

November 5, 2014

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon, Director of Corporate Services and Board Secretary

Ladies and Gentlemen:

Re: An Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the Act, for approval of the Upgrade of the Transmission Line Corridor from Bay d'Espoir to Western Avalon

On April 30, 2014 Hydro filed an Application with the Board for approval to upgrade the transmission line corridor from Bay d'Espoir to Western Avalon. More specifically, Hydro is making application to the Board for approval to construct a new 230 kV transmission line between the Bay d'Espoir and Western Avalon Terminal Stations. The proposed 230 kV transmission line is about 188 km in length and has an estimated capital cost of \$291.7 million (Application para. 9). The proposed in-service date is May 1, 2018 (Application para. 9), and the estimated impact on rates is between 2 and 3% (CA-NLH-4).

Hydro states that the line is needed to provide reliable electric service on the Island Interconnected System. Studies which resulted in the sanctioning of the Muskrat Falls project determined that the transmission line included in this Application was needed under both long-term expansion scenarios considered; i.e., the Muskrat Falls/Labrador-Island HVDC Link scenario and the isolated scenario where the Island Interconnected System relies on power from alternative sources (Application para. 4). The transmission project is needed primarily to ensure reliability following system disturbances post Muskrat Falls commissioning (Application para. 6). Following its review of the alternatives, Hydro concluded "*only the construction of a new 230 kV transmission line between Bay d'Espoir and Western Avalon will ensure that the transmission planning criteria are met following completion of the HVDC interconnection*" (Application para. 7).

The Consumer Advocate supports construction of the proposed 230 kV transmission line based on the following:

- The need for the project has been clearly established. There is a need for facilities to ensure stability following system disturbances after commissioning of the Muskrat Falls project.

- The proposed 230 kV transmission line between Bay d'Espoir and Western Avalon is the preferred alternative for meeting this system need. Hydro indicates that the proposed transmission line project will provide the necessary improvement in system reliability following system disturbances post Muskrat Falls (report included with Application entitled *Upgrade Transmission Line Corridor – Bay d'Espoir to Western Avalon*, page viii). Further, Hydro indicates the proposed project is the only viable alternative that meets the system need (Application para. 7).
- Hydro indicates that the proposed transmission line project will ensure stability following system disturbances while:
 - Increasing the firm power transfer capability into the Avalon Peninsula under normal conditions by over 300 MW; i.e., respecting the n-1 criterion (CA-NLH-1)
 - Increasing the emergency transfer capability over the Maritime Link in the event of a permanent bi-pole outage on the Labrador-Island HVDC link by over 200 MW (CA-NLH-7)
 - Reducing system losses, resulting in production cost savings of about \$800,000 annually averaged over the 2018 to 2027 time frame (CA-NLH-2)

In summary, the need for the project has been clearly identified and the proposed project appears to be the preferred alternative for meeting this system need. Therefore, the Consumer Advocate recommends that the Board approve the proposed 230 kV transmission line.

Yours very truly,

O'DEA, EARLE

THOMAS JOHNSON
TJ/cel

cc: Newfoundland Power
Attention: Mr. Gerard Hayes

Newfoundland and Labrador Hydro
Attention: Mr. Geoffrey Young

Island Industrial Customers
Attention: Paul Coxworthy

Vale Newfoundland & Labrador Limited
Attention: Tom O'Reilly, Q.C.

Mr. Danny Dmaresque

Anemos Energy Corporation
Attention: Mr. Scott Parsons, Vice President