

May 4, 2023

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

Attention: Cheryl Blundon
Director of Corporate Services & Board Secretary

Re: *Reliability and Resource Adequacy Study Review – Labrador-Island Link Monthly Update – April 2023*

On November 21, 2019, the Board of Commissioners of Public Utilities (“Board”) requested that Newfoundland and Labrador Hydro (“Hydro”) provide further information as a result of the findings in The Liberty Consulting Group’s (“Liberty”) Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System.¹ In its response, Hydro committed to providing Liberty and the Board with a monthly status update regarding the schedule for the Labrador-Island Link (“LIL”) software development and testing, updated information in response to the specific requests detailed in the Board’s November 21, 2019 correspondence, and other pertinent information with respect to the Muskrat Falls Project.² On January 19, 2021, the Board requested Hydro continue monthly reporting and outlined specific information, at a minimum, to be included.^{3,4} Enclosed please find the update as requested.

¹ “Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System - Phase Two - The Liberty Consulting Group Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System - Further Information and Continued Quarterly Monitoring Reports in 2020,” Board of Commissioners of Public Utilities, November 21, 2019.

² “Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System - Phase Two - The Liberty Consulting Group Eighth Quarterly Monitoring Report on the Integration of Power Supply Facilities to the Island Interconnected System - Further Information - Hydro’s Comments,” Newfoundland and Labrador Hydro, November 29, 2019, p. 1.

³ “Newfoundland and Labrador Hydro - Reliability and Resource Adequacy Study Review - Information Required for Monthly Reports,” Board of Commissioners of Public Utilities, January 19, 2021.

⁴ Hydro’s report has been adjusted to reflect the Board’s request, with the exception of information related to the LIL monthly energy transfers as well as Maritime Link availability, exports, and imports in the month. Both pieces of information are currently included in Hydro’s monthly energy supply report and are not available in a timeframe that corresponds with the timing of this report.

1.0 LABRADOR-ISLAND LINK

1.1 Commissioning Activities

1.1.1 Bipole Commissioning

Hydro's LIL update filed on April 18, 2023⁵ provided notification that:

- On April 13, 2023, the Newfoundland and Labrador System Operator ("NLSO"), acting independently, completed its review of the LIL assets and issued an NLSO LIL Asset Acceptance Form;
- On April 14, 2023, the Independent Engineer issued a Confirmation of Commissioning Certificate; and
- On April 14, 2023, the lender's representative issued a Commissioning Confirmation acknowledging that all the conditions required for commissioning pursuant to the project finance agreements were achieved and that commissioning had occurred on April 14, 2023.

Also on April 14, 2023, notices were issued pursuant to the LIL Lease and the Transmission Funding Agreement confirming that commissioning had occurred on that date under each respective agreement.

With the above confirmations, the LIL has now been officially commissioned as of April 14, 2023, in accordance with the project financing and revenue agreements.

Hydro's plan is to operate the LIL with a 700 MW limit for the coming months. Hydro does not anticipate any requirement for operation in excess of this value during this period due to warmer conditions and lighter system loads.

Under the direction of the NLSO, a controlled 900 MW test will be executed prior to the operation of the LIL above 700 MW. This test will be performed in cold weather conditions during the winter of 2023–2024. All software functionality required for operation up to 900 MW was proven during high-power tests; however, controlled testing at the highest power levels will be performed prior to operation in this range.

Hydro will continue to address the remaining items that were noted in punch list reports submitted with the commissioning certificate, which includes the above-mentioned 900 MW test. In accordance with the contract, GE will deliver a final version of the software including the resolution of all outstanding punchlist items in the coming months.

1.1.2 Soldiers Pond Synchronous Condensers

Since the last report issued on April 13, 2023⁶, all three units have been continuously in service other than for planned and scheduled maintenance.

Through testing and early operation, the synchronous condensers have demonstrated acceptable performance to enable commissioning. Efforts are underway to resolve specified punch list items. Hydro

⁵ "Reliability and Resource Adequacy Study Review – Labrador-Island Link Update," Newfoundland and Labrador Hydro, April 18, 2023.

⁶ "Reliability and Resource Adequacy Study Review – Labrador-Island Link Monthly Update – March 2023," Newfoundland and Labrador Hydro, April 13, 2023.

has implemented monitoring programs and has developed engineering solutions and procedures to permit operation in the interim. With these mitigations in place, the NLSO is satisfied that the assets will support reliable system operation while punch list items are addressed.

Monthly meetings between the CEOs of Hydro and GE Power are ongoing to ensure all outstanding issues are resolved to satisfaction.

1.2 Operations

The LIL has been operating at various power transfer levels during the month and, since commissioning, has been operating with 100% availability. In total 292 GWh were delivered over the LIL during the month of April 2023. Hydro continues to operate generation at the Holyrood Thermal Generating Station to ensure supply adequacy and reliable operation for customers. Energy and capacity delivered over the LIL are used to minimize thermal generation whenever possible.

There were no LIL forced outages during the current reporting period.

On April 23, 2023, the Maritime Link experienced a bipole trip while flowing approximately 300 MW. The LIL responded immediately with a runback, as designed, and maintained deliveries to the Island. No customer impact was experienced.

On April 25, 2023, an event at the Churchill Falls Hydroelectric Generating Station resulted in a trip of six generating units and approximately 3,000 MW of supply. The LIL and Maritime Link responded to the resulting frequency excursions, as designed, and no customer impact was experienced.

On April 26, 2023, Synchronous Condenser #2 was taken out of service for scheduled maintenance and completion of various punch list work. It is forecasted to return to service on May 26, 2023.

1.3 Outages

There were no LIL-related customer outages to report for April 2023.

2.0 MUSKRAT FALLS GENERATION

2.1 Operations

During the month of April 2023, the Muskrat Falls units were available for service at all times other than the noted exception:

- As previously reported,⁷ Unit 1 went offline on March 21, 2023, as a result of a forced outage due to a crack in the discharge ring flange. A permanent repair is underway. Once completed, the unit will be returned to service, currently forecasted to occur in the first week of May 2023.

3.0 LABRADOR-ISLAND LINK SCHEDULE

As noted in Section 1.1.1, LIL commissioning has been achieved in accordance with both the project finance agreement and revenue agreements.

⁷ "Reliability and Resource Adequacy Study Review – Labrador-Island Link Monthly Update – March 2023," Newfoundland and Labrador Hydro, April 13, 2023, page 2.

Cheryl Blundon
Board of Commissioners of Public Utilities

4

If you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Michael S. Ladha, KC
Vice President, Chief Legal Officer & Corporate Secretary
MSL/sk

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
Maureen Greene, KC
PUB Official Email

Consumer Advocate

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis
Bernard M. Coffey, KC

Labrador Interconnected Group

Senwung F. Luk, Olthuis Kleer Townshend LLP
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

Island Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse

Newfoundland Power Inc.

Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email