

1 Q. **Reference: Volume I - Tab 3 - Holyrood TGS Overview**

2 The Application states on page 9, lines 14-17, that “Should Hydro be unsuccessful in securing  
3 such an extension, a supplemental capital application will be necessary for the refurbishment of  
4 tank #4. The costs associated with refurbishment of tank #4 are not currently included in  
5 Hydro’s 2022-2026 planned capital expenditures.”

6 a) What is the anticipated cost and schedule should the refurbishment be required?

7 b) How does a reduction to two tanks affect the operation of the Holyrood Thermal  
8 Generating Station?

9 c) What contingency plans are in place in the event that only two tanks are in operation?

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12 A. Newfoundland and Labrador Hydro (“Hydro”) received a letter from the Department of  
13 Environment and Climate Change on September 16, 2021 advising it has accepted the proposal  
14 to extend the re-inspection date of tank #4. The new required inspection date is September  
15 2024. Therefore, there is no longer a need for a supplemental capital budget application at this  
16 time to refurbish this tank given the March 31, 2023 retirement date for the Holyrood Thermal  
17 Generating Station (“Holyrood TGS”).

18 a) As noted above, refurbishment is not required at this time. Based on past experience, it  
19 takes approximately four months of construction time and \$6.5 million to refurbish a  
20 tank. The four months does not include the lead time to order replacement floor plate  
21 material, which based on inquiries made in 2021, could be as long as six months.

22 b) Given the extension provided, Hydro will continue to operate tank #4 and not be  
23 reduced to two tanks. Operation with two tanks would entail significant challenges and  
24 risk. More frequent fuel deliveries would be required to avoid running out of fuel and  
25 the tanker size would have to be reduced from the current capacity (which is greater  
26 than the capacity of one storage tank) to ensure that there would be adequate free

1 storage space to accept a delivery. With a lead time of 30 days from fuel order to fuel  
2 delivery, which includes sailing time from the Gulf of Mexico to Conception Bay,  
3 managing the storage between empty and full would be very challenging and risky. Any  
4 delays due to bad weather or any issues with one of the tanks or tankers would further  
5 increase the risk of running out of fuel.

6 c) Hydro considers that three tanks are the minimum required for the current production  
7 expectations. In an emergency situation with only two tanks in service, Hydro's actions  
8 would include more frequent ordering of smaller tankers, as well as management of  
9 Holyrood TGS production within the available generation fleet.