

January 15, 2015

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro - The Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System – Request for Generation Availability Additional Reporting

Please find attached Hydro's Monthly Generation Availability Additional Reporting update as requested by the Board in its letter of August 13, 2014. The following items are addressed in this update:

- The status of Annual Work Plan Items; and
- The status and progress of activities to secure economically available interruptible loads.

A year-end update on the status of Hydro's 2014 capital program will be provided separately.

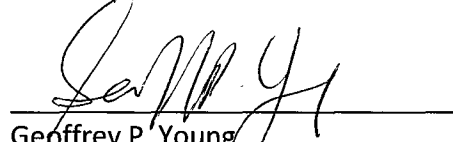
Through these monthly updates, and Hydro's monthly updates on the status of its capital program, Hydro has been reporting on progress related to 2014 plans and initiatives. With this in mind, we are assuming that the Board will not require further monthly updates. Hydro will of course continue to track the execution status of its Annual Work Plan and Capital Program as part of its normal business operations, and should the Board require any future updates in these areas, Hydro would be glad to provide them.

Consistent with the recommendation made by Liberty Consulting in their Phase I Report, Hydro will provide an update on the final status of its program for critical spares on or before February 15, 2015.

We trust the foregoing is satisfactory. If you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Sheryl Nisenbaum – Praxair Canada Inc.
ecc: Roberta Frampton Benefiel – Grand Riverkeeper Labrador

Thomas Johnson – Consumer Advocate
Thomas O’ Reilly – Cox & Palmer
Danny Dumaresque

*Investigation and Hearing into Supply Issues and Power Outages on the
Island Interconnected System*

**Additional Reporting to the
Board of Commissioners of Public Utilities
Related to Generation Availability**

January 15, 2015



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1 **1.0 BACKGROUND AND INTRODUCTION**

2 On June 16, 2014, Newfoundland and Labrador Hydro (Hydro) submitted a report to the Board
3 of Commissioners of Public Utilities (the Board) on various matters related to Generation
4 Availability. Specifically, that Report outlined Hydro’s plans and progress in the areas of
5 winter readiness and generation availability improvement; critical spares; and securing
6 economically available interruptible loads.

7 In its letter dated August 13, 2014 the Board requested that the following reports be filed
8 monthly by the 15th of each month, reporting on the previous month’s activity, commencing
9 August 15th:

- 10 1. The status of Annual Work Plan items, comparing items planned for the year, items
11 planned to be complete as of the report date, and those actually completed for each of
12 the three generating units at the Holyrood Thermal Generating Station, the balance of
13 plant at Holyrood, the Hardwoods and Stephenville gas turbines, and the hydro units;
- 14 2. The status of capital projects showing the number forecast to be completed by the end
15 of the year and an S-curve of actual capital spending through the month for which the
16 report is filed in comparison to the planned spending for that month;
- 17 3. The status of progress for each milestone for critical spares on Tables 3.1, 3.2, and 3.3
18 of Hydro’s June 16 report on Generation Availability and the procurement status of the
19 list of critical spares developed for the Holyrood Thermal Generating Station, the
20 Hardwoods and Stephenville gas turbines, and the Hydro units; and
- 21 4. The status and progress of activities on Hydro’s work plan to secure economically
22 available interruptible loads.

23 Since that time and starting on August 15, 2014, five updates have been provided to the
24 Board. The last of these updates which was submitted on December 15, 2014 indicated the
25 status of the above activities to a current date, all of which were substantially complete at
26 that time. The purpose of this update is to provide a final report on the 2014 year-end status

1 of items 1, and 4 above. A year-end update on the status of Hydro’s 2014 capital program will
2 be provided separately. An update on the final status of Hydro’s critical spares program will
3 be provided to the Board on or before February 15, 2015 in line with the recommendation
4 made by Liberty Consulting in their Phase I report dated December 17, 2014
5 (recommendation 2.15).

1 **2.0 ANNUAL WORK PLAN STATUS**

2 Hydro’s Annual Work Plan (AWP) integrates all planned activities for the year related to the
3 corrective maintenance, preventive maintenance, and capital project support which are
4 critical to safe, reliable production. Work orders generated during the year are also
5 integrated into the AWP as appropriate. Hydro regularly measures the progress of AWP
6 execution in comparison with plan, and is able to track AWP status down to the level of
7 individual work plan items.

8 In the most recent update provided to the Board on December 15, 2014 Hydro reported 100%
9 completion status for the 2014 Annual Work Plans at both Holyrood and for its Hydraulic
10 units. This Report does not address AWP status for those generation assets, and focuses only
11 on the 2014 year-end status of the Annual Work Plan for the Gas Turbines at Hardwoods and
12 Stephenville.

13 **2.1 AWP Status: Gas Turbines**

14 The status of AWP execution at the Hardwoods and Stephenville gas turbines is in line with
15 the expectations indicated in Hydro’s AWP update to the Board on December 15, 2014. The
16 overall completion status at the end of December for Hardwoods was 98%, and at
17 Stephenville it was 94%.

18 The annual work plan for Hardwoods contained 52 work items comprised of 17 preventive
19 maintenance activities; 21 corrective maintenance activities; and 14 non-maintenance
20 activities. Of the 52 planned activities, 51 were completed.

21 The annual work plan for Stephenville contained 82 work items comprised of 24 preventive
22 maintenance activities; 31 corrective maintenance activities; 13 capital work items; and 14
23 non-maintenance work items. Of the 82 planned activities, 77 were completed and 5 have
24 been deferred to 2015. Twenty-three (23) of the 24 preventive maintenance activities were
25 completed, with one being deferred to 2015. Twenty-seven of the 31 corrective maintenance
26 activities were completed, with four being deferred to 2015. All of the 13 capital work items
27 were completed, as were all of the 14 non-maintenance activities.

- 1 At both Hardwoods and Stephenville, the maintenance activities which were not completed
- 2 are protection and control activities. These activities are not essential to generation
- 3 availability and were deferred into 2015 to allow for the completion of other higher priority
- 4 protection and control work within Hydro in the month of December. This work will be
- 5 scheduled and completed as system conditions permit.

1 **3.0 SECURING ECONOMICALLY AVAILABLE INTERRUPTIBLE LOADS**

2 Hydro has completed agreements for winter capacity assistance with Corner Brook Pulp and
3 Paper Limited (CBPP) and Vale Newfoundland and Labrador (Vale). A brief overview of each
4 agreement is provided below.

- 5 • An agreement between CBPP and Hydro for 60 MW of winter capacity assistance was
6 approved by Board Order No. P.U. 49(2014) on November 28, 2014. Payments under
7 this agreement include a capacity fee of \$28/kW per winter period plus 20 cents per
8 kWh of capacity assistance provided.
- 9 • Hydro entered into an additional arrangement with CBPP for capacity assistance in
10 excess of the 60 MW previously discussed (Supplemental Capacity Assistance
11 Agreement). This agreement is for any additional capacity that CBPP can provide from
12 its hydroelectric generating resources, estimated to be a maximum of 30 MW. There is
13 no capacity fee payment under this agreement; however, variable payments of 55
14 cents per kWh for the first 10 MW and 65 cents per kWh for capacity in excess of the
15 first 10 MW are made when capacity assistance is provided under this agreement.
- 16 • Hydro and Vale entered into an agreement for an amount of capacity assistance of up
17 to 15.8 MW; however, the actual amount of capacity assistance available for the
18 2014/15 winter period has been tested and is determined to be 10.8 MW. Payments
19 under this agreement include a capacity fee of \$28/kW per winter period plus
20 compensation for fuel consumed by Vale to provide the capacity assistance.

21 The 60 MW agreement between Hydro and CBPP involves, in part, an interruption of Hydro's
22 firm supply of power to CBPP and therefore Hydro applied to the Board for approval of this
23 arrangement. The Supplemental Capacity Assistance Agreement and the agreement between
24 Hydro and Vale do not affect the Industrial Service Agreements approved by the Board, so no
25 Board Orders were sought by Hydro with respect to these agreements. Hydro filed the
26 Supplemental Capacity Assistance Agreement and the agreement with Vale for the Board's
27 information on January 14, 2015.

- 1 All work with respect to securing economically available interruptible loads for the 2014/15
- 2 winter period is complete at this time.