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January 31, 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: *Reliability and Resource Adequacy Study Review – 2021–2022 Winter Readiness Planning Report – Update – January 2022***

On December 10, 2021, Newfoundland and Labrador Hydro ("Hydro") filed its "2021–2022 Winter Readiness Planning Report" ("Report"). At the time of filing, Holyrood Thermal Generating Station's ("Holyrood TGS") Unit 2 and Bay d'Espoir Unit 5 had not been returned to service and a number of winter readiness activities and critical spares deliveries were outstanding.

Hydro committed to filing an update, contained herein, regarding these items with the Board of Commissioners of Public Utilities ("Board") in January 2022.

### **Holyrood TGS**

Unit 2 was returned to service on January 13, 2022 following replacement of the failed T2 power transformer and replacement of a faulty oil deflector to address an oil leak on a turbine bearing. Upon return to service, the outstanding winter readiness activities associated with Unit 2 were completed.

One of the two outstanding spares<sup>1</sup> for Holyrood TGS was expected to arrive in January; however, the item is now backordered and not expected until March 24, 2022. Hydro has identified an available alternate relay model number and is verifying its compatibility prior to purchase. This relay is not a highly consumed item and is used in the control circuit for various pumps which have redundancy.

A qualified vendor was identified for the remaining outstanding spare and Hydro is awaiting a quote. General Electric is also contacting their vendors to help identify an alternate source. Hydro has confirmed that the item can be acquired from their spares inventory in Bay d'Espoir in the unlikely event of failure.

### **Hydro Generation**

Bay d'Espoir Unit 5 was returned to service on December 20, 2021 following the completion of capital works. All remaining winter readiness activities were subsequently completed.

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<sup>1</sup> This item is listed as a critical spare for three different components. For reporting purposes this is counted as three items.

Regarding the spare transformer for Upper Salmon, since filing the December report, Hydro has received a repair proposal from the vendor to address multiple identified issues with the transformer. Given the nature and extent of required repairs, Hydro is concerned about the quality of the transformer and the repair proposal remains under review. Hydro is considering all options to acquire a reliable spare transformer and, as such, does not anticipate having a spare in place this winter. Delay in delivery of this item is unlikely to affect reliability of generation as the existing equipment is in good condition and probability of failure is low.

### **Gas Turbine Operations**

The Gas Turbine Purchase Capital Spares Project includes the procurement of four spare components. Three of these were received in 2021. The fourth component, a lube oil pump for the Happy Valley Gas Turbine ("Happy Valley GT"), has been manufactured but not yet delivered. Since filing its last report, Hydro has experienced performance issues with the vendor. Hydro is pursuing all options to remedy the situation with the vendor and secure delivery of the lube oil pump. With completion of the Muskrat Falls – Happy Valley Interconnection, voltage support from the Happy Valley GT is unlikely to be required during the 2021–2022 winter period and the likelihood of failure of the existing pump is considered low.

### **L1301 Repairs**

Following completion of the Muskrat Falls – Happy Valley Interconnection, Hydro proceeded with required repairs to transmission line L1301.<sup>2</sup> Efforts to repair damage to transmission line L1301 in December were substantially complete when a workplace safety incident occurred, resulting in suspension of the work and the issuance of a stop work order from the Service NL. Hydro has been working with Service NL to ensure a safe work plan is in place to complete the work. On January 19, 2022, Service NL approved Hydro's plan to access the site to finalize the investigation and gather information to advance the restoration plan. Hydro accessed the site on January 22, 2022 and is now preparing the detailed repair work method to submit to Service NL. A timeline for completion of repairs will be confirmed upon approval of the restoration plan.

Hydro continues to monitor the performance of its assets and no new system concerns have been identified since the December 10, 2021 filing. Hydro remains confident in its ability to reliably serve customers during the 2021–2022 winter season. Hydro will provide a further update on outstanding items in February.

Should you have any questions, please contact the undersigned.

Yours truly,

### **NEWFOUNDLAND AND LABRADOR HYDRO**



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

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<sup>2</sup> L1301 sustained damage during severe weather conditions on November 25, 2021, prompting Hydro to proceed with the Muskrat Falls – Happy Valley Interconnection to expedite restoration of service to customers in Labrador East.

Ms. C. Blundon  
Public Utilities Board

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ecc:

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