Q. **Reference: Project 23: SWOP Replacements (2027-2028) page 2**

Hydro plans to acquire and implement a new safety and health solution to replace the existing SWOP application, but the scope of the project will be reviewed and finalized when the procurement process has been completed.

(a) Without a defined scope in place, what is the basis of the $1,509,700 cost estimate for the project?

(b) Will Hydro complete a survey of other Canadian utilities to identify applications used for managing safety, health, and environmental observations and incidents as part of the review process?

(c) Will Hydro explore with Newfoundland Power sharing arrangements with their software system for managing safety, health, and environmental observations and incidents to ensure the replacement of the SWOP application is done at least cost?

A. **a)** A defined scope of work and business requirements have been developed for the replacement of the existing Safe Workplace Observation Program application. While the specific technology platform and vendor solution will be determined through the competitive procurement process, the project's objectives, functional requirements, implementation activities, and expected outcomes have been sufficiently defined to support cost estimation.

The estimated project cost of $1,509,700 was developed using industry benchmarking, market research on comparable safety and health management systems, preliminary vendor information, and Newfoundland and Labrador Hydro's (“Hydro”) experience delivering similar enterprise application implementations. The estimate assumes a cloud-based solution based on preliminary vendor information that indicated that the vast majority of solutions are cloud-based; however, the Request For Proposals will include consideration of both on-premises and cloud-based solutions. The estimate includes anticipated costs associated with software acquisition, implementation and configuration services, integration, testing, project management, and contingency.

b) As part of the review process, Hydro has engaged with other Canadian utilities through Electricity Canada to better understand the solutions they use for managing safety, health, and environmental observations and incidents. Hydro will continue to engage with industry peers and gather feedback throughout the review process, as needed, to ensure emerging insights, lessons learned, and evolving business needs are considered in the evaluation and decision-making process. Information gathered through these discussions will help inform Hydro's assessment of available solutions, validate requirements, and support the selection of a cost-effective solution that meets Hydro's operational, technical, and regulatory requirements.

c) Hydro met with Newfoundland Power Inc (“Newfoundland Power”) to review its safety solution, including project plans, licensing, implementation approach and lessons learned. The information provided by Newfoundland Power was used to inform Hydro’s understanding of available solutions, costs and implementation considerations.

It is Hydro’s understanding that Newfoundland Power’s solution a commercial “off-the-shelf” product. Therefore, Hydro would need to conduct its own procurement process and negotiate its own licensing arrangements. Commercial software licenses are typically organization-specific and cannot generally be shared between unrelated entities unless expressly permitted by the vendor. Further, given the nature of software products, the end user system procured from vendors is often more akin to a service rather than a commodity (particularly in the instance of cloud-based “Software as a Service” models).

There are other barriers to sharing software solutions between non-affiliated entities. As a Crown corporation, Hydro is required to comply with the Public Procurement Act and applicable procurement requirements. Any future selection of a safety solution would be subject to Hydro’s own requirements and an appropriate fair and competitive procurement process. Hydro would still need to also assess whether such an arrangement meets Hydro's business, security, governance and operational requirements.