. Hydro has committed to the extension of the Holyrood TGS, as a thermal generation plant, to  
2 March 31, 2024. Hydro’s proposed capital expenditures will extend the expected operational life  
3 of components of the Holyrood TGS well beyond March 31, 2024 (e.g. by 10 years in the case of  
4 the proposed Tank 2 expenditures). In this context, it is reasonable to posit, as a relevant factor  
5 to consideration of Hydro’s proposed supplementary capital expenditures on the Holyrood TGS,  
6 what is Hydro’s best assessment,

- 7 • based on the information presently available to Hydro, and
- 8 • given that even with the continuing uncertainties around the commissioning and post-  
9 commissioning performance and reliability of the LIL, it is not reasonable for Hydro to  
10 resort to *ad hoc* year-to-year capital expenditure decisions of a substantial nature on a  
11 generation asset which is slated for decommissioning,

12 of the likelihood of the Holyrood TGS being extended, as a thermal generation plant, to at least  
13 March 31, 2028 (i.e. a five-year planning horizon). With reference to the foregoing, please  
14 provide Hydro’s best assessment of whether the extension of the Holyrood TGS, as a thermal  
15 generation asset, to at least March 31, 2028 is (choose one): (a) unlikely (a less than 15%  
16 possibility), (b) possible (15% to 50% possibility), (c) probable (51% to 85% probability) or (d)  
17 highly probable (greater than 85% probability).

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20 Newfoundland and Labrador Hydro (“Hydro”) is unable to quantify the probability in the manner  
21 posited at this time. Hydro’s decision to extend the operation of the Holyrood Thermal  
22 Generating Station (“Holyrood TGS”) until March 31, 2024 was made to ensure reliable service  
23 for customers while the Muskrat Falls Hydroelectric Generating Facility and the Labrador-Island  
24 Link (“LIL”) are brought online and proven reliable. This reflects the long-held plan to keep the  
25 Holyrood TGS available as a generating facility for two years following commissioning of the LIL.  
26 Hydro’s conclusions relating to the continued operation of the Holyrood TGS will be presented  
27 in its submission at the end of September, 2022 as part of the *Reliability and Resource Adequacy*

1        *Study Review* proceeding. While the analysis is ongoing, the conclusions will include the  
2        following considerations:

- 3            ● The schedule for commissioning of the LIL has changed over time. There still remains  
4            uncertainty whether the LIL will be commissioned prior to the 2022–2023 winter  
5            season;
- 6            ● Expert perspectives on the reliability of the LIL structures and the impacts of potential  
7            supply shortfalls due to a failure during winter months;
- 8            ● Projected LIL restoration times that could involve three- to six-week time frames;
- 9            ● Requirements for operational experience with the LIL software and system performance  
10           to understand forced outage rates;
- 11           ● Reliability analysis results in consideration of potential ranges of forced outage rates;
- 12           ● Consultant condition assessments of the Holyrood TGS and its suitability as a backup  
13           facility in consideration of recent performance;
- 14           ● Timelines for the potential construction of new sources of supply for the Island  
15           Interconnected System; and
- 16           ● Impacts of forecasted load growth, including sensitivity scenarios for both the Island and  
17           Labrador systems.

18        Hydro acknowledges that uncertainty associated with the Holyrood TGS’ operational timelines  
19        have posed a significant challenge for all stakeholders in recent years. However, Hydro confirms  
20        that the proposed capital investments are absolutely essential for reliable plant operation to  
21        March 31, 2024. Hydro’s submission at the end of September as part of the *Reliability and*  
22        *Resource Adequacy Study Review* proceeding will provide clear direction on future generation  
23        requirements from Holyrood TGS. Timelines will be confirmed, and Hydro and its stakeholders  
24        will have a clear basis for determinations regarding investment and reliability.