Q. ENERGY SUPPLY

PUB 31.0 (RE: B-12, Wesleyville Gas Turbine Overhaul)

PUB 31.1
Explain why the conclusions of Rolls-Royce (Volume II, Energy Supply, Appendix 2, Attachment A, p. 2) were not followed.

> **"The gas generator was inspected prior to the move and the recommendation at that time was to have the unit sent to an approved overhaul facility for repair prior to running the unit."**

A. The recommendations of both Rolls-Royce reports are being followed, but at a more appropriate time.

Relevant to the relocation of the Salt Pond gas turbine, there have been three inspections of the gas turbine: the Trans Canada Turbine inspection in 2000; the first Rolls Royce inspection in 2003 prior to moving the gas turbine from Salt Pond; and the second Rolls Royce inspection after the gas turbine was relocated to Wesleyville. The Trans Canada Turbine inspection carried out prior to the initial planning of the relocation project was largely positive. Both Rolls Royce inspections in 2003 recommended an overhaul of the gas generator (engine).

At the time of the first Rolls Royce inspection, in March 2003, Newfoundland Power was in the midst of this large relocation project, which had already been delayed as a result of reliability problems on the Burin Peninsula in 2002. A further delay would significantly impact an ongoing project, with specifications and tendering processes having to be changed, likely resulting in increased costs and a much later completion of the relocation. Further, a better approach to the overhaul would likely result if it could be done on a planned basis, including preparation of a proper specification and obtaining competitive bids.

Another aspect that influenced the Company's decisions at the time of the 2003 Rolls Royce inspection was the nature of Newfoundland Power's use of the gas turbine. Unlike many of the gas generators serviced by Rolls Royce, the Wesleyville gas generator is not a continuous service unit. It was to be operated infrequently in response to outages and system requirements. In Newfoundland Power's judgment, the risk to the unit associated with using the gas turbine on that basis until proper arrangements could be made for a scheduled overhaul was acceptable.