

1 Q. On page 1 of the report entitled *Supply and Install 100 MW (Nominal) of*  
2 *Combustion Turbine Generation Holyrood April 10, 2014* (the “Report”) it is stated  
3 that the Island Interconnected System has a requirement for additional generation  
4 capacity in 2015. The Generation Planning Issues – November 2012 Report  
5 identifies a generation capacity deficit for 2015 and states as follows:  
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7 (i) that the “*capacity deficits trigger the need for the next generation source by*  
8 *late 2014 under the current planning criteria to avoid exceeding the LOLH limits in*  
9 *2015*” (Page 15); and

10 (ii) that a 50 MW CT would be completed in 2015 which “*will result in a slight*  
11 *violation of Hydro’s reliability criteria in the winter of 2014-15*” (Page 27).  
12

13 Please explain why Hydro decided to defer the additional generation required until  
14 2015 and to violate its reliability criteria for the winter of 2014-15. Include in the  
15 response all factors considered in the decision and provide a copy of the risk  
16 analysis completed by Hydro to support its decision to defer the required  
17 generation until 2015.  
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20 A. At the time that the 2012 Generation Planning Issues report was completed, the  
21 addition of a 50 MW CT was identified as the least cost alternative to maintain the  
22 generation planning criteria requirements prior to Muskrat Falls and the LIL  
23 interconnection. The 2012 study identified a potential LOLH violation in early winter  
24 of 2015 that would not be mitigated by the addition of the 50 MW CT as it was  
25 anticipated, based on data available at the time, that the a new CT could not be  
26 acquired and installed until the fall of 2015. Based on previous experience as  
27 noted below and given that the criteria violation was slight and limited to the

1 winter period of 2015, the risk associated with the brief criteria exceedance was  
2 deemed to be low. There was no risk analysis completed by Hydro.

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4 As noted in Hydro's response to PUB-NLH-057 (Island Interconnected System Supply  
5 Issues and Power Outages), Hydro followed a similar decision making process when  
6 new generation assets were brought into service to address criteria violations in  
7 2003. The criteria for generation source additions were exceeded in 2002. The LOLH  
8 was approximately four and the firm energy capability was exceeded by  
9 approximately 30 GWh. There were no customer outages resulting from this  
10 exceedance.