

June 8, 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 – May 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.

1.0 LABRADOR-ISLAND LINK

1.1 Commissioning Activities

1.1.1 Bipole Commissioning

Hydro’s April 2023 LIL monthly update⁵ provided notification that the LIL has now been officially commissioned as of April 14, 2023, in accordance with the project financing and revenue agreements.

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.

⁵ “*Reliability and Resource Adequacy Study Review – Labrador-Island Link Monthly Update – April 2023*,” Newfoundland and Labrador Hydro, May 4, 2023.

Hydro will continue to address the remaining items that were noted in punchlist reports submitted with the commissioning certificate. 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 April 2023 LIL monthly update, Synchronous Condenser #1 and #3 have been continuously in service.

Synchronous Condenser #2 has been offline to allow for scheduled maintenance and completion of punchlist work. While performing maintenance, a cooler leak was detected and is being repaired before the unit is returned to service. The current forecasted return-to-service date for this unit is mid-June 2023.

Hydro will continue to address the remaining items that were noted in punchlist reports submitted with the commissioning certificate and outstanding warranty claims. 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 May 2023 and in total, 328 GWh were delivered over the LIL. Hydro continues to ensure the availability of generation at the Holyrood Thermal Generating Station for operation during colder months to ensure reliable supply of power for customers.⁶ Energy and capacity delivered over the LIL are used to minimize thermal generation whenever possible.

On May 9, 2023, a communication failure between the Muskrat Falls Hydroelectric Generating Facility and Soldiers Pond occurred. As a proactive measure, transfers over the LIL were reduced to 160 MW. Later in the day, communications were restored and power transfer over the LIL resumed to normal levels on May 10, 2023. The cause of the failure has been isolated to a fibre issue that continues to be investigated.

On June 1, 2023, the majority of the generation units tripped at the Churchill Falls Hydroelectric Generating Facility as a result of the forest fires that impacted the transmission lines in Québec causing a separation of the Labrador Interconnected and Hydro-Québec TransEnergie systems. This resulted in an over-frequency event on the system in Labrador that caused a trip of three generating units at the Muskrat Falls Hydroelectric Generating Facility, the LIL, and a full runback of the Maritime Link. The LIL had been reduced prior to this event as a precautionary measure and as a result there was no impact to Island customers through the underfrequency load shedding scheme. Early indications are that the system responded to the over-frequency event as intended; however, this will be confirmed through additional analysis of event data.

The LIL continued to be reduced under these precautionary measures until June 8, 2023 when the NLSO⁷ advised that normal operations could resume. Hydro-Québec advised that the forest fire situation had improved such that the risk of a further separation of the Labrador Interconnected and Hydro-Québec TransEnergie systems was deemed to be low.

⁶ Active power generation at Holyrood ceased for the season on May 18, 2023. The plant is currently operating with Unit 3 online as a synchronous condenser.

⁷ Newfoundland and Labrador System Operator ("NLSO").

1.3 Outages

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

2.0 MUSKRAT FALLS GENERATION

2.1 Operations

During the month of May 2023, the units at the Muskrat Falls Hydroelectric Generating Facility were available for service at all times other than for scheduled service outages, with the exception of Unit 1, which returned to service on May 12, 2023 after a permanent repair was completed.⁸


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.

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

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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Vice President, Chief Legal Officer & Corporate Secretary
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ecc:

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⁸ As reported in the April 2023 LIL monthly update, Unit 1 went offline on March 21, 2023 as a result of a forced outage due to a crack in the discharge ring flange.