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May 29, 2026

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

Attention: Mike McNiven
Board Secretary

Re: Capacity Assistance Report – May 1, 2025 to April 30, 2026

Please find enclosed Newfoundland and Labrador Hydro's Capacity Assistance Report–May 1, 2025 to April 30, 2026, which includes reporting for capacity assistance agreements with both Corner Brook Pulp and Paper Limited, and Vale Newfoundland and Labrador Limited.

We trust the foregoing is satisfactory. Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

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Capacity Assistance Report

May 1, 2025 to April 30, 2026

May 29, 2026

A report to the Board of Commissioners of Public Utilities



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1.0 Introduction

Newfoundland and Labrador Hydro (“Hydro”) had capacity assistance agreements in place with Corner Brook Pulp and Paper Limited (“CBPP”) and Vale Newfoundland and Labrador Limited (“Vale”) during the May 1, 2025–April 30, 2026 reporting period (“Reporting Period”). The agreement with CBPP is a long-term agreement and remains in effect throughout the year (“Long-term CBPP Capacity Assistance Agreement”). Hydro had two capacity agreements with Vale during the Reporting Period. The first agreement was for the period December 1, 2024–May 31, 2025,¹ and the second agreement was in effect from December 1, 2025–March 31, 2026.

The terms of the Long-term CBPP Capacity Assistance Agreement were approved in Board Order No. P.U. 32(2023). This agreement includes capacity assistance of up to 90 MW in the winter and 50 MW in the summer at a rate of \$80 per kW per year, escalating annually in accordance with the terms of the agreement,² for the maximum capacity contracted.³ A summary of the terms and conditions of the Long-term CBPP Capacity Assistance Agreement are contained in Appendix A.

In Board Order No. P.U. 32(2023), Hydro was directed to file a report no later than May 30 of each year during the term of the agreement, providing the following information:

- The capacity assistance requested and provided, including dates, times, and duration;
- The system conditions at the time of the capacity assistance request, including available generation and calculation of system reserve; and
- Payments made.

Hydro also includes details herein on other capacity assistance agreements in place during the Reporting Period. Hydro’s agreements with Vale were short-term agreements for the periods December 1, 2024–May 31, 2025 and December 1, 2025–March 31, 2026 for up to 10.8 MW of capacity assistance, of which

¹ The first five months of the December 1, 2024 to May 31, 2025 agreement, up to April 30, 2025, were reported on within the Winter 2024–2025 Capacity Assistance Report.

² As the agreement is based on a calendar year, the rate of \$80 per kW per year was in effect until the end of 2024. In 2025, it had increased to \$81.92 per kW per year in accordance with the agreement. In 2026, it increased to \$83.80 per kW per year.

³ A variable fee of \$0.25 per kW per hour is charged to Hydro for capacity assistance required beyond the first 180 hours or 30 calls made, for up to 90 additional hours or 30 additional calls. A fee of \$0.20 per kW per hour is charged for additional capacity or extended duration.

7.5 MW was tested and confirmed to be available.⁴ In accordance with the terms and conditions of the agreements, Hydro paid Vale a fixed fee of \$7 per KW per month. Pursuant to the terms of the agreements, Hydro is also obligated to pay the fuel costs incurred by Vale to provide the capacity requested. A summary of the terms and conditions of both of the Vale capacity assistance agreements are contained in Appendix B and Appendix C.

2.0 Capacity Assistance Provided – May 1, 2025 to April 30, 2026

From May 1, 2025 to April 30, 2026, Hydro made one request for capacity assistance from Vale, as detailed in Table 1. There were no capacity requests made to CBPP.⁵

Table 1: Summary of Capacity Assistance Requests

Date	Contract	Start Time	End Time	Duration (hh:mm)	Island Generation Available (MW)	Island Available Reserve (MW)	Island 10-Minute Reserve (MW)	Maximum Capacity Assistance Requested (MW)	Maximum Capacity Assistance Provided (MW)
21-Jan-2026	Vale	15:45	23:14	07:29	1,746	297	193	7.5	7.5

The details of this capacity assistance request is as follows:

2.1 January 21, 2026

On January 21, 2026, the Bay d’Espoir generating station capability was severely limited due to frazil ice issues. By 1530 hours, the plant could only supply 150 MW. In addition, Holyrood Thermal Generating Station (“Holyrood TGS”) Unit 3 was unavailable due to the planned maintenance outage that had started in March 2025. The Island 10-minute reserve dropped to 193 MW. To support the Island 10-minute reserve, Holyrood TGS generation from Units 1 and 2 was maximized and the Holyrood, Hardwoods and Stephenville Gas Turbines were placed in service. To further assist in maintaining adequate 10-minute reserve, Vale provided 7.5 MW of capacity assistance through the operation of

⁴ As the agreements are for supply of capacity and energy to Hydro and do not affect the Industrial Service Agreements approved by the Board of Commissioners of Public Utilities (“Board”). Hydro did not seek Board Order with respect to the agreements.

⁵ While Hydro and CBPP are parties to the capacity assistance agreement, the parties also have an existing Power Purchase Agreement (“PPA”). Due to the CBPP mill outage at the time of the Bay d’Espoir frazil ice incident, Hydro continued to procure energy from CBPP under the PPA.

1 their stand by diesels at Hydro's request from 1545 hours to 2314 hours. The capacity assistance
 2 provided by Vale during this period resulted in an equivalent value of 56,250 kWh. The fuel cost to
 3 provide this capacity assistance was \$94,407.

4 **3.0 Capacity Assistance Costs**

5 The overall cost of capacity assistance for May 1, 2025 to April 30, 2026 is provided in Table 2.

Table 2: Summary of Capacity Assistance Costs

Capacity Assistance	Capacity (MW)	Rate (\$/kW)	Capacity Fee (\$)	Variable Charge (\$)	Total (\$)
CBPP Capacity Assistance May 1, 2025–December 31, 2025	90.0	81.92	4,915,200	-	4,915,200
CBPP Capacity Assistance January 1, 2026–April 30, 2026	90.0	83.80	2,514,000	-	2,514,000
Vale Capacity Assistance May 2025	7.5	7.0 ⁶	52,500	-	52,500
Vale Capacity Assistance December 1, 2025-March 31, 2026	7.5	7.0	210,000	94,407	304,407
Total			7,691,700	94,407	7,786,107

⁶ The rate paid to Vale is \$7 per kw per month.

Corner Brook Pulp and Paper Payments:

For the period May 1, 2025–December 31, 2025, Hydro paid a fixed monthly fee of \$614,400 per month for a total of \$4,915,200. In 2026, the fixed fee paid to CBPP was escalated in accordance with the agreement from \$81.92/kW to \$83.80/kW. For the period from January 1, 2026–April 30, 2026, Hydro paid a fixed monthly fee of \$628,500 per month, totalling \$2,514,000.

Vale Payments:

Hydro paid Vale \$52,500 for the 7.5 MW of available capacity in May 2025.⁷ While the terms of the agreement require a payment for fuel costs incurred by Vale in providing requested capacity, Hydro did not utilise the capacity assistance agreement May 2025 and there was no resulting fuel cost payable.

For the December 1, 2025–March 31, 2026 agreement, Hydro paid Vale the fixed fee of \$7 per KW per month for a total of \$210,000 for the 7.5 MW of available capacity.⁸ In January 2026, Hydro called on Vale to provide capacity assistance and was charged a fuel cost of \$94,407.

4.0 Conclusion

Hydro made one request for capacity assistance during May 1, 2025 to April 30, 2026 to support the provision of reliable service to its customers.

⁷ As per the agreement, the fixed fee was calculated as follows: 7,500 kW x \$7/kW x 1 month = \$52,500. The first five months of the December 1, 2024 to May 31, 2025 agreement, up to April 30, 2025, were reported on within the Winter 2024–2025 Capacity Assistance Report.

⁸ As per the agreement, the fixed fee was calculated as follows: 7,500 kW x \$7/kW x 4 months = \$210,000

Appendix A

Summary of Long-term CBPP Capacity Assistance Agreement



Table A-1: Summary of Long-term CBPP Capacity Assistance

Contracted Capacity	Rate Structure	Conditions
<u>Winter (Nov 1–Apr 30)</u> Up to 90 MW (or another higher amount as tested and agreed by the parties) in the following increments: • 20 MW • 30 MW • 60 MW • 90 MW • Other if tested and agreed	<u>Fixed</u> \$80 per kW per year for the maximum capacity contracted. 90 MW x \$80 = \$7,200,000 The fixed fee will be adjusted annually, starting January 1, 2025, according to the percentage change over 12 months in the “All-items” Consumer Price Index for Canada. The minimum adjustment will be 0% and the maximum adjustment will be 2.5%. <u>Variable</u> The variable fee will not apply to the first 180 hours/30 calls. An additional 90 hours/30 calls to be made available at \$0.25 per kW per hour. <u>Extended Duration</u> The variable fee for extended duration or additional capacity assistance will be \$0.20 per kW per hour.	• Notification Period: 10 minutes. • Interruption Period: 4 hours (minimum) to 6 hours (maximum). • Maximum Number of Curtailments: 2 per day, 30 per year. • Total Assistance Period: 180 hours per year. • Penalties: Reduced payment by \$250,000 per failure occurrence; after three failures Hydro has the right to terminate the contract. • Expiry: 15 years. • Test: Test to be completed in September or October of each year. CBPP and Hydro identify a one-day window for which the test can be completed. Hydro will make a call for capacity during this window for up to four hours. The amount of capacity provided will be the maximum contracted amount of capacity assistance for that winter (or lower amount as agreed to by both parties).
<u>Summer (May 1–Oct 31)</u> • 20 MW • 50 MW		

Appendix B

Summary of Vale Capacity Assistance Agreement

December 1, 2024–May 30, 2025



Table B-1: Summary of Vale Capacity Assistance Agreement

Capacity	Rate Structure	Conditions
Up to 10.8 MWs	<u>Fixed</u> \$7 per kW per month during Obligation Period. <u>Variable</u> Hydro will also pay for fuel costs incurred by Vale in providing requested capacity.	• Notification Period: 20 minutes. • Capacity Assistance Request Period: Up to 6 hours (maximum). • Maximum Number of requests: 2 per day, 20 per winter. • Total Assistance Period: 100 hours per winter. • Obligation Period: December 1, 2024 to May 30, 2025. • Expiry: May 30, 2025. • Test: Annually.

Appendix C

Summary of Vale Capacity Assistance Agreement

December 1, 2025–March 31, 2026



Table C-1: Summary of Vale Capacity Assistance Agreement

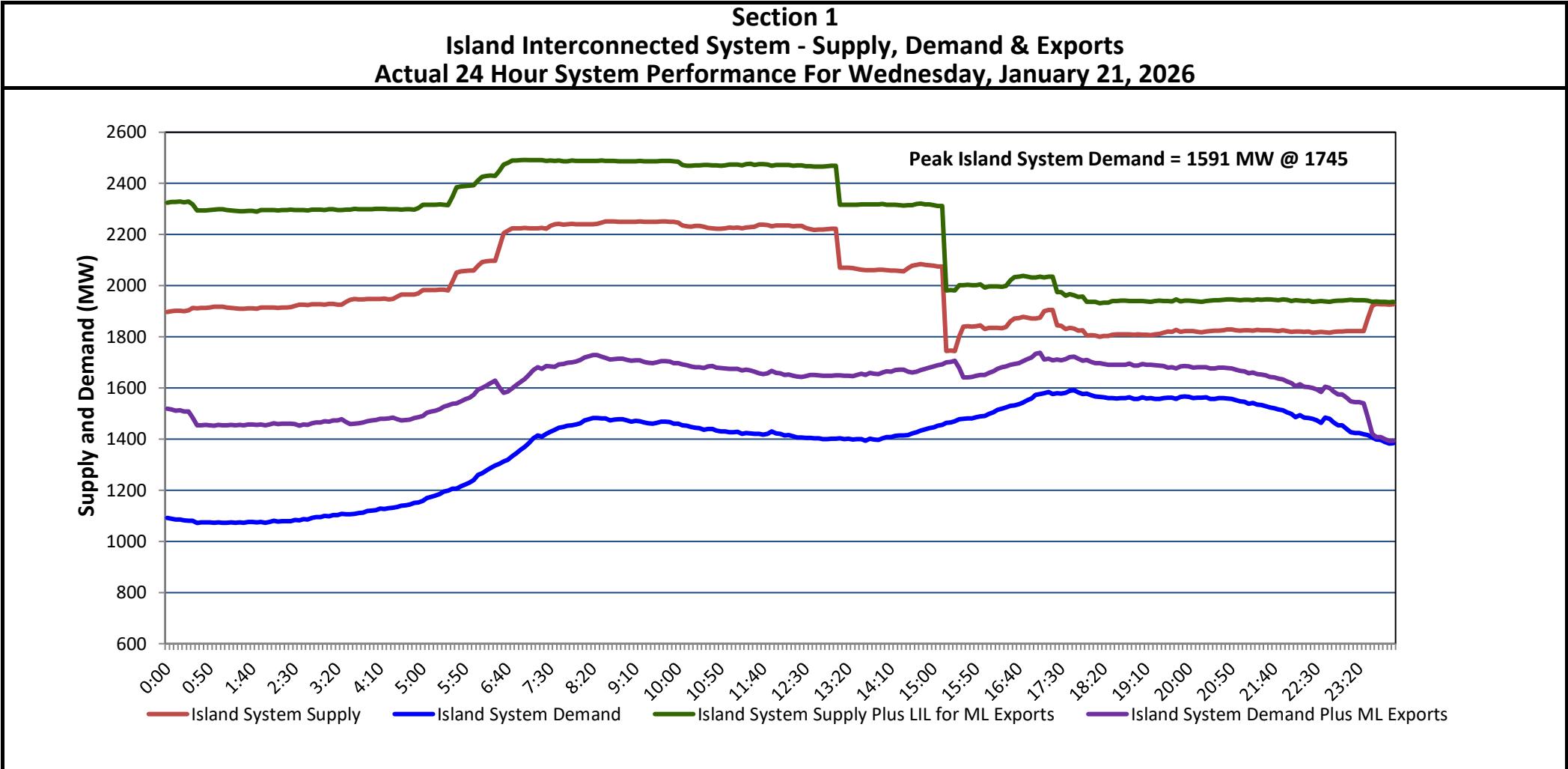
Capacity	Rate Structure	Conditions
Up to 10.8 MWs	<u>Fixed</u> \$7 per kW per month during Obligation Period. <u>Variable</u> Hydro will also pay for fuel costs incurred by Vale in providing requested capacity.	• Notification Period: 20 minutes. • Capacity Assistance Request Period: Up to 6 hours (maximum). • Maximum Number of requests: 2 per day, 20 per winter. • Total Assistance Period: 100 hours per winter. • Obligation Period: December 1, 2025 to March 31, 2026. • Expiry: March 31, 2026. • Test: Annually.

Attachment 1

Supply and Demand Report



Newfoundland Labrador Hydro (NLH)
Supply and Demand Status Report Filed Thursday, January 22, 2026



Island Supply Notes For January 21, 2026

A	As of 0800 hours, March 30, 2025, Holyrood Unit 3 unavailable due to planned outage 130 MW (150 MW).
B	As of 1642 hours, December 17, 2025, Holyrood Unit 1 available at 160 MW due to forced derating (170 MW).
C	As of 1425 hours, December 22, 2025, St. Anthony Diesel Plant available at 7.7 MW due to forced derating (9.7 MW).
D	At 1309 hours, January 21, 2026, Bay d'Espoir Unit 5 unavailable due to forced derating (76.5 MW).
E	At 1309 hours, January 21, 2026, Bay d'Espoir Unit 6 unavailable due to forced derating (76.5 MW).
F	At 1511 hours, January 21, 2026, Bay d'Espoir Unit 1 available at 20 MW due to forced derating (76.5 MW).
G	At 1511 hours, January 21, 2026, Bay d'Espoir Unit 2 available at 20 MW due to forced derating (76.5 MW).
H	At 1511 hours, January 21, 2026, Bay d'Espoir Unit 3 available at 20 MW due to forced derating (76.5 MW).
I	At 1511 hours, January 21, 2026, Bay d'Espoir Unit 4 available at 20 MW due to forced derating (76.5 MW).
J	At 1511 hours, January 21, 2026, Bay d'Espoir Unit 7 available at 50 MW due to forced derating (154.4 MW).
K	At 1529 hours, January 21, 2026, Bay d'Espoir Unit 6 available at 20 MW due to forced derating (76.5 MW).
L	At 1557 hours, January 21, 2026, Bay d'Espoir Unit 6 unavailable due to forced derating 20 MW (76.5 MW).
M	At 1724 hours, January 21, 2026, Bay d'Espoir Unit 2 unavailable due to forced derating 20 MW (76.5 MW).
N	At 1724 hours, January 21, 2026, Bay d'Espoir Unit 3 unavailable due to forced derating 20 MW (76.5 MW).
O	At 1724 hours, January 21, 2026, Bay d'Espoir Unit 4 unavailable due to forced derating 20 MW (76.5 MW).
P	At 1756 hours, January 21, 2026, Bay d'Espoir Unit 1 unavailable due to forced derating 20 MW (76.5 MW).

Section 2
Island Interconnected System - Supply, Demand & Outlook

Thu, Jan 22, 2026	Island System Outlook ²	Seven-Day Forecast	Island System Daily Peak Demand (MW)	
			Forecast ⁸	Adjusted ⁶
Island System Supply: ⁴	1,827 MW	Thursday, January 22, 2026	1,590	1,492
NLH Island Generation: ^{3,7}	880 MW	Friday, January 23, 2026	1,385	1,289
NLH Island Power Purchases: ⁵	95 MW	Saturday, January 24, 2026	1,530	1,432
NP and CBPP Owned Generation:	225 MW	Sunday, January 25, 2026	1,620	1,521
LIL/ML Net Imports to Island: ⁹	627 MW	Monday, January 26, 2026	1,710	1,610
		Tuesday, January 27, 2026	1,600	1,502
7-Day Island Peak Demand Forecast:	1,710 MW	Wednesday, January 28, 2026	1,620	1,521

Island Supply Notes For January 22, 2026

Q	At 0513 hours, January 22, 2026, Bay d'Espoir Unit 1 available at 20 MW due to forced derating (76.5 MW).
R	At 0531 hours, January 22, 2026, Bay d'Espoir Unit 1 unavailable due to forced derating 20 MW (76.5 MW).
S	At 0635 hours, January 22, 2026, Holyrood Diesels available at 6 MW due to forced derating (10 MW).
T	At 0735 hours, January 22, 2026, Bay d'Espoir Unit 7 unavailable due to forced derating 50 MW (154.4 MW).
U	At 0737 hours, January 22, 2025, Holyrood Unit 1 available at 125 MW due to forced derating (170 MW).

Notes:

- Generation outages for running and corrective maintenance are included. These are not unusual for power system operations. They generally do not impact customer supply. Hydro schedules outages to system equipment whenever possible to coincide with periods when customer demands are low and sufficient supply reserves are available. However, from time to time equipment outages are necessary and reserves may be impacted.
- As of 0800 Hours.
- Gross continuous unit output.
- Gross output from all Island sources (including Note 3).
- NLH Island Power Purchases include: ML Imports, Exploits Generation, Rattle Brook, Star Lake, Wind Generation and capacity assistance (when applicable).
- Adjusted for interruptible load and the impact of voltage reduction when applicable.
- Due to limitations inherent in the design of combustion turbines, the output of combustion turbines may be reduced in the event that ambient temperatures exceed the threshold required for full rated output. This threshold is dependent on the design of each turbine.
- Does not include ML Exports.
- LIL Import sunk in the Island System. Actual LIL flows will be restricted by various system conditions including, but not limited to, Island Load, ML Exports and Avalon Unit status.

Section 3
Island Peak Demand and Exports Information
Previous Day Actual Peak and Current Day Forecast Peak

Wed, Jan 21, 2026	Island Peak Demand ¹⁰	17:45	1,591 MW
	Exports at Peak		131 MW
	LIL Net Imports to Island		8,726 MWh
Thu, Jan 22, 2026	Forecast Island Peak Demand		1,590 MW

Notes:

- Island Demand is supplied by NLH generation and purchases, LIL Imports plus generation owned and operated by Newfoundland Power and Corner Brook Pulp & Paper (Deer Lake Power, DLP).