

October 10, 2018

The 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 Corporate Services & Board Secretary

Dear Ms. Blundon:

**Re: The Liberty Consulting Group Report – Analysis of Newfoundland Island
Interconnected System Power Supply Adequacy for the Winter of 2018-2019 –
Biweekly Update Report – Responses to Questions**

On October 5, 2018, the Board of Commissioners of Public Utilities (“Board”) requested that Hydro provide further information regarding Hydro’s Winter 2018-2019 Supply Adequacy Biweekly Update Report. Hydro’s responses to the specific questions posed by the Board in its correspondence are as follows.

Question 1

The Near-term Generation Adequacy Report, revised May 30, 2018, page 11, stated that access to markets via the Maritime Link had not been included in the analysis of near-term generation adequacy due to the conservative focus of the report. What consideration was given to access to power and energy over the Maritime Link in the preparation of the Contingency Plan outlined on pages 8-11 in the Bi-weekly Update Report given the modelling results shown in Tables 1 and 4? In the response include whether Hydro has explored this potential market for this winter season and the amount of power and energy that could be included in the Contingency Plan. If no consideration was given explain why not.

Hydro’s Response

As part of its winter readiness planning, Hydro only includes firm capacity in its adequacy analysis (i.e., capacity that is confirmed to be available to Hydro for the whole winter season). Hydro has confirmed, through Nalcor Energy Marketing, that supply is not available over the Maritime Link on a firm basis for the 2018-2019 winter season. While quantities of energy and capacity are expected to be available over the Maritime Link and, depending on the circumstances, may be available for extended periods of time, the availability of this capacity is not certain. Therefore, Hydro is not including capacity over the Maritime Link in its contingency planning.

Question 2

Activity 2/3, page 3, of Bi-weekly Update Report. Have sufficient new spares been acquired and stored with the critical spares?

Hydro's Response

Nalcor has procured two voltage transformer spares, with one to be stored in advance of winter at each of the Muskrat Falls and Churchill Falls substations. One is currently at Churchill Falls and the other will arrive at Muskrat Falls in November. The root cause analysis of the failure of the originally installed voltage transformers was a manufacturing defect that has been confirmed to not exist in the newly procured (both installed and spare) voltage transformers.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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Senior Legal Counsel
SAW/sk

cc: Gerard Hayes – Newfoundland Power
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