

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**MEDIA RELEASE
August 19, 2016**

**INVESTIGATION AND HEARING
Supply Issues and Power Outages on the
Island Interconnected System**

Phase Two report of The Liberty Consulting Group released

The Board has today released the Phase Two report of The Liberty Consulting Group with respect to the investigation and hearing into supply issues and power outages on the Island Interconnected system. This report provides Liberty's assessment of adequacy and reliability of the Island Interconnected system to meet customer load both up to and after interconnection with Muskrat Falls.

Liberty concludes in its report that continuing problems with Hydro's thermal generating units and the delay in the in-service date for Muskrat Falls increase the risk of outages on the Island Interconnected system until interconnection. Liberty's opinion is that new supply will be needed before interconnection, and will continue to be needed after to mitigate the impact of extended outages on the Labrador Island Link. While the Maritime Link provides an opportunity for additional supply, Liberty notes that the extent to which it can be relied on and the competitiveness of such supply are not certain at this time and recommends further study.

Liberty notes that "many of Hydro's past issues, including the major outages in 2013 and 2014 and the voltage collapse of 2015, were as much or more due to organizational issues as they were due to system inadequacies." As a result Liberty believes that it is urgent that Hydro make improvements to its operating, planning and other technical capabilities. Liberty also identifies the transition to operations following Muskrat Falls interconnection as a significant challenge facing Hydro and one which will require a major transformation of the utility. According to Liberty, issues previously identified in relation to Hydro's operating culture and its approaches to planning, reliability analyses, system operations and asset management must be addressed, if there is to be successful, reliable operation of the Labrador Island Link after interconnection.

Liberty's report will be considered as part of Phase Two of the Board's investigation, which will include an opportunity for anyone interested to file letters of comment, make a presentation and attend the hearing. A public notice in relation to Phase Two will be issued in the fall.

A copy of Liberty's Phase Two report released today is available on the Board's website (www.pub.nl.ca) or by request from the Board Secretary.

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