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December 12, 2025

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Application for Additional Early Execution Capital Work for Bay d'Espoir Unit 8 and Avalon Combustion Turbine – Redacted

Newfoundland and Labrador Hydro's ("Hydro") application for expenditures related to additional early execution capital work for Bay d'Espoir Unit 8 ("BDE Unit 8") and the Avalon Combustion Turbine ("Avalon CT") ("Additional Early Execution Application") is enclosed.

The Board of Commissioners of Public Utilities ("Board") approved Hydro's original Early Execution Application[1] for capital expenditures of $47.4 million in Board Order No. P.U. 17(2025). In the Order, the Board stated that:

> ….is satisfied that the proposed capital expenditures for the early execution work for the Avalon Combustion Turbine Project, in the amount of $30.7 million, and the proposed capital expenditures for the early execution work for the Bay d'Espoir Unit 8 Project, in the amount of $16.7 million, should be approved on the basis that these expenditures were shown to be reasonable and necessary in the circumstances and will not be recovered from customers if the [2025] Build Application is not approved.[2,3]

The original Early Execution Application approval allowed Hydro to continue the initial work necessary for the BDE Unit 8 and Avalon CT projects while the 2025 Build Application was reviewed to ensure that the overall timelines for completion of the projects, if approved, could be met. Hydro's original Early Execution Application was proposed based on the anticipated completion of the review of the 2025 Build Application by the end of the fourth quarter of 2025.

As of the date of this application, it appears unlikely that approval for the 2025 Build Application will be received before the end of 2025. While it appears that Hydro can continue to execute the originally approved early execution work activities into the first quarter of 2026, if approval of the 2025 Build

[1] "Early Execution Capital Work – Bay d'Espoir Unit 8 and Avalon Combustion Turbine," Newfoundland and Labrador Hydro, March 12, 2025 ("Early Execution Application").
[2] Board Order No. P.U. 17(2025), p. 5/33–38.
[3] "2025 Build Application – Bay d'Espoir Unit 8 and Avalon Combustion Turbine," Newfoundland and Labrador Hydro, March 21, 2025 ("2025 Build Application"). The 2025 Build Application requests approval of Avalon CT expenditures of $891 million and BDE Unit 8 expenditures of $1.08 billion.

Application is not received within that timeframe, Hydro would be unable to continue to progress the schedule.

The planning, construction, and integration of these new generating resources, including the procurement of long-lead critical equipment required for project advancement, will take years. Supply chain pressures continue to increase, and project estimates are time sensitive. Any delay impacting project execution increases the risk of higher costs to ratepayers, underscoring the need for expedient action. Pausing the work on the projects would have significant implications for the proposed projects' schedules and costs. Hydro's Additional Early Execution Application is made in consideration of these risks and implications; Hydro believes an extension to early execution is warranted to mitigate supply chain risk as well as risks of escalation and impacts of other projects, among others.

The Additional Early Execution Application, particularly Schedule 1 to the application, provides substantive support for the request to continue to proceed with certain expenditures in advance of the approval of the overall projects, showing that approval would be in the best interest of ratepayers.

As with the original Early Execution Application, Hydro is not seeking cost recovery for the expenditures proposed in the Additional Early Execution Application at this time. This is to allow for as expedient of a review process as possible while complying with the existing legislative obligations. Excluding contractual payments relating to project cancellation as detailed within, the additional early execution expenditures are included in the overall costs presented in the 2025 Build Application.

Hydro requests that the Board consider the Additional Early Execution Application in the context of the evidence filed in the original Early Execution Application, as well as the 2025 Build Application. Hydro requests that the records of the Early Execution Application and 2025 Build Application be placed on the record of the Additional Early Execution Application.

Schedule 2 to the enclosed application includes charts of the BDE Unit 8 and Avalon CT demonstrating each project's key activity critical path and early execution timeline. While these charts do not show the full project schedule with all activities, they show the critical path for each project, the early execution work planned in 2026, and key long lead supply packages.

In project management, the critical path is the longest sequence of tasks that must be completed on time for the entire project to stay on schedule. If any task on the critical path is delayed, the final project completion date is also delayed unless adjustments are made. Identifying the critical path helps teams prioritize the most time-sensitive activities and allocate resources effectively. The documents in Schedule 2 show high-level milestones, the regulatory process, and the key long-lead equipment activities that are forecast to progress in 2026.

As Hydro has previously noted, it appears that the execution of the originally approved early execution expenditures can continue into the first quarter of 2026; however, approval of the Additional Early Execution Application is needed as expeditiously as possible to protect project schedules and budgets.

This application contains commercially sensitive information on the details of the budget and other contractual aspects of the proposed projects. An unredacted version of the report is being provided to the Board on a confidential basis. The parties will be provided with a version in which this information has been redacted. Hydro requests that this information be kept confidential and not be made publicly available. Hydro requests that the Board use the redacted version for posting to its website.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
Ryan Oake
Board General

Island Industrial Customer Group
Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Glen G. Seaborn, Poole Althouse

Consumer Advocate
Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, KC, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

Newfoundland Power Inc.
Dominic J. Foley
Douglas W. Wright
Regulatory Email

Additional Early Execution Capital Work

Bay d'Espoir Unit 8 and Avalon Combustion Turbine

December 12, 2025

An application to the Board of Commissioners of Public Utilities

newfoundland labrador hydro

IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (*"EPCA"*) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (*"Act"*), and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro ("Hydro") for an Order pursuant to Section 41(3) of the *Act* approving capital expenditures related to the construction of the Bay d'Espoir Hydroelectric Generating Facility ("BDE") Unit 8 and the Avalon Combustion Turbine ("CT").

To: The Board of Commissioners of Public Utilities ("Board")

THE APPLICATION OF HYDRO STATES THAT:

A. Background

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2024*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.

B. Application

2. Hydro's 2024 Resource Adequacy Plan[1] developed three load forecasts to reflect the range of forecasted Island Interconnected System load requirements—the Reference Case (the expected load), Slow Decarbonization (which assumes a lower load than expected), and Accelerated Decarbonization (which assumes a higher-than-expected load). Hydro's Expansion Model identified the least-cost options to reliably meet the requirements of the system under each scenario.

3. Hydro's analysis of the Reference Case determined that approximately 525 MW of new generation to address Island Interconnected System reliability requirements would be required by 2034.

[1] "2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study," Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024).

4. Failing to act and implement solutions amid projected growth poses significant risks to system reliability. However, planning for the highest growth scenarios without adequate certainty could result in overbuilding and unnecessarily higher customer rates. To mitigate this risk, Hydro utilized the Slow Decarbonization load forecast to progress a plan involving the minimum investment that is required at this time ("Minimum Investment Expansion Plan").

5. Hydro's proposed Minimum Investment Expansion Plan included:

   (i) Construction of a new 150 MW hydroelectric unit at BDE ("BDE Unit 8");

   (ii) Construction of a new 150 MW CT resource with renewable fuel capabilities on the Avalon ("Avalon CT"); and

   (iii) Integration of 400 MW installed capacity of wind generation.

6. Hydro presented its findings and the analysis that led to the above conclusions within the *Reliability and Resource Adequacy Study Review* proceeding (*"RRA Study Review"*). After discussions between Hydro, the parties to the *RRA Study Review*, and Board staff, the parties arrived at a Settlement Agreement[2] in which Hydro, the Consumer Advocate, Newfoundland Power Inc. and the Island Industrial Customers Group agreed that Hydro's recommendation, based on the Slow Decarbonization Case, to build a new 154 MW hydroelectric unit at BDE and a 150 MW CT on the Avalon Peninsula is appropriate as part of the first step in addressing the requirements for additional capacity for the Island Interconnected System and application for these projects should be made for evaluation at this time.

7. Hydro filed an application for approval of BDE Unit 8 and the Avalon CT on March 21, 2025 ("2025 Build Application").

8. Section 41(3) of the *Act* prohibits a utility from proceeding with the construction, purchase, or lease of improvements or additions to its property that exceed the amount prescribed in regulations, at this time being $750,000, without prior approval from the Board. A substantial regulatory process was anticipated for the review of Hydro's 2025 Build Application. During this time, without approval of the Board, Hydro would not have been able to advance any of the

[2] "2025 Build Application – Bay d'Espoir Unit 8 and Avalon Combustion Turbine," Newfoundland and Labrador Hydro, March 21, 2025, sch. 2.

work and analysis necessary to allow the proposed projects to proceed as planned once they received approval. To ensure that the necessary timelines for construction that would be proposed in the 2025 Build Application are met, it was and is necessary for Hydro to continue in the interim period with certain advance work and analysis that will allow the project to proceed as planned. Pausing this work to await approval of the 2025 Build Application would have significant implications for the proposed projects' schedules and costs.

9. On March 12, 2025, Hydro filed an application for certain capital expenditures that would be necessary during the period of review of the 2025 Build Application to allow the BDE Unit 8 and Avalon CT projects to be able to meet the proposed cost and schedule once they are approved ("Early Execution Application"). On April 25, 2025, the Board issued Order No. P.U. 17(2025) approving Hydro's Early Execution Application and capital expenditures in the amount of $30,710,000 and $16,670,000 for the proposed early execution work for the Avalon CT and the BDE Unit 8 projects, respectively.

10. In the Early Execution Application, Hydro noted that without an Order on the 2025 Build Application by the end of 2025, Hydro would need to file a second early execution application to maintain the project schedule.

11. In response to a request for more information issued by the Board,[3] Hydro noted that, assuming the procurement commitments estimated in the original early execution budgets do not materially increase, Hydro anticipated that it could continue to execute its early execution work activities into the first quarter of 2026. However, if approval by the Board would be delayed beyond that timeframe, an additional early execution application would be required.

12. The 2025 Build Application process is underway with review of the application and additional information and analysis requested by the Board being completed by the Board's expert, Bates White Economic Consulting, LLC, and other subcontractors. However, it does not appear likely that the process will be completed and the projects approved by the end of 2025. To mitigate the risks of delays to the project schedule and the resulting risks of substantial cost impacts that could occur if Hydro were unable to proceed with capital expenditure because of a lack of

[3] "2025 Build Application – Request to Hydro to Provide Additional Information – Hydro's Reply," Newfoundland and Labrador Hydro**,** September 11, 2025.

authorization pursuant to Section 41(3) of the *Act*, Hydro believes it is necessary to request approval of extended early execution capital expenditures.

13. Schedule 1 to this application provides the description of additional capital expenditures that are necessary, before full approval of the 2025 Build Application will be available, to allow the BDE Unit 8 and Avalon CT projects to continue ("Additional Early Execution"). The Additional Early Execution would assist with the mitigation of cost and schedule impacts that would arise from pausing work pending approval. Hydro is proposing to defer the determination of whether the expenditures can be recovered from customers to the 2025 Build Application.

14. The Additional Early Execution work is generally a continuation of the work that was previously approved and began in 2025. The scope related to the Avalon CT is estimated to be $29,294,000, with the cost of the Additional Early Execution scope related to BDE Unit 8 estimated to be $5,630,000 for a total additional expenditure of $34,924,000 for both projects.

15. The total of all early execution scope—previously approved and requested herein—for the Avalon CT and BDE Unit 8 is $60,004,000 and $22,300,000, respectively.

16. The proposed Additional Early Execution scope for the Avalon CT is summarized in Schedule 1 to the application in Sections 2.4 and 2.5, and in Sections 3.4 and 3.5 for BDE Unit 8, with the costs detailed in Tables 1 and 2, respectively.

17. The critical path of a project is the longest sequence of tasks that must be completed on time for the entire project to stay on schedule. If any task on the critical path is delayed, the final project completion date is also delayed unless adjustments are made. Identifying the critical path helps teams prioritize the most time-sensitive activities and allocate resources effectively. The documents in Schedule 2 show high-level milestones, the regulatory process, and the key long-lead equipment activities that are forecast to progress into early 2026.

18. In Board Order No. P.U. 17(2025), approving the previous early execution request, the Board accepted that the approval of the proposed early execution work in advance of the conclusion of the 2025 Build Application would reduce risks to the schedule and costs of the proposed projects. The Board found that the evidence supported the conclusion that the project estimates are time-sensitive and that increasing supply chain pressures increase the risk of delays and

higher costs for ratepayers. The Board accepted that the financial consequences of delays in the projects could be substantial, including price escalation, higher demand costs and additional interest during construction and found that the approval of the proposed capital expenditures for the early execution work was reasonable and necessary in these circumstances.

19. The ability to proceed with this Additional Early Execution work in advance of approval of the 2025 Build Application will assist with mitigating the risks to project schedule and costs that would result from Hydro's inability to continue with capital expenditures necessary to advance the critical activities outlined in the application. This is further described in Section 4 of Schedule 1. As established in the previous Early Execution Application, cost implications from pausing the work could be substantial.

C. Newfoundland and Labrador Hydro's Request

20. Hydro requests that the Board make an Order approving the additional capital expenditures necessary for capital work related to the future construction of BDE Unit 8 and the Avalon CT.

D. Communications

21. Communications with respect to this application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

DATED at St. John's in the province of Newfoundland and Labrador on this 12th day of December 2025.

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Counsel for the Applicant
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Schedule 1

Additional Early Execution Capital Work for Bay d'Espoir Unit 8 and Avalon Combustion Turbine

Contents

1.0 Background

For the 2024 Resource Adequacy Plan,[1] three forecasts were developed to reflect the range of forecasted Island Interconnected System load requirements—the Reference Case (the expected load), Slow Decarbonization (which assumes a lower load than expected), and Accelerated Decarbonization (which assumes a higher-than-expected load). Newfoundland and Labrador Hydro's ("Hydro") Expansion Model identified the least-cost options to reliably meet the requirements of the system under each scenario. Hydro's analysis of the Reference Case determined that approximately 525 MW of new generation to address Island Interconnected System reliability requirements would be required by 2034.

To mitigate the reliability or increased customer rate risks associated with either the failure to advance solutions for forecasted growth or overbuilding for the highest load growth scenarios, respectively, Hydro utilized the Slow Decarbonization load forecast to progress a plan involving the minimum investment that is required at this time ("Minimum Investment Expansion Plan") while continuing to progress planning for the Reference Case.

Hydro's proposed Minimum Investment Expansion Plan included:

- Construction of a new 150 MW[2] hydroelectric unit at the Bay d'Espoir Hydroelectric Generating Facility ("BDE") ("BDE Unit 8");
- Construction of a new 150 MW Combustion Turbine ("CT") resource with renewable fuel capabilities on the Avalon ("Avalon CT"); and
- Integration of 400 MW installed capacity of wind generation.[3]

Within the *Reliability and Resource Adequacy Study Review* proceeding ("*RRA Study Review*"), Hydro presented its findings and the analysis that led to the above conclusions. After discussions between Hydro, the parties to the *RRA Study Review*, and the Board of Commissioners of Public Utilities ("Board") staff, the parties arrived at a Settlement Agreement in which Hydro, the Consumer Advocate, Newfoundland Power Inc. ("Newfoundland Power"), and the Island Industrial Customer Group jointly

[1] "2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study," Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024).
[2] All references to capacity are in nominal terms.
[3] The 2024 Resource Adequacy Plan analysis identified a requirement for 400 MW of energy; however, Hydro is pursuing alternatives to decrease this requirement. While Hydro will continue to advance solutions, including wind generation, wind does not form part of Hydro's application for the capital expenditures related to the purchase and installation of BDE Unit 8 and Avalon CT ("2025 Build Application").

advise the Board that various issues arising regarding the *RRA Study Review* and the 2024 Resource Adequacy Plan had been settled by negotiations between them.[4] The parties agreed that Hydro's recommendation, based on the Slow Decarbonization Case, to build a new 154 MW unit at BDE and a 150 MW CT on the Avalon Peninsula, is appropriate as part of the first step in addressing the requirements for additional capacity for the Island Interconnected System, and an application for these projects should be made for evaluation at this time.

Hydro filed its 2025 Build Application for approval of BDE 8 and the Avalon CT on March 21, 2025.[5]

In advance of the 2025 Build Application filing, Hydro had been completing its front-end engineering and design ("FEED") and had determined that it must begin certain advance work and analysis that would allow the projects to proceed as planned. The ongoing work would help ensure that the timelines for construction that are necessary and would be proposed in the 2025 Build Application are met. Project estimates are time sensitive, and supply chain pressures continue to increase; any delay during the regulatory proceeding schedule or during project execution increases the risk of higher costs to ratepayers. Pausing this work while the overall application is being considered would have significant implications for the proposed projects' schedules and costs.

On March 12, 2025, Hydro filed an application for approval of the capital expenditures that were necessary, even before full approval of the 2025 Build Application can be available, to allow the BDE Unit 8 and Avalon CT projects to be able to meet the proposed cost and schedule once they are approved ("Early Execution Application"). Hydro proposed to defer the determination of whether the expenditures can be recovered from customers to the 2025 Build Application proceeding.

The Board set a review process for the Early Execution Application, providing for Requests for Information ("RFI") to be issued and Party Comments submitted by the parties. RFIs were issued by the Consumer Advocate, Newfoundland Power, and the Board, and final submissions were made by the Consumer Advocate and Newfoundland Power. The process closed on April 15, 2025, with the submission of Hydro's Reply to Party Comments. On April 25, 2025, the Board issued Order No. P.U. 17 (2025) approving Hydro's Early Execution Application. The Board accepted that the approval of the proposed

[4] The Labrador Interconnected Group signed only to the extent to reflect agreement to item 1 in the Settled Issues List that forms part of the Settlement Agreement. That item does not have implications for the proposals in the 2025 Build Application.
[5] "2025 Build Application – Bay d'Espoir Unit 8 and Avalon Combustion Turbine," Newfoundland and Labrador Hydro, March 21, 2025.

early execution work in advance of the conclusion of the 2025 Build Application would reduce risks to the schedule and costs of the proposed projects. The Board found that the evidence supported the conclusion that the project estimates are time sensitive and increasing supply chain pressures increase the risk of delays and higher costs for ratepayers. The Board accepted that the financial consequences of delays in the projects could be substantial, including price escalation, higher demand costs and additional interest during construction and found that the approval of the proposed capital expenditures for the early execution work was reasonable and necessary given the circumstances.

In the Early Execution Application, Hydro noted that in the absence of a Board Order on the 2025 Build Application by the end of 2025, it would be necessary for Hydro to file a second early execution application in the fourth quarter of 2025 to allow Hydro to continue the expenditures necessary to maintain the project schedule.

As directed by the Board in its Order approving Hydro's initial Early Execution Application, Hydro has and will continue to file monthly reports with the progress and the status of the early execution work for both projects. The negotiations for CT and transformer contracts for the Avalon CT Project are ongoing, with awards expected in December 2025, while EPCM[6] procurement has been reissued with an award anticipated in the second quarter of 2026. On the BDE Unit 8 Project, Hydro is finalizing EPCM consultant selection and turbine-generator contracting and has received environmental release. Other key milestones—such as the EPCM award—are slightly delayed, extending the schedule for early execution scope into 2026. Both projects report expenditures below plan due to deferred contract awards, with increased spending forecast in late 2025 into 2026.

Since the filing of the 2025 Build Application in March 2025, Hydro has assisted with the review of the application by the Board's consultant, Bates White Economic Consulting, LLC ("Bates White"). As noted in the Board's correspondence on May 7, 2025, the Board asked Bates White to review the application. Bates White subsequently provided a preliminary report in June 2025, which was shared with the parties and placed on the record, with an addendum issued in November 2025.[7,8]

The Board requested additional evidence and analysis from Hydro and advised that Bates White and two independent firms that Bates White partnered with to assist with this phase of its review were

[6] Engineering, Procurement, and Construction Management ("EPCM").
[7] "Expert Report of Vincent Musco and Collin Cain," Bates White Economic Consulting, LLC, June 26, 2025.
[8] "Expert Addendum Report of Vincent Musco and Collin Cain," Bates White Economic Consulting, LLC, November 6, 2025.

continuing the review of the proposed projects. A report on this phase of work is expected in the near future, with further review of the process to follow. Hydro under Hydro has worked closely with the Board and its consultant throughout its review process to answer queries and provide documentation to support the production of fulsome and accurate expert reports.

In the Board's correspondence on July 22, 2025, requesting additional information, the Board noted Hydro's position that not having project approval by the fourth quarter of 2025 risks increased costs for construction of the project and delays in completion. The Board asked that Hydro address the impact for each of the projects if approval is not received by year-end, including whether an application for additional early execution work would be anticipated.

Hydro's response, filed on September 11, 2025, noted that assuming the procurement commitments estimated in the original early execution budgets do not materially increase, Hydro anticipated that it could continue to execute its early execution work activities into the first quarter of 2026; however, if approval by the Board was be delayed beyond that timeframe, an additional early execution application would be required.

Section 41(3) of the Public Utilities Act (*"Act"*) prohibits a utility from proceeding with the construction, purchase, or lease of improvements or additions to its property that exceed the amount prescribed in regulations, at this time being $750,000, without prior approval from the Board. The approved original Early Execution Application allowed Hydro to continue working during the review period of the 2025 Build Application to ensure that the timelines for construction could be met.

As of the date of this application, it appears unlikely that approval for the proposed project will be received before the end of 2025. Once Hydro completes the work and expenditures approved by the Board in Order No. P.U. 17(2025), absent approval of the 2025 Build Application, Hydro would be prohibited from proceeding any further. The concerns regarding delays in the project schedule as a result of having to pause work pending approval, and the associated risks of increased costs remain. Pausing this work to await approval of the 2025 Build Application would have significant implications for the proposed projects' schedules and costs.

Hydro believes an extension to early execution to mitigate supply chain risk and maintain the critical path to completion, amongst other risks, including escalation and the impacts of other projects, is warranted.

2.0 Avalon CT

2.1 Components of the Project

As noted in the original Early Works Application, the Avalon CT will have several components:

- Generation Facility
  - A new powerhouse with multiple CT generating units for a total nominal capacity of 150 MW, transformers, auxiliary mechanical and electrical equipment, control and protection equipment, fire protection system, demineralized water plant, compressed air, black start generator system, etc.
- Raw Water System
  - A new raw water intake and pumphouse will supply water for both domestic use and the demineralized water plant.
- Fuel Offloading System
  - A new fuel tank farm and truck offloading and handling system for supply to the powerhouse.
  - A fuel line to the existing Holyrood Marine Terminal.
- Transmission and Terminal Facilities
  - A new high-voltage 230 kV terminal station supplied from the generator step-up ("GSU") transformers.
  - Modifications and rerouting of the existing transmission line TL218 into the new terminal station.
  - Rerouting existing Newfoundland Power transmission lines to facilitate site construction.

The early execution scope was proposed to enable project continuity through 2025, to maintain the overall project schedule.

2.2 Original Early Execution Scope for Avalon CT

The original early execution scope included the following work necessary to bridge the period between the completion of FEED and receiving project approval from the Board:

- Critical Path Request for Proposal ("RFP") preparation, issuance and award for CT and GSU transformers. This entails the detailed engineering and fabrication scheduling necessary to complete the work and includes firm confirmation of the final supply and pricing, and schedule.
- Complete Environmental Assessment ("EA") Report and registration and continue with the stakeholder engagement process.
- Engage Engineering Support from an EPCM contractor to support the following activities:
  - Complete geotechnical investigations and surveys needed to support the execution phase; and
  - Detailed execution planning activities, such as establishing the project execution plan, contracting plan, and other planning documentation.
- Avalon CT interface optimization assessments in areas such as fire water supply, overall site fuel utilization, etc.
- Preparation of early execution RFP and engagement with early execution contractors to complete initial geotechnical work and minor excavations in preparation to support line relocation and new line installations to ensure the overall schedule can be maintained.

2.3 Status of Early Execution Work

2.3.1 EPCM Procurement

The RFP for EPCM services closed on August 28, 2025, and concluded without the identification of a successful proponent. In October 2025, Hydro modified the scope to align with market feedback and issued an alternative RFP, with anticipated award in the second quarter of 2026. This strategy is expected to produce more robust and competitive proposals as seen in other similar RFP issuances. Hydro has evaluated its current schedule, prepared based on Hatch Ltd.'s ("Hatch") original FEED schedule in 2024, and determined that, considering the scope and progress in 2025 of the early execution engineering and timeline of the turbine generator contract award, there is sufficient schedule flexibility to accommodate the delayed award while completing other work in parallel.

2.3.2 Long-Lead Equipment

Through the undertaking of the early execution procurement work scope, Hydro has found that the CT market has accelerated even more than anticipated, largely due to the impact of technology such as

artificial intelligence, leading to increased competition for equipment.[9] Large, private technology firms with significant buying power and that are not subject to regulation are entering the market. Firms are constructing gas-fired turbines to power data centers, causing a rapid escalation in pricing.[10] This unprecedented demand has created multi-year wait times, and competitors are acting quickly to secure manufacturing slots into the late 2020s as the numbers of projects increase.[11,12]

Through the RFP process for the CT package, Hydro has received an indication that the current pricing from vendors in the marketplace is significantly higher than the initial budget estimates for the Avalon CT, as included in the 2025 Build Application, based on market research and information from vendors at the time. Given the market conditions and information from vendors, Hydro is actively working to review its estimate, in parallel with vendor negotiations, to ensure that it has adequately budgeted for packages and appropriately identified contingency and management reserve associated with the risk of increasing market volatility. The projected cost increases for equipment currently fit within the proposed Authorized Budget; however, Hydro will provide an updated cost estimate to the Board once Hydro has fully reviewed vendor pricing and updated its Monte Carlo analysis.

The following is an update on the procurement status of long-lead items:

- **CT Packages:** The RFP for the supply of CTs closed in July 2025. Hydro is targeting a partial award in December 2025 to secure a production slot for the CT packages and engines, ensuring continuity toward full project sanction in 2026. Current production sequencing by the proponent is likely to push the delivery date of the turbine generator by approximately 23 weeks; however, this is anticipated to impact the Commercial Operation Date ("COD") for the project by approximately 18 weeks.
- **Transformers:** An RFP for the supply of four GSU transformers and one station service transformer closed in June 2025. Negotiations with the proponent are ongoing, with focus areas including warranty coverage, logistics risk, and delivery sequencing. Schedule delays have

[9] Bloomberg, *"AI-Driven Demand for Gas Turbines Risks a New Energy Crunch,"* October 2, 2025, https://www.bloomberg.com/features/2025-bottlenecks-gas-turbines/.
[10] *"Gas Turbine Makers Are Rolling with the AI Power Boom,"* Energy News Beat, October 17, 2025, https://energynewsbeat.co/gas-turbine-makers-are-rolling-with-the-ai-power-boom/.
[11] *"Gas Turbine Makers Are Riding the AI Power Boom,"* Wall Street Journal, November/December 2025, https://www.wsj.com/business/energy-oil/gas-turbine-makers-are-riding-the-ai-power-boom-cccf8de2.
[12] *"The AI-Driven Gas Turbine Renaissance, Energy Evolution,"* Podcast, S&P Global Commodity Insights, November 11, 2025, https://www.spglobal.com/commodity-insights/en/news-research/podcasts/energy-evolution/111125-the-ai-driven-gas-turbine-renaissance

occurred due to the need for additional technical clarification, resulting in a shift of approximately 26 weeks to the transformer procurement milestone completion. This schedule shift is not anticipated to impact the project COD. While Hydro does not have an exact award date, Hydro expects to be ready to award before the end of 2025, aligning with the planned partial award for CT procurement, to secure a manufacturing slot. These awards will enable long-lead equipment fabrication to proceed in advance of full project sanction.

- **Electrical Breakers:** Due to long lead times for terminal station breakers, the RFP for this equipment will be issued in the first quarter of 2026 to mitigate schedule risk.

2.3.3 Early Execution Civil Works

The Cahill Group ("Cahill") was awarded the civil works scope in August 2025 and began mobilization to the site on September 29, 2025. Work is planned to be completed by the fourth quarter of 2025.

2.3.4 Transmission Line Relocations with Newfoundland Power Inc.

Hydro is collaborating with Newfoundland Power for the development, design and execution of relocating Transmission Lines 38L and 39L—two transmission lines that are within the project footprint at the Holyrood site. The Newfoundland Power cost estimate was provided to Hydro in June, and Hydro issued a purchase order in July 2025. On-site work began in November 2025 and is expected to be completed by the fourth quarter of 2025.

Hydro is also collaborating with Newfoundland Power to provide a construction power feed to the site. A purchase order has been issued, and work is expected to be completed by the fourth quarter of 2025.

2.3.5 Geotechnical Investigation

Cahill completed site clearing on November 4, 2025, enabling Artelia to mobilize in mid-November. On-site work began on November 24, 2025, and is expected to be completed by early December 2025, weather permitting.

2.3.6 Miscellaneous Engineering Studies

As part of the approval for early execution, Hydro intends to complete miscellaneous engineering studies to further advance the Avalon CT Project. To date, two studies have been awarded, with no further studies planned at this time.

Hydro awarded the first study to Hatch to investigate the fire water tie-in to the existing Holyrood site infrastructure and investigate the use of CT1 black start diesel for starting the new Avalon CT. The design study has been completed for both scopes of work. Additional investigative work on the raw water line was completed on September 7, 2025, with no definitive issues found. Hatch has submitted their findings and recommendations, which are currently under review by Hydro.

Hydro awarded a second study to Hatch to investigate the wastewater tie-in to the existing Holyrood site infrastructure, interconnection of the CT1 and CT2 fuel systems, and bulk fuel storage assessment for optimization, inventory management, and segregation of storage for third-party access. Review of the findings is ongoing, with conclusions expected by the end of 2025.

2.3.7 Project Management and Resourcing

The Project Management Team continues to review and optimize the Avalon CT execution plan with a focus on risk reduction; team size remains stable, with no additional resource onboarding planned until 2026.

2.4 Additional Early Execution Work

As previously noted, the original early execution scope was proposed to provide Hydro with the authority to continue its expenditures to enable project continuity through an anticipated approval of the proposed projects by the end of 2025, to maintain the overall project schedule. As of the date of this application, it appears unlikely that approval for the proposed project will be received before Hydro has completed the expenditures approved in the initial Early Execution Application. The concerns regarding delays in the project schedule and the associated risks of increased costs remain. While Hydro has determined that it can continue to execute its previously approved early execution work activities into the first quarter of 2026, without approval in that time frame, Hydro would be unable to proceed with the next steps in the project or continue with capital expenditures necessary to maintain the project schedule. As such, Hydro believes that further approval for additional early execution work is necessary.

To ensure project continuity and regulatory efficiency, Hydro has included project activities up to the middle of 2026 within this additional early execution application; however, that is not to indicate that approval of the overall 2025 Build Application can be delayed until that date if the additional early execution scope is approved, without impacting the costs and schedule of the proposed projects. Prolonged regulatory processes without clear timelines or indications of approval can erode vendor

confidence, discourage participation, and ultimately increase project costs by reducing the pool of competitive bidders.

The additional early execution scope will include the following work necessary to bridge the period between the completion of the original early execution approval and receiving project approval from the Board:

- Manage oversight and fabrication of CT and GSU transformers from a quality and timely delivery perspective to ensure that all visible risks are mitigated. This will include oversight, verification and adherence to contractual milestone payments by suppliers.
- Development of and issuance of an RFP for electrical breakers to derisk issues around long lead equipment.
- Continuation of RFP bid submission review and award of EPCM contract, followed by full-time engagement and integration of consultant team.
- RFP bid submission review and award of engineering design for the Avalon CT Project site civil development to derisk the overall project delivery timeline.
- Inclusion of additional project management team members to support various engineering disciplines in advance of the EPCM contract award.

2.5 Budget

The costs associated with the extended early execution scope total $29.3 million, which is not inclusive of $[redacted] million of forecasted cancellation clause operating costs that would be incurred in the event the project is not approved. Details of the budget are set out in Table 1.

Table 1: Additional Early Execution Budget for Avalon CT ($000)

Category	Approved Budget Amount[13] (A)	Description of Additional Early Execution Costs	Additional Early Execution Budget[14] (B)	Cancellation Clause Costs[15] (C)	Total Early Execution Capital Budget (A+B)
EPCM Support and Internal Project Management	[redacted]	Engineering and other work performed by EPCM during the period.	[redacted]	[redacted]	[redacted]
CT Procurement	[redacted]	Manage oversight and fabrication of CT package, payment terms for equipment, inclusion of cancellation clauses in contract.	[redacted]	[redacted]	[redacted]
Early Site Works and Geotechnical Study	[redacted]	Continued site work, demobilization costs in the event of project termination.	[redacted]	[redacted]	[redacted]
GSU Transformer Procurement	[redacted]	Manage oversight and fabrication of GSU transformers, inclusion of cancellation clauses in contract.	[redacted]	[redacted]	[redacted]
Environmental Assessment Registration and Studies	[redacted]	Consultant studies.	[redacted]	[redacted]	[redacted]
Contingency	[redacted]	Additional contingency associated with continuation of early execution project.	[redacted]	[redacted]	[redacted]
Interest During Construction ("IDC") and Escalation	[redacted]	Additional IDC and escalation associated with the continuation of the early execution project.	[redacted]	[redacted]	[redacted]
Total	**30,710**		**29,294**	[redacted]	**60,004**

[13] As approved in Board Order No. P.U. 17(2025).
[14] Budget includes project termination costs, should the project not be approved.
[15] Reserve for cancellation clause payments. These are only paid in the event that the project is not approved and are therefore considered operating costs. They have not been included within the additional early execution capital budget.

The contracting strategy for the additional early execution includes mechanisms, where appropriate, to enable Hydro to limit or cancel the services or procurement in the event Board approval is not provided on the 2025 Build Application. In the circumstance where the project is cancelled, Hydro would be responsible for any associated project termination costs, such as demobilization, engineering work performed, time, and materials. In addition, for certain contracts Hydro would be responsible for payment of industry-standard cancellation charges that increase proportionally to the amount of work performed at the time of cancellation. Contract cancellation clauses are generally required by Vendors to protect against the risks of entering into a contractual agreement for a project that may not proceed if regulatory approvals are not obtained. In general, the proposed project budgets within the 2025 Build Application are inclusive of termination costs (although the timeline of costs, such as demobilization, is accelerated in such a circumstance); however, cancellation clauses are not part of the proposed authorized project budgets as they are considered operating costs **which are only incurred if the project is not approved**. Delay in project approval and the incorporation of cancellation clauses present a material financial risk to Hydro and the province.

The proposed approach to be utilized for the procurement of the CT and GSU transformers is forecasted to limit Hydro's cost exposure for those particular items to approximately $[redacted] million ($[redacted] million of which represents the contract cancellation clauses for CTs and transformers).

Alternatively, the approach for contracting for the EPCM support services will be largely based on a time and materials structure, which is now forecasted to limit the cost exposure to approximately $[redacted] million. The scope of the early site works and geotechnical work has a limited cost (approximately $[redacted] million) and is planned to be executed in a short period of time; therefore, it was not deemed necessary to customize a contracting strategy. Project cancellation costs for geotechnical work include the demobilization of contractors from the site.

Hydro is also exploring mitigations to reduce or eliminate the cost risk associated with cancelling active procurements in the event the project is not approved. This may include repurposing the equipment for other Hydro projects or selling the procured goods.

2.6 Least-Cost Evaluation

The scope identified in this application represents the execution of an additional segment of work associated with an overall plan for construction that has been analyzed and developed as the least-cost

solution. The anticipated increase in capital cost associated with the CT package is within the capital costs sensitivity evaluated in Hydro's 2025 Build Application, which demonstrated that BDE Unit 8 and the Avalon CT remain the least-cost options, even if the Avalon CT capital cost increases to P85 (the proposed Authorized Cost).[16]

3.0 BDE Unit 8

3.1 Components of the Project

As noted in the original Early Execution Application, an additional unit at BDE was identified as one of the preferred, least-cost, environmentally responsible resource options required to support forecasted load growth and system reliability. The existing development at BDE has a 600 MW capacity and includes a reservoir, a spillway, and two powerhouses. The BDE Unit 8 Project will supplement the existing Bay d'Espoir Hydroelectric Development via the use of the existing reservoir and an extension to Powerhouse 2. The BDE Unit 8 is expected to have a nominal capacity of 150 MW, which will help meet the system's requirement for additional capacity.

The components of the BDE Unit 8 Project are:

Generation Facility

- Extension of existing Powerhouse 2, with a 150 MW Francis turbine and generator, GSU transformer, isolated phase bus, auxiliary mechanical and electrical equipment, control and protection equipment, fire protection system, hydro-mechanical equipment, and other features.
- The new unit will be built in an existing excavation, upstream of the Unit 8 Draft Tube Outlet, which was built as a part of the construction of the original powerhouse.
- The new generating unit will utilize the existing reservoir and forebay and does not require the construction of any new dams.

Water Conveyance System

- A new headrace channel, intake, buried steel penstock, widening of the tailrace, and installation of further erosion protection in the tailrace channel.

[16] "2025 Build Application – Bay d'Espoir Unit 8 and Avalon Combustion Turbine," Newfoundland and Labrador Hydro, March 21, 2025, sch. 3, sec. 5.2.2.1.5, pp. 30–31.

Transmission and Terminal Station Facilities

- A new 950 m long high-voltage 230 kV line from a Unit 8 GSU transformer to the existing Terminal Station 2.
- Expansion of Terminal Station 2 to accept the new transmission line interconnection.

Hydro's 2025 Build Application outlined the overall project schedule, which starts with the engagement of the EPCM contractor and turbine generator supplier in 2025, followed by establishing the transformer supply contract in 2026, and the main construction activities starting in 2028. The overall project completion date is planned for 2031. The original early execution scope was intended to enable project continuity through 2025; as with the Avalon CT, certain work was necessary throughout the review process of the 2025 Build Application to maintain the overall project schedule.[17] Project estimates are time sensitive, and supply chain pressures continue to increase; therefore, any delay during the regulatory proceeding or during project execution increases the risk of higher costs to ratepayers.

3.2 Original Early Execution Scope for BDE Unit 8

The original Early Execution scope included the following work necessary to bridge the period between the completion of FEED and receiving project approval from the Board.

- Engage EPCM contractor to support the following activities:
  - Complete geotechnical investigations and surveys that are needed to support the execution phase. Engineering and specifications for long-lead or early equipment, such as turbine and generator package, GSU transformer, draft tube stop logs, and 230 kV breakers.
  - Detailed execution planning activities, such as establishing the project execution plan, contracting plan, and other planning documentation.
- Engage turbine generator original equipment manufacturers ("OEM") to complete Computational Fluid Dynamics modeling and model testing. The work would also include confirmation of the final supply and install pricing and schedule.
- Complete EA registration and continue with stakeholder engagement process.

[17] Hydro requested Board approval of the Early Execution Application to allow for the time necessary for the overall regulatory proceeding. The project schedule assumed time for a thorough review and evaluation of the project through a 2025 Build Application regulatory proceeding necessary to obtain Board approval by the end of the fourth quarter of 2025.

3.3 Status of Original Early Execution Work

3.3.1 Engage EPCM Contractor

In April 2025, Hydro decided to combine the EPCM services for the major projects that are planned to be executed at BDE between 2025 and 2031. The planned major projects include:

- Penstock 3 repair and replacement;
- Unit 7 life extension;
- Unit 8 construction; and
- Penstock 2 repair and replacement.

This presents a significant opportunity to improve interface management and optimize EPCM services, which should reduce schedule risks and associated cost risks for each of the projects. The primary benefits include:

- Simplified interface management;
- Simplified procurement process;
- Optimization of EPCM service personnel (reduced duplication of personnel positions);
- Optimization of efforts related to specific scopes (e.g., Health and Safety Services, Emergency Services, site access and security);
- Simplified contract administration;
- Simplified project controls coordination; and
- Coordinated construction management.

The impact of this decision was a change to the procurement timeline to engage the EPCM contractor, as additional time was required to prepare the RFP. The result was an extension of the RFP process by approximately three months. The schedule for this task has sufficient float to absorb this change without impacting the overall project timeline. The RFP for EPCM services was issued on June 13, 2025, and closed on September 18, 2025. Three comprehensive proposals were received and are currently under evaluation, with an award anticipated in December 2025.

3.3.2 Engage Turbine Generator Suppliers:

The process of engaging with turbine generator suppliers is ongoing. A phased contracting approach is being followed with the following planned phases:

- Phase 1: Request for Supplier Qualification – prequalification process.
- Phase 2: Preliminary engineering and RFP.
- Phase 3: Contract award for detailed design, model testing, manufacturing, delivery, installation and commissioning.

Phase 1 closed on May 28, 2025, and an RFP for Phase 2 was subsequently issued to selected pre-qualified proponents on July 24, 2025. Hydro continues to assess options to attain the optimal contracting approach within the established project scope, budget, and schedule, incorporating feedback received from proponents during Phase 1 and Phase 2. Once the successful proponent is selected, the contract award for Phase 3, which includes detailed design, model testing, manufacturing, delivery, installation, and commissioning, will follow. Hydro expects to maintain the overall procurement schedule with a planned award in February 2026.

3.3.3 Environmental Assessment Registration

The EA registration and associated Environmental Protection Plan were submitted on July 31, 2025, and the release from further EA by the Minister of Environment and Climate Change was received on November 18, 2025.[18] As part of the early execution scope, Hydro is working with consultants to perform required environmental studies, which are ongoing.

3.4 Additional Early Execution Work

As previously noted, the original early execution scope was proposed to enable project continuity through 2025 to maintain the overall project schedule. Without approval by very early in 2026, Hydro would be unable to proceed with the next steps in the project or continue with capital expenditures necessary to maintain the project schedule. As such, Hydro believes that further approval for additional early execution work is necessary.

[18] The Environmental Release was issued on November 13, 2025, and received by Hydro on November 18, 2025.

The additional early execution work required for 2026 is generally a continuation of the work that began in 2025 and is summarized as follows:

- EPCM consultant work as follows:
  - Begin detailed design for preliminary works (e.g., site development, camp accommodations, access roads), intake, penstock, powerhouse, and turbine generator interface.
  - Begin field investigations and survey work needed to support the detailed design phase.
  - Begin detailed execution planning activities, such as establishing an execution plan, contracting plan, and other planning documentation.
  - Begin procurement of GSU transformer and 230 kV circuit breakers.
- Finalize contract with turbine generator supplier and begin engineering and model testing.
- Complete reroute of existing site utilities necessary to facilitate Unit 8 construction (e.g., relocate existing distribution lines, control cables, bus structure).
- Begin activities associated with EA release conditions (e.g., preparation of benefits strategy).

3.5 Budget

The costs associated with the additional early execution scope total $5.6 million, which is not inclusive of $[redacted] million of forecasted cancellation clause operating costs that would be incurred in the event the project is not approved. Details of the budget are set out in Table 2.

Table 2: Additional Early Execution Budget for BDE Unit 8 ($000)

Category	Approved Budget Amount (A)	Description of Additional Early Execution Costs	Additional Early Execution Budget (B)	Cancellation Clause Costs[19] (C)	Total Early Execution Capital Budget (A+B)
EPCM Support and Internal Project Management	[redacted]	Engineering and other work performed by EPCM during period.	[redacted]	[redacted]	[redacted]
Turbine Generator Procurement	[redacted]	Manage oversight and fabrication of the turbine generator package, payment terms for equipment.	[redacted]	[redacted]	[redacted]
EA Registration and Studies	[redacted]	Consultant studies.	[redacted]	[redacted]	[redacted]
Utilities Reroute	N/A	Continued site work, demobilization costs in the event of project termination.	[redacted]	[redacted]	[redacted]
GSU Transformer[20] Procurement	N/A	Manage oversight and fabrication of GSU transformers, inclusion of cancellation clauses in the contract.	[redacted]	[redacted]	[redacted]
Circuit Breakers Procurement	N/A	Issuance of RFP and contract award for circuit breakers, including cancellation clauses in the contract.	[redacted]	[redacted]	[redacted]
Contingency	[redacted]	Additional contingency associated with continuation of early execution project.	[redacted]	[redacted]	[redacted]
IDC and Escalation	[redacted]	Additional IDC and escalation associated with the continuation of the early execution project.	[redacted]	[redacted]	[redacted]
Total	**16,670**		**5,630**	[redacted]	**22,300**

[19] Reserve for cancellation clause payments. These are only paid if the project is not approved, and as such, payments are considered operating costs. They have not been included within the additional early execution capital budget.

[20] As bid evaluation for major equipment such as GSU transformer spans the latter part of the Additional Early Execution period and the weeks preceding, Hydro has included Additional Early Execution Budget to enable advancement of the award for these contracts where possible, including reservation of production slots during negotiations before final award.

As with the contracting strategy for the Avalon CT early execution, the contracting strategy for BDE Unit 8 early execution will include mechanisms, where appropriate, to enable Hydro to limit or cancel the services or procurement in the event Board approval is not provided on the 2025 Build Application. Therefore, in the circumstance where the project is cancelled, Hydro would be responsible for any associated project termination costs, such as demobilization, engineering work performed, time and materials. In addition, Hydro would be responsible for payment of any contract cancellation clauses that will be subject to industry-standard cancellation charges that increase proportionally to the amount of work performed at the time of cancellation. Contract cancellation clauses are generally required by vendors to protect against the risks of entering into a contractual agreement for a project that may not proceed if regulatory approvals are not obtained. In general, the proposed project budgets within the 2025 Build Application are inclusive of termination costs (although the timeline of costs, such as demobilization, is accelerated in such a circumstance); however, cancellation clauses are not part of the proposed authorized project budgets as they are considered operating costs **which are only incurred if the project is not approved**. Delay in project approval and the incorporation of cancellation clauses present a material financial risk to Hydro and the province.

For the BDE Unit 8 Project, the procurement of the GSU transformer and 230 kV circuit breakers will include cancellation clauses and is forecasted to limit the cost exposure for those particular items to approximately $[redacted] million ($[redacted] million of which represents the contract cancellation clauses for circuit breakers and transformer). The contract for EPCM services is largely based on a time and materials structure; however, it also includes $[redacted] million of cancellation costs related to early termination of office space, staff and subcontracts should the project not get approved. Inclusive of those costs, Hydro's forecasted cost exposure is limited to approximately $[redacted] million. The forecasted cancellation cost exposure based on the current work plan is included in Table 2.

A specific cancellation charge for the turbine generator is not included, as the work planned for June 2026 is primarily engineering and model testing and is not expected to require large commitments for material orders or fabrication slots; therefore, the turbine generator is forecasted to limit the cost exposure for those items to approximately $[redacted] million. Should a requirement to make additional commitments arise prior to approval of the project, change management would be employed to secure appropriate approvals prior to proceeding.

Other project-specific internal labour and miscellaneous costs are based on a time and materials structure, which will limit the cost exposure to time associated with the close-out of any ongoing work and assembly of information.

Hydro is also exploring mitigations to reduce or eliminate the cost risk associated with cancelling active procurements in the event the project is not approved. This may include repurposing the equipment for other Hydro projects or selling the procured goods.

3.6 Least-Cost Evaluation

The scope identified in this application represents the execution of one segment of work associated with an overall plan for construction that has been analyzed and developed as the least-cost solution. This is reflected in the BDE Unit 8 Project budget and schedule presented in the 2025 Build Application as the least cost solution to provide safe, reliable, environmentally responsible service to customers.

4.0 Benefits of Approval of Extended Early Execution

The review of the 2025 Build Application is underway, and a substantial amount of analysis and discussion with Bates White has taken place since the filing in March 2025. The initial stages of the proposed projects, as set out and approved in the original Early Execution Application, have advanced with the aim of maintaining the proposed project in-service dates. However, project estimates are time sensitive and supply chain pressures continue to increase. The likely delay of regulatory approval into 2026, and the resulting delay in procurement and execution of the initial stages of the projects, has substantive risks for the project schedule and increases the risk of higher costs to ratepayers. Hydro's Early Execution Application was made with these risks and implications in mind, and Hydro's request herein for an extension to that application is also made in that light.

The ability to continue with early execution work into early 2026 in advance of approval of the 2025 Build Application will provide risk mitigation by protecting the project's in-service dates that were established during FEED. If the critical activities outlined are not advanced as planned in the project schedules, the overall project will be delayed, and project costs will increase.

A significant risk mitigation for the BDE Unit 8 and Avalon CT projects would be to maintain the planned project schedule, which would minimize the associated cost/schedule impacts associated with potential market pressures.

For both projects, the ability to advance engineering and engage the OEMs during this phase affords an opportunity to coordinate interfaces between the OEM equipment designs and the remaining facility designs. This is a major benefit for mitigating interface and schedule issues, which could lead to late design changes and associated construction delays and costs.

Further, by continuing with the necessary work described above, Hydro will be able to ensure continuity of key project staff, improving continuity across the project phases. This work will also enable a smooth transition to the subsequent post-approval phases of the project.

5.0 Conclusion

Hydro's 2025 Build Application, filed in March 2025, requested approval for the capital expenditures necessary to procure and construct BDE Unit 8 and the Avalon CT. In general, project budgets within the 2025 Build Application are inclusive of termination costs at scope completion; however, cancellation clauses are not part of the proposed authorized project capital budgets and are only incurred if the project is not approved. The delay in project approval and the incorporation of cancellation clauses present a material financial risk to Hydro and the province.

Hydro is conscious of the risks implicit in these large projects, and particularly how the impacts to schedule can result in delays in implementation; subsequent delays in retiring Hydro's current thermal generation; and increased costs that could have a substantial impact on customers. Hydro has considered what work must continue in the time pending the completion of the review of the 2025 Build Application to allow for the proposed schedule for both projects to continue with as little impact as possible. Hydro's application for approval of an additional early execution for both BDE Unit 8 and the Avalon CT, in compliance with Section 41(3) of the *Act*, is intended to balance compliance with legislative requirements, the requirement for the Board and parties to review and understand the work and expenditures necessary, and the need to ensure wherever possible that schedule and costs are being managed prudently to allow for the provision of safe, reliable, environmentally responsible power at the lowest possible cost to customers.

Schedule 2

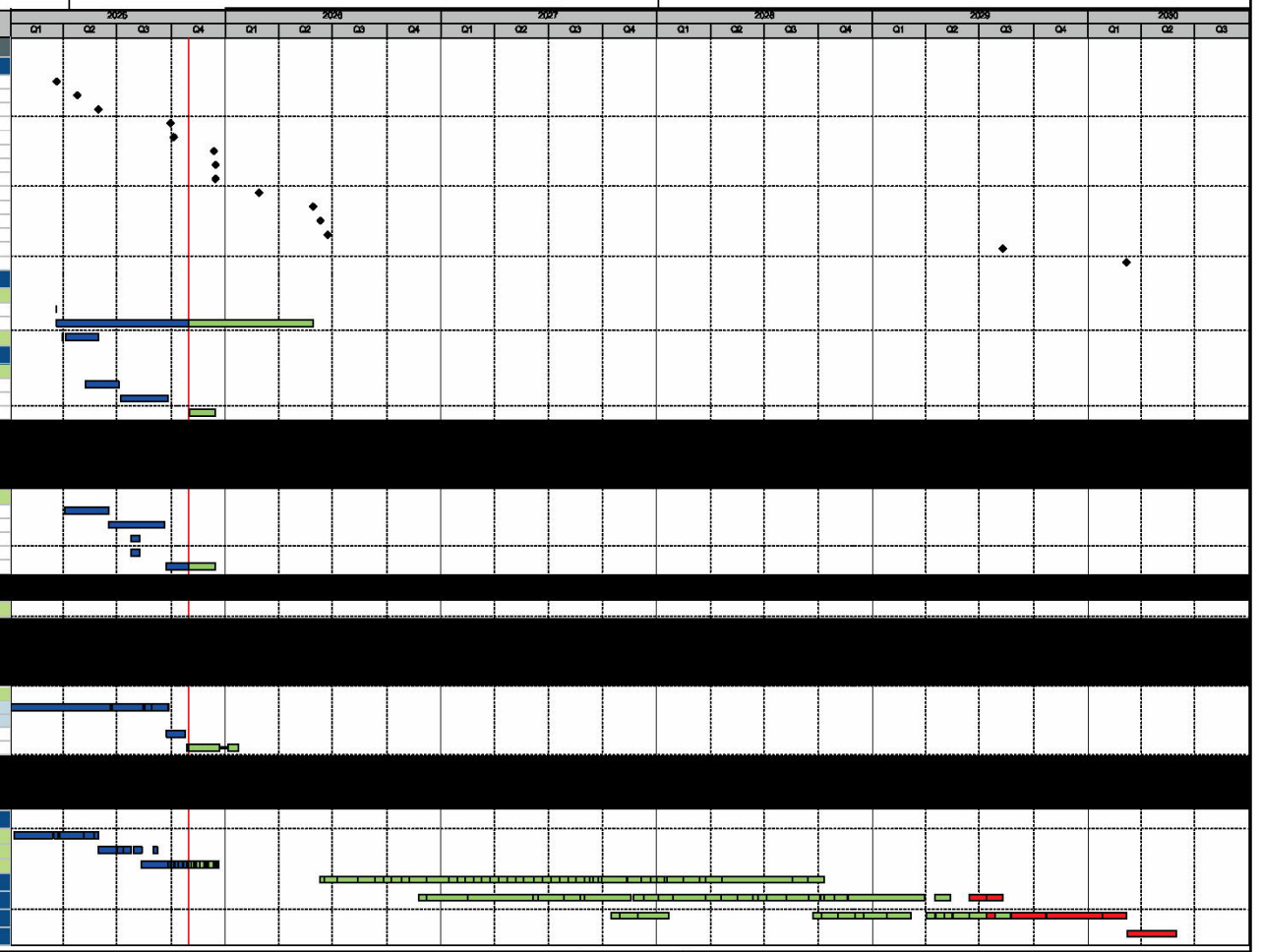
High-Level Summary Schedules

Avalon Combustion Turbine and Bay d'Espoir Unit 8

newfoundland labrador hydro

Avalon Combustion Turbine Project - Major Projects
High-Level Summary Schedule

#	Activity Name	Start	Finish
1	**Avalon Combustion Turbine**	09-Dec-24 A	30-May-30
2	**Summary Milestones**	21-Mar-25 A	07-Mar-30
3	PUB Submission		21-Mar-25 A
4	Early Execution Approval by PUB		25-Apr-25 A
5	Environmental Assessment Release		30-May-25 A
6	Site Kick-Off Meeting for Early Execution Scope		29-Sep-25 A
7	Start of Site Early Execution		05-Oct-25 A
8	NF Power Early Execution Complete (SSL and SSL Relocated)		12-Dec-25
9	GSU Transformer Contract Award		16-Dec-25
10	PM001 Combustion Turbine Generator Package Award		16-Dec-25
11	Early Execution Extension Approval by PUB		27-Feb-26*
12	PUB Approval		29-May-26
13	EPCM Contract Award		10-Jun-26
14	230 kV Circuit Breaker Package Award		23-Jun-26
15	Construction Completion		09-Aug-29
16	Project Completion (COD)		07-Mar-30
17	**Regulatory / Approvals**	21-Mar-25 A	29-May-26
18	**Public Utilities Board**	21-Mar-25 A	29-May-26
19	PUB Submission	21-Mar-25 A	21-Mar-25 A
20	PUB Review/Approval Process	21-Mar-25 A	29-May-26
21	**Environmental**	31-Mar-25 A	30-May-25 A
22	**Long Lead Equipment / Key Procurement**	09-Dec-24 A	13-Jun-29
23	**Combustion Turbine**	06-May-25 A	13-Jun-29
24	PM001 - Combustion Turbine Generator Package - Bid Period	06-May-25 A	04-Jul-25 A
25	PM001 - Combustion Turbine Generator Package - Bid Evaluation	07-Jul-25 A	26-Sep-25 A
26	PM001 - Combustion Turbine Generator Package - Package Award	31-Oct-25	16-Dec-25*
32	**Transformer**	04-Apr-25 A	06-Jan-29
33	PE002 - Transformers - Bid Period	04-Apr-25 A	17-Jun-25 A
34	PE002 - Transformers - Bid Evaluation	18-Jun-25 A	19-Sep-25 A
35	PE002 - Transformers - Rectification Period - Technical	26-Jul-25 A	07-Aug-25 A
36	PE002 - Transformers - Rectification Period - Commercial	25-Jul-26 A	07-Aug-26 A
37	PE002 - Transformers - Package Award	22-Sep-25 A	15-Dec-25
40	**Circuit Breaker**	04-Nov-25	12-Jun-29
46	**EPCM Consultant**	09-Dec-24 A	10-Jun-26
47	1st Posting	09-Dec-24 A	26-Sep-25 A
48	2nd Posting	22-Sep-25 A	10-Jun-26
49	Revise / Update RFP for EPCM Contract	22-Sep-25 A	24-Oct-25 A
50	Tender Period for EPCM Bids	27-Oct-25 A	22-Jan-26
55	**Early Execution Work (2025)**	06-Jan-26 A	20-Dec-26
56	**Engineering**	06-Jan-25 A	30-May-25 A
57	**Procurement (Early Execution Support)**	30-May-25 A	07-Sep-25 A
58	**Field Work**	11-Aug-25 A	20-Dec-25
59	**EPCM Engineering**	11-Jun-26	11-Oct-28
60	**Construction**	24-Nov-26	06-Aug-29
61	**Commissioning**	18-Oct-27	07-Mar-30
62	**Close Out**	08-Mar-30	30-May-30



Critical Remaining Work
Actual Work
Remaining Level of Effort
Remaining Work
Actual Level of Effort
Milestone

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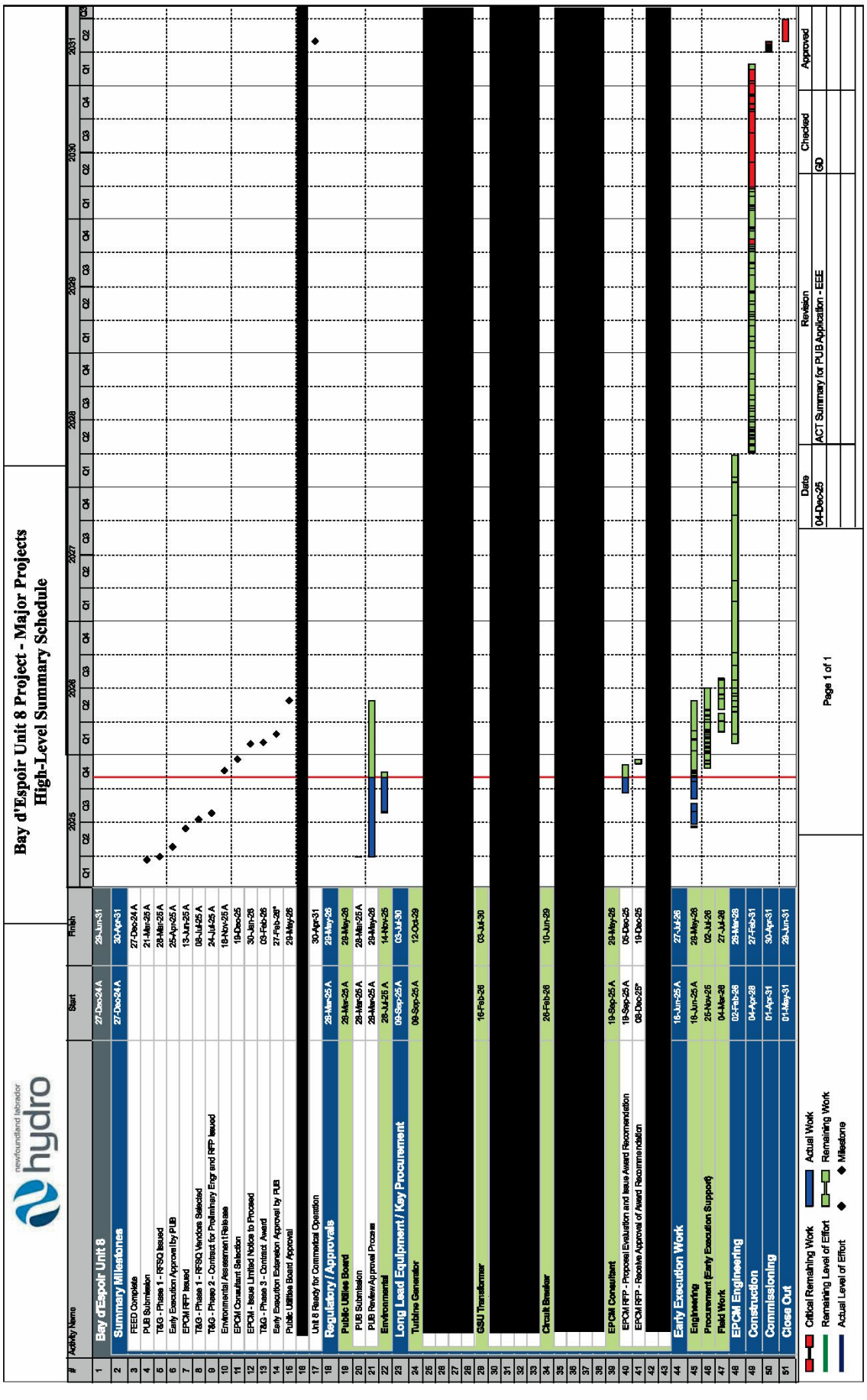
Date	Revision	Checked	Approved
04-Dec-25	ACT Summary for PUB Application - EEE	GD	


newfoundland labrador hydro
Bay d'Espoir Unit 8 Project - Major Projects
High-Level Summary Schedule
Activity Name
Start
Finish
Bay d'Espoir Unit 8 27-Dec-24 A 29-Jun-31
Summary Milestones 27-Dec-24 A 30-Apr-31
FEED Complete 27-Dec-24 A
PUB Submission 21-Mar-25 A
T&G - Phase 1 - RFSQ Issued 28-Mar-25 A
Early Execution Approval by PUB 25-Apr-25 A
EPCM RFP Issued 13-Jun-25 A
T&G - Phase 1 - RFSQ Vendors Selected 08-Jul-25 A
T&G - Phase 2 - Contract for Preliminary Engr and RFP Issued 24-Jul-25 A
Environmental Assessment Release 18-Nov-25 A
EPCM Consultant Selection 19-Dec-25
EPCM - Issue Limited Notice to Proceed 30-Jan-26
T&G - Phase 3 - Contract Award 03-Feb-26
Early Execution Extension Approval by PUB 27-Feb-26*
Public Utilities Board Approval 29-May-26
Unit 8 Ready for Commerical Operation 30-Apr-31
Regulatory / Approvals 29-Mar-25 A 29-May-26
Public Utilities Board 29-Mar-25 A 29-May-26
PUB Submission 29-Mar-25 A 29-Mar-25 A
PUB Review/Approval Process 29-Mar-25 A 29-May-26
Environmental 28-Jul-26 A 14-Nov-26
Long Lead Equipment / Key Procurement 09-Sep-25 A 03-Jul-30
Turbine Generator 09-Sep-25 A 12-Oct-29
GSU Transformer 16-Feb-26 03-Jul-30
Circuit Breaker 28-Feb-26 10-Jun-29
EPCM Consultant 19-Sep-25 A 29-May-26
EPCM RFP - Proposal Evaluation and Issue Award Recomendation 19-Sep-25 A 05-Dec-25
EPCM RFP - Receive Approval of Award Recommendation 08-Dec-25* 19-Dec-25
Early Execution Work 18-Jun-25 A 27-Jul-26
Engineering 18-Jun-25 A 29-May-26
Procurement (Early Execution Support) 25-Nov-25 02-Jul-26
Field Work 04-Mar-26 27-Jul-26
EPCM Engineering 02-Feb-26 29-Mar-28
Construction 04-Apr-28 27-Feb-31
Commissioning 01-Apr-31 30-Apr-31
Close Out 01-May-31 28-Jun-31
2025
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2029
2030
2031
Q1 Q2 Q3 Q4
Critical Remaining Work
Remaining Level of Effort
Actual Level of Effort
Actual Work
Remaining Work
Milestone
Page 1 of 1
Date Revision Checked Approved
04-Dec-25 ACT Summary for PUB Application - EEE GD

Affidavit

IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (*"EPCA"*) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (*"Act"*), and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro ("Hydro") for an Order pursuant to Section 41(3) of the *Act* approving capital expenditures related to the construction of the Bay d'Espoir Hydroelectric Generating Facility ("BDE") Unit 8 and the Avalon Combustion Turbine ("CT").

AFFIDAVIT

I, Gail Randell, of St. John's in the province of Newfoundland and Labrador, make oath and say as follows:

1) I am Vice President, Major Projects for Newfoundland and Labrador Hydro, the applicant named in the attached application.
2) I have read and understand the foregoing application.
3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

SWORN at St. John's in the province of Newfoundland and Labrador this 12th day of December 2025, before me:

Commissioner for Oaths, Newfoundland and Labrador

Gail Randell

AMANDA HURLEY
A Commissioner for Oaths
in and for the Province of
Newfoundland and Labrador
My Commission expires on December 31, 20 29