



Newfoundland and Labrador Hydro
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January 10, 2022

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

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

Dear Ms. Blundon:

Re: Long-Term Supply Plan for Southern Labrador – Phase 1 – Status Update Regarding the Suspension of the Review Schedule – Response to Board's Questions

On December 21, 2021, the Board of Commissioners of Public Utilities ("Board") requested responses to questions related to the suspension of the review schedule for the Long-Term Supply Plan for Southern Labrador – Phase 1. Enclosed please find Hydro's responses to the questions posed by the Board.

1. Please confirm the identified concerns in Attachment 1¹ associated with the use of the mobile generating units in Charlottetown have been consistent since Hydro implemented the solution following a fire in October 2019. If not, when were these concerns identified?

The concerns identified in Attachment 1 have been consistent since the implementation of the mobile generators on a temporary basis in Charlottetown following the October 2019 fire. As previously noted, Hydro completed capital work to ensure that the mobile generation was as safe and reliable as possible² and has also stationed a spare mobile generating unit on site for ease of access should it become required. The concerns identified in Attachment 1 are associated with the use of mobile generation and are therefore expected to remain until the implementation of a long-term, reliable supply solution.

2. Does Hydro anticipate any additional capital requests to address the concerns identified in Attachment 1? If yes when is the request expected to be filed and what concern(s) will be addressed?

As a long-term supply solution must be implemented to address the concerns identified in Attachment 1, Hydro does not anticipate submitting capital requests further to those completed as described in Hydro's March 9, 2020 "Charlottetown Diesel Generating Station Preparation for

¹ Throughout this response, Attachment 1 is referring to Attachment 1 of correspondence "Long-Term Supply Plan for Southern Labrador – Phase 1 – Status Update regarding the Suspension of the Review Schedule," Newfoundland and Labrador Hydro, December 13, 2021.

² Please refer to "Charlottetown Diesel Generating Station Preparation for Winter Operation – Final Report," Newfoundland and Labrador Hydro, March 9, 2020 for further information.

Winter Operation – Final Report”³ for the purpose of addressing these concerns. Hydro’s economic analysis of the alternatives determined that phased interconnection of the southern Labrador communities is the least-cost solution for long-term supply in southern Labrador⁴ as well as reflecting the most prudent approach to addressing the concerns identified in Attachment 1.

While there is no planned capital work in addition to Hydro’s long-term solution proposal, it is possible that Hydro may need to undertake capital work on the mobile generators in advance of the commissioning of Phase 1 to address issues which may subsequently arise and result in an unacceptable risk to safety, reliability, or the environment.

- 3. Please confirm Hydro’s proposed Long-Term Supply Plan for Southern Labrador – Phase 1 does not include any work on the existing mobile generation in Charlottetown for the 2021–2022 winter season.**

Hydro confirms that its proposal does not include any work on the existing mobile generation in Charlottetown for the 2021–2022 winter season.

- 4. Please confirm if Hydro’s proposed Long-Term Supply Plan for Southern Labrador – Phase 1 is approved as submitted the mobile generation in Charlottetown will remain in place until commissioning of Phase 1 in September 2024.**

If Hydro’s proposal is approved as submitted, the mobile generation in Charlottetown will remain in place until commissioning of Phase 1; however, the suspension of the review schedule increases the risk of a delay in commissioning beyond the estimated Phase 1 commissioning date of September 2024. Hydro would endeavour to expedite its project execution schedule to minimize the potential delay in project completion as much as possible.

- 5. Please confirm that all reasonable measures have been taken to address the identified concerns.**

Hydro believes it has taken all reasonable measures to support the safe and reliable operation of the temporary mobile generation in Charlottetown through the capital work undertaken in 2019 and 2020, maintaining a spare mobile generating unit on site, and its ongoing operating and maintenance practices.

- 6. Please confirm that there are no other measures which Hydro believes should be taken at this time considering the delay associated with Hydro’s request for a pause in the Application process and the resulting potential that this matter may not be concluded until mid to late 2022.**

Hydro does not believe there are other measures which should, or can, be taken at this time.

³ Please refer to “Charlottetown Diesel Generating Station Preparation for Winter Operation – Final Report,” Newfoundland and Labrador Hydro, March 9, 2020 for further information.

⁴ As part of its evaluation of options for a long-term solution, Hydro considered undertaking the capital work which would be required to address enough of the concerns identified in Attachment 1 to make it possible to continue to use the existing generators for long-term supply in Charlottetown. This was reflected as Alternative 1 in Hydro’s analysis and had an estimated cost of approximately \$10.4 million. This alternative was not determined to be least cost when compared to other alternatives considered by Hydro.

Update on Stakeholder Consultation

Hydro continues to advance its additional stakeholder consultation sessions as noted in Hydro's December 13, 2021 correspondence.⁵ To date, Hydro has held four additional meetings and has meetings scheduled for the week of January 10 with the Town Councils of Port Hope Simpson, Charlottetown and St. Lewis and the week of January 17 with the Town Council of Mary's Harbour. Potential dates have been proposed, but not yet confirmed, for a meeting with the Combined Councils of Labrador. Hydro is also in the process of seeking a meeting with MP Yvonne Jones.

Since its last update, Hydro received correspondence from the Town of Charlottetown⁶ advising of its support for Hydro's proposal and their requirement for a long-term supply solution. Hydro also received correspondence following its meeting with NunatuKavut Community Council ("NCC") advising of its desire for further information and additional engagement sessions. Hydro is committed to working with NCC on matters of interest. For transparency, Hydro has enclosed the letters from the Town of Charlottetown and NCC with this correspondence.

Engagement is continuing in the immediate term and Hydro will provide the Board with a summary of the outcome of its additional stakeholder consultation sessions by January 31, 2022. The implementation of a long-term supply solution for customers in Charlottetown remains an urgent priority for Hydro.

Should you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/kd

Encl.

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
PUB Official Email

Labrador Interconnected Group

Senwung F. Luk, Olthuis Kleer Townshend LLP
Julia K.G. Brown, Olthuis Kleer Townshend LLP

Consumer Advocate

Dennis M. Browne, QC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis
Bernard M. Coffey, QC

Newfoundland Power Inc.

Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email

Industrial Customer Group

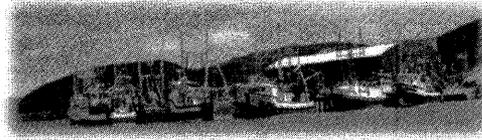
Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse

⁵ "Long-Term Supply Plan for Southern Labrador – Phase 1 – Status Update regarding the Suspension of the Review Schedule," Newfoundland and Labrador Hydro, December 13, 2021.

⁶ Hydro received the correspondence from the Town of Charlottetown, dated November 25, 2021, on December 20, 2021.

Town of Charlottetown

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November 25th, 2021

Newfoundland and Labrador Hydro Head Office
Hydro Place, 500 Columbus Drive
P.O. Box 12400
St. John's, NL
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Re: Need for a Powerplant in Charlottetown

NL Hydro Board of Directors,

The Town Council of Charlottetown is formally requesting a resolution to the power situation in our community. Most notably the need of a new Power Plant servicing the communities of Charlottetown and Pinsents Arm.

After losing the Charlottetown Power Plant to a fire in November 2019 our town council has waited for resolution to the power issues in our community. It was not until May 5th of this year, a year and half after the fire, that a meeting took place between the Charlottetown Community Council and NL Hydro representatives. During this meeting the Charlottetown Community Council was informed that NL Hydro understood our communities need for a new Power Plant, with executives outlining a plan for a regionalized super diesel plant to be placed in the community of Port Hope Simpson. This plant was to provide power to the communities of Charlottetown, Pinsent Arm, Port Hope Simpson, St. Lewis, and Mary's Harbour. NL Hydro addressed our councils concerns that a super diesel plant would be detrimental to the environment, stating that 20% of the power would be offset by renewable resources. Also, the executives addressed the town councils' concerns regarding lose of employment, stating that no positions would be lost but would be repurposed. Though no situation was ideal, our council viewed the solution to be satisfactory and support the project with our communities need for a new power solution outweighing the concerns.

However, similar concerns have been raised by other communities and have managed to stall the project. This not acceptable with our town council. The reasons outlined to the PUB for not moving forward with the super diesel plant by our neighboring communities were the same as ours, but they have Power Plants and therefore are not as considerate of the situation in Charlottetown and Pinsents Arm. Therefore, if NL Hydro is not going forward with the super diesel powerplant they

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can build a powerplant in Charlottetown now and look at a renewable resource energy powerplant in the future. Also, for our council's willingness to work along side NL Hydro, we would like NL Hydro to consider a site in Charlottetown for the future renewable resource plant.

With the board of directors for NL Hydro please contact the town office at 709-949-0299 or by email at ctown@nf.aibn.com to set up a meeting with our Town Council. At this meeting we can determine the current needs and future regional needs and put a plan in place to have sustainable power in Charlottetown by 2023.

Thank-you,



Rick Oram, Mayor
On Behalf of Charlottetown Town Council

December 16, 2021

Jennifer Williams
President and CEO
NL Hydro
PO Box 12400
St. John's, NL A1B 4K7
VIA EMAIL: JenniferWilliams@nlh.nl.ca

Dear Ms. Williams,

On behalf of the NunatuKavut Community Council (NCC) and Nunacor, I thank you for meeting with us on two different occasions over the past month to provide more information on NL Hydro's Public Utilities Board (PUB) application for approval of the Construction of Phase 1 of Hydro's Long-term Supply Plan for Southern Labrador.

Our team certainly appreciated learning more about this project and having an opportunity to voice the concerns we expressed in previous correspondence. While we share the urgency in finding a longer-term energy solution for our coastal communities in NunatuKavut, especially Charlottetown, we want to ensure we take the time that is necessary to undertake a thorough review of the information available on this project. This will include consideration of the energy security needs expressed by NunatuKavut communities as part of our ongoing community-based energy research. We have hired Dunsky Energy Consulting to assist us with this important work. Following our own initial internal assessment, as well as that of our consultant, we offer the following for NL Hydro's consideration:

- Given the gaps identified to date, we strongly advise that NL Hydro extend the deadline of its response to the PUB of to allow for a more fulsome exploration of the role that renewable energy resources and demand-side management strategies could play to reduce the reliance on diesel generation over the timeframe under examination. In doing so, we ask that NL Hydro gauge the uncertainties around load growth, project phases, technology innovation, and other risks including cost of carbon and diesel fuel cost.
- The current analysis only compares options based on their relative cost to NL Hydro. Considering the communities' interest in the systems, and the overall context of electricity provision in the province, we ask that the various options are also compared from a societal perspective that accounts for the cost of carbon emissions, local economic benefits from distributed renewable energy generation and demand-side management investment, among other considerations.

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- We request that NL Hydro clearly define how and under what conditions renewable energy could be added to the proposed system. We would also like to see explained how the proposed plan will impact the financial viability of adding distributed renewable energy to the system, and the schedule of possible renewable energy investments. This analysis should also include an indication of how the renewable energy and storage systems would be compensated for their capacity benefits, as well as their energy benefits.
- We ask that we move expeditiously to explore your suggestion of a joint working group to facilitate our ongoing work relating to this process. This would include discussions around determining that this group might look like and its scope of work.

NCC will continue to work with Dunsky on a thorough review of the supply plan proposal over the coming weeks. Once we receive your response to the above considerations, we will be better positioned to further our analysis and reconvene in the new year. We are hopeful that, through these discussions, we can continue to build on our Community Development Agreement and strengthen and further improve the relationship between NCC and NL Hydro for the benefit of NunatuKavut Inuit and the sustainability of our communities.

Nakummek,



Todd Russell, President
NunatuKavut Community Council