Dear [Name]:

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-160-2018)

On September 24, 2018, the Department of Natural Resources received your request for access to the following records/information:

For the last twelve months please provide a copy of all records in the possession of the Department of Natural Resources relating to the Labrador Island Link and it's expected in-service date.

On October 16, 2018, the department has received approval from the Information and Privacy Commissioner to extend the timeline for your request by 20 business days.

On November 5, 2018, you clarified your search to “I am looking specifically for records relating to the Labrador Island Link’s in service date, when will the LIL be available to transmit power. I am not looking for emails, I am just looking for reports, briefing notes, etc.”

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to the requested records. The records are attached.

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department’s decision to provide access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department’s response and why you are requesting a review.
The request for review may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John’s, NL A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department’s decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

For further details about how an access to information request is processed, please refer to the Access to Information Policy and Procedures Manual at http://www.atipp.gov.nl.ca/info/index.html.

If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes

Rod Hynes
ATIPP Coordinator
Title: Newfoundland and Labrador Hydro Response to External Supply Adequacy Review

Issue: Newfoundland and Labrador Hydro's ("NLH") response to a report on winter 2018/19 power supply adequacy commissioned by the Board of Commissioners of Public Utilities ("PUB")

Background and Current Status:

- On September 7, 2018, NLH submitted a two-part response to the Report. Part 1 provides the status of Labrador-Island Link (LIL) transmission line capacity levels, reliability of the Holyrood Thermal Generation Station (HTGS) and associated impacts on NLH's supply planning. Part 2 addresses each of Liberty's recommendations.

Part 1 - Labrador Island Link, Holyrood Thermal Generation, and Impacts
- NLH reports that LIL is undergoing dynamic commissioning for pole 1 operation. Pole 1 of the LIL was put into operation for 27 days between May and July 2018, which demonstrated it can be operated at a capacity of 45 MW with some testing completed at 65 MW.

- Prior to proven reliable operation, NLH is planning that LIL capacity shall be limited to 110 MW, which is the level at which under-frequency load shedding would likely occur in the event of the system tripping. Recognizing this, NLH intends to include the LIL at 110 MW in its supply planning for this coming winter.

- NLH notes that while the LIL has been demonstrated to operate up to 65 MW in the current configuration, the LIL does not yet meet the commercial operation threshold and therefore remains in dynamic commissioning. Further testing, working up to 110 MW, will occur prior to the winter season, with testing anticipated to begin in late September 2018.

- NLH further advises that since the LIL is still in the dynamic commissioning phase, it cannot be released for continuous operation over 110 MW. NLH notes that following the successful testing for the commercial operation of the "monopole low power configuration", the LIL will undergo dynamic commissioning for a "Bipole low power configuration". After that testing, another trial operation will begin to demonstrate operation without incident for a continuous 30-day period within a 90-day operating window before the bipole is accepted for commercial operation at low power (over 200 MW). Before final project completion of the LIL, it will undergo a third trial operation test at high output.

- NLH agrees with Liberty's assessment that the 20 days of continuous operation is not the industry norm for full acceptance of a project. However, NLH notes that the 20 days is for the first phase of trial operation and for the full project acceptance from the vendor, there are two additional 30-day trial operations periods required.
NLH generation Assets

- NLH agrees that the Holyrood thermal generation station (HTGS) is aged and poses one of the higher risks to system reliability; however, NLH does not concur with Liberty's observation of serious problems resulting in forced outages. NLH advises that it seriously considers the reliability risk at the HTGS and proactively undertakes risk mitigation actions.

- NLH notes that it does not expect "perfect" HTGS operation over the coming winter season but it is confident that key issues have been corrected as part of the additional planned maintenance completed in 2018. NLH advises it will provide updates on HTGS reliability in its monthly energy supply and semi-annual generation adequacy PUB reports.

- NLH advises that reliability issues are expected and reflected in contingency planning. NLH is confident that removal of a generation unit from the HTGS from service for up to four weeks would not violate its planned reliability criteria for forced outages.

Part 2 - Responses to Liberty's Recommendations

- In response to Liberty's Recommendation 1 on "PUB's directing NLH to implement an enhanced monitoring program of Nalcor's activities required to place the LIL reliably in service", NLH advises that it is holding discussions with Nalcor that will follow through to full commissioning of the LIL. Based on these discussions, NLH confirms that LIL will be capable of delivering 110 MW to the IIS in this coming winter.

- Addressing Recommendation 2, NLH states that discussions are underway with Nalcor to capture the risk to LIL in-service timing and capacity, which will maintain the accountability for assessing IIS supply risk for the upcoming winter. NLH notes it will be updating the PUB monthly on any changes for the winter season.

- Responding to Recommendation 3, that NLH should develop a contingency plan for LIL unreliability, NLH concurs that while a combination of coincident supply issues would need to occur to cause significant loss of load, NLH is developing contingency plans to mitigate risk of customer outages. If NLH's analyses determine LIL and Holyrood availability risks are sufficient, it will enact its contingency plan by November 12, 2018.

- In response to Liberty's Recommendation 4 on asset management, NLH advises that NLH has commenced improvements in its asset management program and has established an asset management system that is modelled after industry best practices.

- Responding to Liberty's Recommendation 5 related to implications of problems with hydraulic assets, NLH notes that it manages and monitors known reliability concerns and aims to take action at the "right time". NLH holds the view that intervention earlier than necessary can result in increased costs, while delayed intervention can be a reliability risk.

- NLH concludes that the evolving nature of the IIS with the introduction of the LIL and LTA assets and the associated later than anticipated in-service date brings an understandable level of uncertainty to supply adequacy and NLH is actively monitoring the availability of supply and impact on supply planning as it relates to the LIL, as well as the IIS.

- NLH further notes that through regular reporting commencing October 1, 2018, it will keep the PUB informed on the developments related to the anticipated LIL in-service date and any material changes impacting supply adequacy for the IIS.
Analysis:

- The Conclusion in NLH's response indicates the company understands and is working to mitigate Liberty's concern about LIL availability and reliability this coming winter:

  "The evolving nature of the IIS with the introduction of the LIL and LTA assets and the associated later than anticipated in-service date brings an understandable level of uncertainty to supply adequacy. As a result, Hydro is actively monitoring the availability of supply and impact on supply planning as it relates to the LIL, as well as the IIS. In addition to the existing system contingency plans in place, Hydro is developing a specific contingency plan in the event that the LIL does not meet the current assumed capacity and reliability parameters. Through regular reporting commencing October 1, 2018, Hydro will keep the Board informed on developments related to the anticipated LIL in-service date and any material changes impacting supply adequacy for the IIS."

Action Being Taken:
- NR will continue to monitor and advise on these proceedings.

Prepared/Approved by: Y. Khan / M. Janes / C. Snook / J. Cowan
Ministerial Approval: Received from Hon. Siobhan Coady

September 14, 2018
Title: Summary of Liberty Consulting Group’s Report on Supply Adequacy for upcoming winter

Issue: To provide a summary of Liberty Consulting Group’s Analysis of Newfoundland Island Interconnected System (IIS) Power Supply Adequacy for the winter 2018-19.

Background and Current Status:
• Liberty Consulting Group (Liberty), at the request of the Board of Commissioner of Public Utilities (PUB), submitted a report to the PUB on August 30, 2018 on the Analyses of Newfoundland Island Interconnected System (IIS) Power Supply Adequacy for the winter 2018-19 (the Report).

• The Report provides Liberty’s analysis of near term power supply adequacy of Newfoundland Hydro (NLH) and observation on the changing operating and supply situation as the Labrador Island Link (LIL) and Muskrat Falls (MF) approach operation.

• The report was critical of Nalcor’s progress in numerous instances noting that exposure to supply related outages persists. Specifically, the Report notes that lack of clarity in the reliable in-service date of LIL and poor performance of the Holyrood Thermal Generation Station (HTGS) will considerably increase the risk of supply related outages on the IIS. The report also raises concerns regarding NLH’s other generation assets, as well as the practicality of using the Maritime Link (ML) to help ensure adequate electricity supply.

Labrador Island Link
• Liberty advises it is uncertain of the in-service date of the LIL and its anticipated impact on supply of recall power. It further noted that Nalcor representatives were unwilling to provide information about LIL schedule to Liberty.

• Liberty concluded that the LIL is unlikely to be “reliably in commercial operation” by the beginning of winter thereby impacting supply of recall power to the island.

• Liberty further noted that even when the LIL enters commercial operation that it will likely prove somewhat unreliable due to the following factors: 1) its planned operation as a monopole in its first year of commissioning; 2) delivery delays on behalf of GE; 3) the limited duration of planned testing to achieve a “minimum successful run” – 20 days versus 60 days for similar projects, according to Liberty; and 4) the typical problems associated with any new facility in its early operation.

• Comparing favorable and unfavorable supply outlook for winter 2018-19, Liberty states that delay of in-service date of LIL results in violation of NLH’s established reliability criteria and resulting heightened risk.

• The Report notes that the current organization structure of Nalcor and Hydro places responsibility for construction of the LIL with Nalcor, but makes Hydro the entity dependent on the LIL entering reliable service. Liberty notes with regard to this situation that it has “observed transparency and accountability concerns in connection with this distinction.”
• Liberty recommends an enhanced and more frequent PUB oversight of NLH regarding the LIL in-service date. It also recommends that the PUB direct NLH to develop contingency plans to mitigate the consequences associated with the eventuality that LIL will not be available or will be significantly unreliable, for all or part of the coming winter season.

**NLH Generation Assets**

• The Report notes that issues caused by deteriorating generation assets, such as Holyrood, and the Hardwoods and Stephenville combustion turbines are well known. It also notes, that Holyrood "continues to impose major uncertainty" with regard to electricity supply.

• Liberty also raises concerns about emerging issues at NLH’s hydro generation assets. The report highlights "new and expanding" issues related to penstock (hydroelectric water flow mechanism) deterioration at Bay d'Espoir, along with various other maintenance issues at Upper Salmon, Hinds Lake, and Cat Arm. Liberty advises that "the [PUB] should be concerned about the number of issues [related to hydro assets] and the length of time during which they continue to be unresolved."

• Liberty notes that this deterioration of assets demands action by Hydro management. It also concludes that the "major threat for this winter is the Holyrood TGS" and that this "threat could produce very severe consequences on days when the LIL is unavailable."

**Maritime Link**

• The report notes that while the ML "is indeed producing substantial benefits", the lack of access to firm capacity is a notable shortcoming, and Liberty expects these existing benefits (primarily off-island purchases and various reliability/protection capabilities) to become less practical in the future due to commercial and operational issues.

**Analysis:**

• With the LIL continuing to be in the project delivery phase, and not in commercial operation, two issues are noted: 1) the inability to source cheaper off-island power; and 2) having an asset that can only be partially used. Liberty judges that three conditions are required to create a major outage: 1) the LIL not being in service; 2) loss of more than one unit at Holyrood; and 3) high electricity demand (ie. a very cold, windy day).

• In response to Liberty’s report, NLH has noted the following:
  o With respect to the continuation of the LIL in the project delivery phase, NLH notes that as with any system constraint NLH faces, it monitors the situation closely and continues to work with Nalcor to ensure NLH understands the reasons for the delay and how it may impact the system. NLH advises that NLH is developing a contingency plan to manage any shortfall in the assumed supply over the LIL, and it is confident that can be done through things like; imports over the ML, capacity assistance agreements, and other items which will be fully outlined in a report to be filed by early October 2018.
  o With respect to questions raised by Liberty regarding thermal and hydro units, NLH advises that it “firmly believes that the right work, and the right level of investment, has been made to ensure reliability this winter.”
**Action Being Taken:**
- NLH advises that it will file a response to the Report on Friday, September 7 to address questions and the recommendations put forward by Liberty. NLH expects follow up information will be filed with the PUB and Liberty in the weeks subsequent as various initiatives develop and conclude. Such initiatives will further document the coming winter supply planning.

- NR will continue to monitor and advise on these issues.

**Prepared/Approved by:** Y. Khan / M. Janes / C. Snook / J. Cowan

**Ministerial Approval:**

*September 5, 2018*