



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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2022-05-16

Shirley Walsh
Senior Legal Counsel, Regulatory
Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place, Columbus Drive
St. John's, NL A1B 4K7

Dear Ms. Walsh:

Re: Newfoundland and Labrador Hydro - 2021 Capital Budget Supplemental Application Approval of the Construction of Phase 1 of Hydro's Long-term Supply Plan for Southern Labrador – Response to Hydro's Letter dated April 26, 2022

This relates to the request filed by Newfoundland and Labrador Hydro on April 26, 2022 for reconsideration of the Board's request for additional analysis and independent review in relation to this application.

On April 7, 2022 the Board advised that, having reviewed the record, it had determined that Hydro had not provided sufficient analysis of alternatives to allow the proper consideration of the application. Gaps were identified in the information filed by Hydro, including the failure to provide a report from an independent expert and the lack of a comprehensive planning study which addresses the reasonable alternatives.

The Board has reviewed the information provided by Hydro in its request for reconsideration. This information references and reiterates the evidence already on the record but does not provide any new evidence. This is the same information reviewed by the Board when it made the determination that more information is required. The explanations provided by Hydro in its reconsideration request do not shed any new light or perspectives on the Board's assessment. As such the information on the record continues to be insufficient to allow for proper consideration of the application. In particular, more information and analysis is required with respect to alternatives which reflect a reasonable range of possible circumstances and consider changes anticipated in the coming years with respect to climate change policy and technological advances. The Board does not agree with Hydro's position that it would be speculative to make assumptions regarding future technologies and that it would be inappropriate to consider them in system planning until proven reliable and least-cost. It is clear that there will be a major shift in the coming years as a result of climate change policy and technological advances and it is essential that the long-term planning for Southern Labrador take account of the potential impact of these changes.

This is not a case where a technical conference or a hearing would be of assistance to clarify or challenge the application proposals, as the information required for an informed and productive

conduct of such processes has not been provided. The gaps identified by the Board in its correspondence, including insufficient analysis of reasonable alternatives, lack of analysis related to diesel generating station replacement and back up generation, and the failure to adequately address the potential impacts of climate change policy and technological change, remain outstanding. In addition, as recommended by Justice LeBlanc in the Muskrat Falls Inquiry, the Board continues to believe that an independent expert should be engaged by Hydro. While Hydro states that “it has the first-hand experience and expertise required to form fully-developed conclusions as to the most appropriate approach for the region,” it is the Board’s view that an external expert can provide robust and independent review and address many of the information gaps identified.

The Board has recently received correspondence from the Town of Charlottetown in support of the application and advising that, in its view, the request for a comprehensive planning study and additional engineering reports should be set aside, citing concerns relating to the immediate need for a new stable power solution. While the Board agrees that it is critical to proceed to implement a long-term solution in Charlottetown, it also believes that the identified information is required before an assessment can be made as to the appropriate approach in the circumstances. This application requests approval of significant capital expenditures for a major diesel generation and transmission project which will change the way in which four communities in Southern Labrador are supplied. The forecast capital expenditures to complete this project are over \$70 million and, based on the information provided, these costs will place upward pressure on Island Interconnected system customer rates in the short term. The Board notes that it has also received comments from several stakeholders which do not support approval of the application and the proposed approach at this time.

To ensure that all reasonable steps are taken by Hydro for the continued provision of safe and reliable service in the Town of Charlottetown and in Pinsent’s Arm while this matter is ongoing, the Board will write Hydro under separate correspondence in the coming days.

In the meantime if you feel it may be helpful for Board staff to provide further information with respect to the information gaps identified by the Board please contact the Board’s Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781, to arrange a meeting.

Yours truly,



Cheryl Blundon
Board Secretary

CB/cj

Newfoundland and Labrador Hydro

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