

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

AN ORDER OF THE BOARD

NO. P.U. 28(2021)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 of a capital expenditure to purchase a diesel
10 generating unit for the Ramea Diesel Generating
11 Station pursuant to section 41 of the *Act*.
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13

14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
16 and is also subject to the provisions of the *EPCA*; and
17

18 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,
19 purchase or lease of improvements or additions to its property without prior approval of the Board
20 where a) the cost of construction or purchase is in excess of \$50,000, or b) the cost of the lease is
21 in excess of \$5,000 in a year of the lease; and
22

23 **WHEREAS** in Order Nos. P.U. 2(2021) and P.U. 11(2021) the Board approved Hydro’s 2021
24 Capital Budget in the amount of \$107,452,400; and
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26 **WHEREAS** the Board approved supplementary 2021 capital expenditures
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- 28 (i) in Order No. P.U. 17(2021) in the amount of \$108,000 to top up the 2021 Allowance for
29 Unforeseen Items;
30 (ii) in Order No. P.U. 18(2021) in the amount of \$443,000 for the overhaul of the Holyrood
31 Thermal Generating Station Unit 1 Boiler Feed Pump East;
32 (iii) in Order No. P.U. 20(2021) in the amount of \$350,000 for the purchase of diesel
33 generator Unit 2102 for Charlottetown, Labrador;
34 (iv) in Order No. P.U. 27(2021) in the amount of \$3,479,300 in 2021, \$12,281,700 in 2022
35 and \$53,600 in 2023 for the construction of an interconnection between Star Lake
36 Terminal Station and Valentine Terminal Station with costs to be recovered from
37 Maritime Gold Corporation; and

1 **WHEREAS** on July 28, 2021 Hydro filed an application (the “Application”) with the Board
2 requesting approval of a capital expenditure in the amount of \$2,436,800 for the purchase of a
3 diesel generator unit for use in the Ramea Diesel Generating Station (the “Ramea Station”) and
4

5 **WHEREAS** the Application stated that the Ramea Station holds three 925 kW generating units
6 which are used to provide electrical service to the community; and
7

8 **WHEREAS** the Application stated that the Ramea system is also served by approximately 500
9 MWh of wind generation annually which is an intermittent, variable generation source that cannot
10 provide firm, reliable capacity and, therefore, sufficient diesel generation is required to ensure
11 sufficient capacity to meet demand; and
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13 **WHEREAS** the Application stated the most utilized unit in Ramea in 2020, Unit 2047,
14 experienced a catastrophic engine failure on May 15, 2021 which included a connecting rod being
15 ejected through the side of the engine block; and
16

17 **WHEREAS** the Application stated that the Unit 2047 engine is not repairable and a new engine
18 is no longer available from Caterpillar and, as a result, the full unit must be replaced; and
19

20 **WHEREAS** the Application stated that, without all three generating units during the winter, peak
21 loads could exceed the firm capacity of the Ramea Station, resulting in outages to customers; and
22

23 **WHEREAS** the Application stated that, as a short-term emergency solution only, Hydro plans to
24 install a retired engine from a unit that was replaced in 2021, allowing Hydro to continue to serve
25 Ramea customers through the winter operating season while also carrying out planned
26 maintenance on Units 2077 and 2097; and
27

28 **WHEREAS** the Application stated that, although a third unit is required to supplement the existing
29 two units in Ramea and provide reliable service, a lower capacity unit is sufficient due to the
30 declining load requirements of the community and, as a result, the replacement of Unit 2047 with
31 a 500 kW unit will ensure the provision of reliable service while also allowing for increased use
32 of the existing wind generation in the instances where all three units are not required; and
33

34 **WHEREAS** the Application further stated that the purchase of a new 500 kW generating unit, at
35 a cost of \$2,436,800, is the most appropriate and least-cost option to enable the continued supply
36 of reliable power to the Ramea system customers; and
37

38 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
39 the Consumer Advocate, Dennis Browne, Q.C. (the “Consumer Advocate”); Hydro’s Island
40 Industrial customers: Corner Brook Pulp and Paper Limited, NARL Refining Limited Partnership,
41 Vale Newfoundland and Labrador Limited; Iron Ore Company of Canada; Teck Resources
42 Limited; Praxair Canada Inc.; the communities of Sheshatshiu, Happy Valley-Goose Bay,
43 Wabush, and Labrador City; and

1 **WHEREAS** on August 16, 2021 Newfoundland Power advised that it had no comments regarding
2 the Application; and

3
4 **WHEREAS** on August 16, 2021 the Consumer Advocate advised that he would not be intervening
5 in the Application; and

6
7 **WHEREAS** no other comments were received by the Board; and


8
9 **WHEREAS** on August 19, 2021 Hydro filed a submission requesting the Board approve the
10 Application as submitted; and

11
12 **WHEREAS** the Board is satisfied that the proposed 2021 supplemental capital expenditure for
13 the purchase of diesel generator unit is necessary to enable the continued supply of reliable power
14 for the Ramea system.

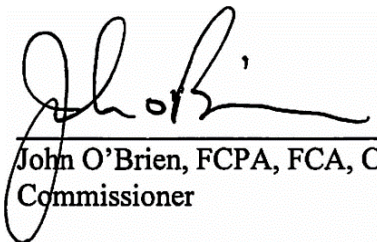
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16
17 **IT IS THEREFORE ORDERED THAT:**

- 18
19 1. The proposed capital expenditure in the amount of \$2,436,800 for the purchase of a diesel
20 generator unit for the Ramea Diesel Generating Station is approved.
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22 2. Hydro shall pay all expenses of the Board arising from this Application.


DATED at St. John’s, Newfoundland and Labrador, this 20th day of August, 2021.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary