Q. **Reference: Application, Chapter 2, pages 2.9 to 2.11**

Hydro references the reliability performance of the Muskrat Falls assets and the apparent general improvement in reliability of both Muskrat Falls generation and the LIL.

a) Does Hydro consider the new assets to be now passed the initial breaking-in period?

b) How is the reliability performance improvement being reflected in Hydro's planning process?

A. **a)** While there is no discrete end to the "initial breaking-in period," Newfoundland and Labrador Hydro ("Hydro") believes that these assets are approaching the steady-state phase of the Bathtub Curve model of asset reliability, which describes the risk of asset failure as high but declining in the early stages of operation, followed by a steady-state phase of asset performance, which is then followed by a period of increasing risk of asset failure as the asset reaches end of life.

b) Hydro's asset reliability is a critical component in determining its ability to meet planning criteria for the Island Interconnected System. As an input to the assessment of resource adequacy, unit Forced Outage Rates ("FOR") provide a measure of the expected level of availability due to unforeseen circumstances. Assumptions on FORs of generating units are updated annually in accordance with Hydro's FOR methodology, which is described in the 2024 Resource Adequacy Plan.[1] The most recent near-term FORs for Hydro-operated assets, including Muskrat Falls and the Labrador-Island Link, can be found in the 2025 Near-Term Reliability Report.[2] An update to this report will be filed with the Board of Commissioners of Public Utilities in November 2026.

[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 8, 2024), app. B, att. 1.

[2] "Reliability and Resource Adequacy Study Review - 2025 Near-Term Reliability Report," Newfoundland and Labrador Hydro, November 20, 2025, secs. 3.1.1 and 3.1.3.