

1 **Q. In its response to PUB-NP-009 in the 2021 Capital Budget Application,**
2 **Newfoundland Power indicated that it commenced an evaluation of one of its hydro**
3 **production facilities to determine whether it should be retired in the near-medium**
4 **term. Please provide an update on this evaluation.**
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6 A. In 2020, Newfoundland Power commenced a study to evaluate whether one of its small
7 hydro production facilities should be retired. The scope of the study effectively includes
8 two stages.
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10 The first stage is to determine the requirements for continued operation of the hydro
11 production facility. This includes a dam safety evaluation and cost estimations to
12 rehabilitate the facility including the dam and associated structures, generator, turbine,
13 protection and control devices, and the powerhouse. If the cost of production over the
14 long-term is less than the marginal cost of energy and the value of avoided new capacity
15 additions, the Company will consider extending the life of the hydro production facility.
16 Otherwise, Newfoundland Power will proceed to the second stage of the study.
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18 The second stage of the study is to determine the scope of work and estimated costs
19 associated with the full decommissioning of the hydro production facility. This will
20 involve an environmental assessment and stakeholder engagement to ensure the facility
21 and associated infrastructure are reinstated to a condition that considers both
22 environmental requirements and stakeholder feedback.¹ The results of the environmental
23 assessment and stakeholder engagement may require additional costs to be incurred in
24 decommissioning the hydro production facility.²
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26 The first stage of the study is anticipated to be completed in 2021. The second stage of
27 the study, if required, is anticipated to commence in 2021 and conclude in 2022. The
28 outcome of the study will determine the least cost alternative for Newfoundland Power
29 customers to address the future of the hydro production facility.
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31 See response to Request for Information PUB-NP-002 for further information on the
32 process regarding the decommissioning of a Newfoundland Power hydro production
33 facility.

¹ Decommissioning of a hydro plant involves potential changes to water flows and water storage levels associated with the hydro plant's infrastructure including the reservoir, penstock, tailrace, and spillway. Changes to water flows and water storage levels can affect the environment including fish and wildlife habitats. Changes to water flows and water storage levels can also affect stakeholders such as property owners and municipalities.

² For example, Newfoundland Power may be required to maintain water levels for environmental reasons to ensure fish and wildlife habitats are not negatively affected. Newfoundland Power may also need to maintain water levels for property owners, such as cottage owners, who have property close to the hydro reservoir.