

Avalon Combustion Turbine Project Early Execution Update

November 17, 2025

A report to the Board of Commissioners of Public Utilities



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1.0 Progress to Date

As part of ongoing early execution activities, the following update outlines the current status of key project activities.

1.1 Engage Combustion Turbine Suppliers

The Request for Proposals (“RFP”) for the supply of combustion turbines (“CT”) closed on July 4, 2025, with two bidders. Newfoundland and Labrador Hydro (“Hydro”) has entered negotiations with the proponent with the highest-scoring bid submission. Negotiations have included both in-person and weekly remote sessions focused on terms and conditions and defining the technical scope of work.

The discussions with the proponent are taking some time due to the complexity of the proponent’s supply chain commitments and the necessary alignment with Hydro’s technical requirements. Hydro is targeting a partial award by December 15, 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 21 weeks; however, this is anticipated to impact the Commercial Operation Date (“COD”) for the project by only nine to ten weeks.

1.2 Engage Transformer Suppliers

An RFP for the supply of four Generator Step-Up (“GSU”) Transformers and one Station Service Transformer closed on June 17, 2025, with seven proposals received.

Negotiations with the highest scoring proponent are ongoing, with focus areas including warranty coverage, logistics risk, and delivery sequencing. Schedule delays have occurred due to the need for additional technical clarification, resulting in a shift of approximately 18 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 issue an award before year-end 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.

1.3 Engage EPCM Consultant

The RFP for EPCM¹ Services closed on August 28, 2025, with one submission. Following the evaluation, the proposal was found technically non-compliant, and the contract was not awarded.

Hydro has modified the work scope to align with market feedback received, indicating that the original RFP scope, specifically the inclusion of site services under the EPCM, was a barrier to competitive participation. Hydro has revised the scope to remove direct responsibility for site services from the EPCM contractor, opting instead to manage that component through a separate contract under EPCM oversight. A revised RFP was issued on October 24, 2025, with a closing date scheduled for January 21, 2026. Award is anticipated in the second quarter of 2026 to allow for review of the proposals, and discussions and negotiations with the successful proponents to finalize the terms and conditions and other commercial aspects. This revised RFP is expected to produce more robust and competitive proposals as seen in other similar RFP issuances. Schedule analysis of Hydro's current schedule, prepared based on Hatch Ltd.'s ("Hatch") original front-end engineering design schedule in 2024, indicates that sufficient flexibility remains to accommodate the delayed award, as early execution engineering progress through 2025 has offset potential schedule impacts and therefore there is no change to the overall project COD.

1.4 Geotechnical Investigation

Artelia Canada Inc. completed site clearing on November 4, 2025, enabling mobilization to begin mid-November. Field work is expected to continue through December, weather permitting.

1.5 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 being 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

¹ Engineering, Procurement and Construction Management ("EPCM").

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.

1.6 Early Execution Civil Works

The Cahill Group began mobilization to the site on September 29, 2025. Work has progressed well with the site tree clearing completed on November 4, 2025. There were 141 cords of merchantable timber donated to the Town of Holyrood and distributed to residences through a community lottery. Work remains on schedule with completion anticipated by the end of 2025.

1.7 Transmission Line Relocations with Newfoundland Power Inc.

Hydro is collaborating with Newfoundland Power Inc. (“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. On-site work began on November 12 with completion by December 4, 2025.

Hydro is also collaborating with Newfoundland Power to provide a construction power feed to the site. Construction power feed installation will follow completion of Line 38L relocation, with site power expected in service by early December 2025. These activities remain on track and are critical to enabling full site mobilization in 2026.

2.0 Project Risks and Mitigations

A summary of key risks identified during the planning and execution of the project, as well as associated mitigations and status, are provided in Table 1.

Table 1: Key Risks^{2,3}

Risk Title/Description	Mitigations	Status
Supply chain pressures may increase the cost of goods and increase delivery times.	• Prepare separate RFPs for turbines and transformers such that requirements for sparge, long-term service agreements, etc. are established right from the beginning with the original equipment manufacturers. • Given the state of the supply within the market, it is essential that the right prioritizing in terms of the overall schedule is established for critical path long lead items.	Open – Project schedule has slipped slightly due to complexity of the bid process and negotiations. Early procurement of the CTs and transformers is progressing. Management Reserve is included in the overall project budget to address strategic risks.
CT supplier backlog as a result of competition from other projects, there may be limited supplier resources, added complexities in the international supply chain, and a potential sellers' market resulting in higher costs and extended delivery schedules.	• Enhanced oversight during the design and manufacturing process. • Engage with suppliers to explore contracting models and risk allocation strategies. • Execute procurement in the early execution phase.	Open – Engaging with CT and transformer suppliers in the early execution phase. Negotiations with both the CT and transformer suppliers are underway and are prioritized to ensure manufacturing slot allocations are secured to mitigate against a high global demand for the equipment.
Regulatory (Board) approval process extends beyond the assumed timeline. If the regulatory approval process extends beyond the assumed timeline, the project schedule will be delayed, and the ability to make contract commitments to support the project schedule will be impacted. This will have both a schedule and cost impact due to cost escalation and loss of project momentum.	• Produce a robust Board application and work closely with the Board during the application process. • Receive timely Board approval of Early Execution Application.	Open – 2025 Build Application has been submitted to the Board. Approval of Hydro's initial early execution application was received in April 2025, which included scope and schedule to the end of December 2025. Current schedule for expert reports from the Board's consultant likely pushes process for regulatory review beyond year-end into 2026. Further process and schedule for review of the application will not be established before end of November 2025. Depending on the timelines for regulatory process and anticipated approval, this delay may have

² This table considers the whole scope of the Avalon CT Project, not only early execution activities. It is intended to highlight only key risks that may impact project success. Hydro uses a more comprehensive project risk register to facilitate risk management. Hydro regularly updates the risk register, and should a risk escalate in ranking or a new high risk be identified, it will be added to this table in future updates.

³ Risks which have been shown as closed in a previous report have been removed.

Risk Title/Description	Mitigations	Status
		material impact on the overall project budget and schedule. To mitigate against schedule delays and cost increases, an extension to early execution for a portion of 2026 is currently under development for submission to the Board for approval.
If internal decision-making processes are not efficient, it can lead to project execution delays and schedule and cost impacts. For example, time-sensitive decisions such as awarding of contracts (e.g., equipment and construction) and proceeding with early execution. The cost impact of a one-year delay is estimated at \$30 million to \$50 million.	• Established Project Governance structure, project steering committee, and project leadership team with clear limits of authority. • Established processes and systems to facilitate effective decision making, including a review of existing authority levels. • Developing contingency plans for key personnel so decisions can be made when there are competing priorities or absences. • Corporate Interface Manager in place to manage all interfaces between Major Projects and Corporate groups.	Open – Governance structure established. Authority levels are suited to the current project phase. An interface manager was established for internal interface resolution. Continue to monitor for efficient decision making as early execution progresses.

3.0 Project Schedule

As discussed earlier in this report, some schedule delays have occurred due to the RFP evaluation process, vendor negotiations, and requirements for RFP time extensions. The Avalon CT early execution scope is continually assessed to ensure schedule targets are managed appropriately. The CT and transformer RFPs are currently under review and negotiation and are forecast to be awarded in December 2025. The transformer schedule variance is attributed to the need for additional technical clarification, resulting in a shift of approximately 18 weeks. The EPCM contract award has been delayed to the second quarter of 2026. Although the revised schedule for the award for the EPCM and transformer contracts did not have any impact on the overall COD, the COD has shifted from October 2029 to early January 2030 due to the delay in the CT package award and fabrication lead times. Hydro is actively reviewing options to recover this schedule, but is reviewing expediting options and the overall project plan.

Hydro notes that the current schedule for expert reports from the Board of Commissioners of Public Utilities' ("Board") consultants is likely to push the process for regulatory review beyond year-end 2025

into 2026, making full project approval by year-end 2025 unlikely. Further process and schedule for review of the application will not be established before the end of November 2025. Depending on the timelines for the regulatory process and anticipated approval, this delay may have a material impact on the overall project budget and schedule. To mitigate against schedule delays and cost increases, an extension to early execution for a portion of 2026 is currently under development for submission to the Board for approval. A summary of the current Avalon CT Early Execution Project Schedule is provided in Table 2.

Table 2: Early Execution Project Schedule Summary – Avalon CT

Milestone	Actual/Forecast	Impact on COD
GSU Transformer Contract Award	01-Dec-25	No
Newfoundland Power Early Execution Complete (38L and 39L Relocated)	04-Dec-25	No
CT Package Award	15-Dec-25	Yes ⁴
Board Approval	TBD	TBD
EPCM Contract Award	Q2 2026	No
EPCM Project Kickoff	Q2 2026	No

4.0 Project Budget

The Board approved an early execution budget of \$30,710,000. Hydro is progressing the work in alignment with the approved budget, with a noted deviation for the reporting period. The detailed cost information in Appendix A includes forecasted costs to July 2026 resulting from the changes in schedule noted above. As noted, the forecast is trending \$0.5 million over the approved budget, mainly due to EPCM re-bid and contract award deferral to the second quarter of 2026 and the resulting extension of the Internal Project Management team and engineering support, and revised forecast interest during construction. This cost would be covered by the approved contingency allotment. Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

⁴ The COD has shifted from October 2029 to early January 2030 due to the delay in the CT package award and fabrication lead times.

5.0 Project Expenditures

The overall forecast is trending over the approved budget as of September 30, 2025⁵ mainly due to EPCM re-bid and contract award deferral to June 2026, resulting in extension of the Internal Project Management team and engineering support, and revised interest during construction forecast; however, the expenditure forecast for 2025 is tracking less than planned. The cumulative monthly to date underspend is primarily related to the schedule shift for the execution of the Early Works Civil Contract to September, the Newfoundland Power transmission line relocations, which began in November 2025, and the award of the transformer and CT RFP packages. As some procurement dates are shifting, Hydro has forecasted expenditures for project contingency into the third quarter of 2026 to address the risk of any further movement in procurement timelines. Appendix A provides further detailed cost information, including an overview of costs incurred to September 30, 2025.

6.0 Conclusion

Overall, the project continues to progress in line with early execution objectives. Hydro has implemented enhanced support for vendor negotiations and prioritized early procurement of long-lead equipment to drive successful completion of contract awards. While some estimated schedule slippage has occurred due to extended negotiations and RFP clarifications, these delays are being actively managed. The revised schedule for the award for the EPCM and transformer contracts did not have any impact on the overall estimated COD; the estimated COD has shifted from October 2029 to early January 2030 due to the delay in the CT package award and fabrication lead times.

Financial performance remains stable. Expenditures are tracking below plan as of September 2025 due to the deliberate phasing of contract awards, with increased spend expected through the fourth quarter of 2025 as field execution ramps up and equipment commitments are secured. As some procurement dates are shifting, Hydro has forecasted expenditures for project contingency into the third quarter of 2026 to address the risk of any further movement in procurement timelines. The regulatory process and anticipated Board approval is expected to push into 2026, and this delay may have a material impact on the overall project budget and schedule. To mitigate against schedule delays and cost increases, a new

⁵ The information contained in the Detailed Cost Information, attached as Appendix A, is completed through Hydro's review of the contractor(s)' progress reports and the time between the referenced date and the date of this report to the Board includes both the time taken by the contractor to prepare the report and the time Hydro requires to review and incorporate the data into the monthly summary.

- 1 extension to early execution for a portion of 2026 is currently under development for submission to the
- 2 Board for approval.

Appendix A

Detailed Cost Information



Redacted

Redacted