

November 19, 2021

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

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

Dear Ms. Blundon:

**Re: Holyrood Thermal Generating Station Unit 2 Transformer Failure
Allowance for Unforeseen Items Notification**

The Holyrood Thermal Generating Station ("Holyrood TGS") is a thermal generating station providing a capacity of 490 MW on the Island Interconnected System. The Holyrood TGS consists of three thermal generating units; Units 1 and 2, each providing a capacity of 170 MW, and Unit 3, providing a capacity of 150 MW.

On November 12, 2021, Unit 2 transformer ("T2") tripped, bringing Unit 2 offline. During the period November 12–17, 2021 Newfoundland and Labrador Hydro ("Hydro") completed the necessary testing and preparations to permit for safe inspection of the damaged transformer. Internal inspection of T2 by the original equipment manufacturer ("OEM") took place on November 18, 2021. Early results of the inspection indicate evidence of a winding failure which cannot be repaired on site. As such, to restore Unit 2 to operation, Hydro must install the critical spare it keeps in inventory in the event of a transformer failure. Once the spare transformer is commissioned, Holyrood TGS Unit 2 will have a maximum operating capacity of 150 MW.¹ The derating of Unit 2 from 170 MW to 150 MW will remain in effect so long as the spare transformer is installed. This will be the case for at least the winter 2021–2022 operating season.

Due to the criticality of the Holyrood TGS to the reliability of the Island Interconnected System, particularly during the winter months, Hydro must execute this work without delay and must therefore advance the installation and commissioning of the spare transformer using the Allowance for Unforeseen Items Account. If required, any work related to the refurbishment or replacement of the damaged transformer will be proposed in a separate supplemental application.

¹ The spare transformer has been in inventory since 1989, when Unit 2 had a maximum operating capacity of 150 MW. Hydro does not currently have a spare transformer available which can restore Unit 2 to its current maximum operating capacity of 170 MW.

Ms. C. Blundon
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Hydro is working with the OEM to make arrangements to install the spare transformer and commission it for service. At this time, Hydro does not have details regarding estimated costs and schedule. Hydro will provide a further update to the Board of Commissioners of Public Utilities including this information once it becomes available.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/sk

ecc: **Board of Commissioners of Public Utilities**
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