

1 Q. Reference: *Purchase 12MW of Diesel Generation (Revised)*, Page 1, Lines 8-15.

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3 *“As part of these reviews and in light of recent events in the supply of electricity on*  
4 *the system, Hydro has considered the following items in its provision of reliable*  
5 *electricity supply:*

6 1. *There is a risk of a shortfall of capacity for customers on the Avalon*  
7 *Peninsula due to customers forecasted needs on the Avalon;*

8 2. *There has been an increase in availability concerns regarding Hydro’s*  
9 *thermal generating units increasing the risk of a capacity shortfall; and*

10 3. *There is currently a material reduction in water available to Hydro for*  
11 *hydraulic generation.”*

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13 The *Bi-weekly Energy Supply Report for the Island Interconnected System for the*  
14 *Period Ending February 25, 2016* submitted by Hydro on March 2, 2016, states, at  
15 page 3: *“On February 26, 2016, in conjunction with VISTA’s recommendations,*  
16 *Hydro suspended the use of standby generation for water management*  
17 *considerations while continuing to maximize Holyrood.”* In light of the VISTA  
18 recommendation of February 26, 2016, does Hydro still consider the “material  
19 reduction in water available to Hydro for hydraulic generation” a justification for  
20 the purchase of the 12 MW of diesel generation?

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23 A. As noted in the report, the use of the diesels for system support in response to low  
24 hydrology is a *benefit* of purchasing the diesels, but alone is not proposed as  
25 justification for the purchase (See Section 3 Additional Benefits of Diesels of Diesels  
26 in Hydro's Standby Fleet and Section 3.3 2016 Standby Generation Operation in  
27 Response to Low Hydrology).

1           Therefore, even in light of the VISTA recommendation of February 26, 2016, Hydro  
2           still considers the “material reduction in water available to Hydro for hydraulic  
3           generation” results in a *benefit* when considering the purchase of the 12 MW of  
4           diesel generation.

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6           During January and February, 2016 the diesels played an important part in  
7           maintaining system reliability. While Vista recommended a change at the end of  
8           February, likely due to the early spring run-off, Vista may indeed again recommend  
9           increased thermal generation before winter concludes.

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11           In Section 2.4 Diesels: Required Capacity to Meet P90 Peak, of the report *Purchase*  
12           *of 12 MW of Diesel Generation (Revised)*, page 8, line 8-10 states:

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14                           *On the basis of this analysis, the Holyrood diesel generators are*  
15                           *required to ensure the adequacy of supply for a P90 peak loading*  
16                           *condition on the Avalon Peninsula in the event of a single worst-case*  
17                           *contingency involving the loss of transmission line TL202 or TL206.*

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19           Therefore, the justification for purchasing the diesels is so that Hydro can ensure  
20           compliance with System Planning Criteria, as discussed in Section 2.4 of the report.