

May 29, 2026

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

Attention: Mike McNiven
Board Secretary

Dear Mr. McNiven:

Re: Newfoundland and Labrador Hydro (“Hydro”) – Application for Additional Early Execution Capital Work for Bay d’Espoir Unit 8 and Avalon Combustion Turbine - (the “Application”) – Comments of Newfoundland Power Inc. (“Newfoundland Power” or the “Company”)

A. Introduction

Hydro filed the Application on December 12, 2025, seeking approval of additional capital expenditures to continue early execution activities for both Bay d’Espoir Unit 8 (“BDE 8”) and the Avalon Combustion Turbine (“Avalon CT”) while Hydro’s 2025 Build Application remains under Board review.¹

Consideration of additional early capital expenditures of \$29,294,000 in relation to the Avalon CT was prioritized by the Board and approved in Order No. P.U. 7 (2026) following a Settlement Agreement which included Newfoundland Power, the Consumer Advocate, and the Industrial Customer Group.² Consideration of the additional early capital expenditures in relation to BDE 8 was scheduled following consideration of the Avalon CT.³

By correspondence dated May 20, 2026, the Board established a schedule for submissions related to the additional early execution work for BDE 8. These are Newfoundland Power’s comments.

¹ This follows Hydro’s initial March 12, 2025, Application for Early Execution Capital Work for Bay d’Espoir Unit 8 and Avalon Combustion Turbine in the amount of \$30,710,000 for the Avalon Combustion Turbine and \$16,670,000 in relation to the BDE 8 which was approved by the Board in Order No. P.U. 17 (2025).

² See Order No. P.U. 7 (2026), Schedule A.

³ See the Board’s letter Re: Newfoundland and Labrador Hydro – Application for Additional Early Execution Capital Work for Bay d’Espoir Unit 8 and Avalon Combustion Turbine – Further Schedule, dated February 9, 2026.

Newfoundland Power Inc.

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B. The Application

The additional early execution capital work proposed in the Application for BDE 8 is \$5.63 million, bringing the total early execution scope for the project to approximately \$22.3 million when combined with the previously approved \$16.7 million. This represents approximately 2% of Hydro's proposed budget for its BDE 8 project.⁴

The purpose of the Application is to enable Hydro to continue progressing critical project work, including procurement of long-lead equipment and engineering activities, to mitigate risks associated with schedule delays, cost escalation, and supply chain pressures.

Hydro indicates that pausing early execution activities pending approval of the 2025 Build Application would have significant implications for the proposed projects' schedules and costs.⁵ As with the original early execution application, Hydro is not seeking recovery of these expenditures from customers at this time.⁶

C. Bay d'Espoir Unit 8 Early Execution Work

Newfoundland Power has been participating in Hydro's RRA Study Review since 2018.⁷ The Company agrees with Hydro that new capacity on the Island Interconnected system is necessary since the 490 MW Holyrood Thermal Generating Station ("Holyrood") is not an appropriate long-term source of backup generation required to support the Labrador Island Link ("LIL") transmission line.⁸ The Company also agrees that it was appropriate for Hydro to file applications for the Avalon CT and BDE 8 as the first step in addressing the requirements for additional capacity for the Island Interconnected system.⁹ The inability of Holyrood to provide adequate backup capacity was most recently demonstrated in January 2026 when customers were asked to conserve energy during cold weather to avoid rotating power outages.¹⁰

The additional early execution scope for BDE 8 represents a continuation of work commenced under the initial early execution approval. This includes: (i) continued EPCM (Engineering, Procurement, and Construction Management) consultant work, including detailed design for preliminary works, field investigations and survey work, execution planning, and procurement activities for long-lead equipment; (ii) finalization of turbine-generator supplier contracts and associated engineering and model testing; (iii) completion of existing utility relocation work,

⁴ Hydro's proposed BDE 8 capital expenditures are \$1.08 billion ($(\$22,300,000 / \$1,080,000,000) = 0.021$).

⁵ Hydro's Application, pages 2-3, paragraph 8.

⁶ Hydro's letter Re: Application for Additional Early Execution Capital Work for Bay d'Espoir Unit 8 and Avalon Combustion Turbine, December 12, 2025, page 2.

⁷ Hydro filed its first Reliability and Resource Adequacy Study on November 16, 2018.

⁸ See Hydro's *2024 Resource Adequacy Plan: An Update to the Reliability and Resource Adequacy Study, 2024 Resource Plan Overview*, July 9, 2024, Page 17, lines 9-20.

⁹ Hydro's Application, page 2, paragraph 6.

¹⁰ See Hydro's response to Request for Information PUB-NLH-001 and Hydro's April 30, 2026 report *Frazil Ice at Bay d'Espoir Hydroelectric Generating Station*.

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including relocation of distribution lines, bus structures, and control cables required to facilitate construction of Unit 8; and (iv) activities associated with Environmental Assessment conditions.¹¹

Hydro's latest update in relation to BDE 8 indicates that early execution activities are progressing, with key developments including: (i) engagement of an EPCM consultant under a Limited Notice to Proceed, supporting execution planning, engineering design basis, geotechnical investigations, and procurement planning; (ii) ongoing procurement activities, including issuance of an RFP for 230 kV breakers and continued engagement with turbine-generator suppliers; and (iii) completion or advancement of utility relocation design and procurement, including relocation of distribution lines, bus structures, and control cables required to facilitate construction. Hydro states that contracting of the EPCM support services is structured to limit the cost exposure in the event that regulatory approval of the 2025 Build Application is not received.¹²

The update also indicates that the initial early execution budget of \$16.67 million is expected to be fully expended by mid-September 2026.¹³

D. Newfoundland Power's Comments

The evidence filed by Hydro indicates that approval of additional early execution work is important to maintain the project schedule, mitigate cost escalation risks, secure long-lead time equipment, and avoid disruption of ongoing work.

Newfoundland Power recognizes that the BDE 8 project is a key component of Hydro's plan to address the Island Interconnected System's capacity requirements. The Company also recognizes that early execution work is intended to mitigate schedule delays and increasing costs associated with market conditions and procurement of long-lead equipment. Based on the evidence provided, the proposed additional early execution capital expenditures for BDE 8 represents a continuation of previously approved work that is necessary to maintain project continuity while the Board completes its review of the 2025 Build Application.

The Application provides Hydro with the ability to continue advancing critical early-stage work for the BDE 8 project during the regulatory review process. Newfoundland Power acknowledges that delays in advancing this work may result in increased costs and schedule risks. Furthermore, Newfoundland Power observes Hydro is not seeking recovery of these costs from customers at this time. For these reasons, Newfoundland Power supports the Application.

¹¹ Additional Early Execution Application, Schedule 1: Additional Early Execution Capital Work for Bay d'Espoir Unit 8 and Avalon Combustion Turbine, page 17, lines 1-13.

¹² Hydro's Bay d'Espoir Unit 8 Project Early Execution Update, May 22, 2026, page 1-2.

¹³ Ibid, page 6 line 22 to page 7 line 5.

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D. Concluding

We trust this is in order. If you have any questions regarding the enclosed, please contact the undersigned.

Yours truly,



Dominic Foley
Legal Counsel

Enclosures

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