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February 5, 2026

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

Attention: Colleen Jones
Assistant Board Secretary

Re: *Reliability and Resource Adequacy Study Review* – Labrador-Island Link Update for the Quarter Ended December 31, 2025

In 2019, Newfoundland and Labrador Hydro ("Hydro") committed to providing the Board of Commissioners of Public Utilities ("Board") and its consultant with a monthly status update reflecting specific requests by the Board and other pertinent information with respect to the integration of the Muskrat Falls Project assets to the Island Interconnected System.[1] On July 25, 2023, the Board advised that although the assets had been commissioned, Hydro should continue to report to allow for assessment of the integration of the assets and the overall reliability of the Labrador-Island Link ("LIL"); however, the Board determined that it was appropriate to reduce the frequency of reporting to quarterly.[2]

While Hydro has continued with these quarterly LIL updates, Hydro has also been providing a fulsome update regarding the Muskrat Falls Assets as an appendix to Hydro's Quarterly Report on Asset Performance in Support of Resource Adequacy ("Rolling 12") filed later in the same month as the LIL updates. Hydro's LIL updates have since referred to the Rolling 12 report for additional information. Hydro's update for the quarter ended December 31, 2025 is as follows. It can also be found in further detail in Hydro's update on the performance of Muskrat Falls Hydroelectric Generating Station ("Muskrat Falls") generation, in Appendix B of the Rolling 12 report for the twelve months ended December 31, 2025, filed February 5, 2026.

Since commissioning in April 2023, the LIL has been in service and successfully providing power to the provincial grid. Since the last update, the LIL has been operating at various power transfer levels, as required by the system. In total, approximately 485.3 GWh were delivered over the LIL from October 1, 2025 to December 31, 2025. Hydro continues to ensure the availability of generation at the Holyrood Thermal Generating Station; however, energy and capacity delivered over the LIL are used to minimize thermal generation whenever possible.

As reported in Hydro's most recent Rolling 12,[3] despite expectations of unavailability being at the higher end of this range early in its commissioned operation, the equivalent forced outage rate ("EqFOR") for

[1] "Newfoundland and Labrador Hydro – Reliability and Resource Adequacy Study Review – Information Required for Monthly Reports," Board of Commissioners of Public Utilities, January 19, 2021.
[2] "Newfoundland and Labrador Hydro – Reliability and Resource Adequacy Study Review – Frequency of Reporting by Newfoundland and Labrador Hydro and The Liberty Consulting Group," Board of Commissioners of Public Utilities, July 25, 2023.
[3] "Quarterly Report on Asset Performance in Support of Resource Adequacy for the Twelve Months Ended December 31, 2025," Newfoundland and Labrador Hydro, February 5, 2026.

the LIL from October 1, 2025 to December 31, 2025, was approximately 0.96%.[4] This is slightly below the assumed long-term range of 1% to 10%.

1.0 Labrador-Island Link

1.1 900 MW Test and Software

All software functionality required for operation up to 900 MW was proven and accepted as satisfactory during pole overload tests in winter 2023 prior to the April 2023 commissioning; however, as committed, controlled testing at the highest power levels will be performed prior to operation in this range when system conditions permit.

As previously reported, the following are prerequisite conditions for the test to occur:

- Satisfactory system conditions are present, including both those in Newfoundland and Labrador, where a high system load can be reasonably expected to occur, and in neighbouring jurisdictions;
- Successful coordination with all relevant neighbouring system operators is attained; and
- Identification of risks and implementation of all necessary risk mitigation actions are in place.

As previously reported in Hydro's final 2025–2026 Winter Readiness Report,[5] the high-power test of the LIL has been postponed because of Hydro's prioritization of reliable service to customers during the winter period, including supporting reservoir levels to meet peak load requirements. If system conditions permit, the high-power test will be conducted in the first quarter of 2026.

As previously reported, the new LIL software was commissioned in October 2024. This software, as with the previous version, allows for full operation of the LIL up to 900 MW. Through dynamic commissioning, non-critical software-related issues were identified. Hydro continues to work with General Electric ("GE") on the development of a version of software to resolve these issues, and installation is now anticipated once Factory Acceptance Testing is completed and system conditions allow. A version of software was already delivered by GE, and an attempt was made to install it in April of 2025; however, a version control error prevented full installation, and the software had to be removed. The new version of the software is expected to be delivered in the fourth quarter of this year; however, due to system constraints within the Newfoundland and Labrador Interconnected System as well as neighbouring provinces, software installation is planned for Spring 2026.

1.2 Operations

During the fourth quarter of 2025, there were two trip events on the LIL as described in the Rolling 12 for the twelve months ended December 31, 2025. The first event occurred on October 7, 2025, when Pole 1 tripped while in monopole mode because of a Common Neutral Area Protection voltage differential at the Soldiers Pond Converter Station. An underfrequency load shedding event occurred during this outage as Pole 2 was out of service for planned maintenance. Pole 1 was returned to service on October 7, 2025, following an investigation that found a fault with a disconnect on an electrode line in Dowden's Point; the disconnect has since been repaired.

[4] This EqFOR is calculated on a base LIL capacity of 700 MW. On a base capacity of 900 MW, the EqFOR is calculated to be approximately 1.30%. Following the completion of the 900 MW test, all calculations will be adjusted to reflect the change in assumptions.

[5] Reliability and Resource Adequacy Study Review – 2024–2025 Winter Readiness Planning Report – Final Report," Newfoundland and Labrador Hydro, December 10, 2024.

The second event occurred on November 16, 2025, when Pole 1 blocked and tripped while in bi-pole configuration, transferring all load to Pole 2. There was no customer impact. Initial assessment indicated the cause of the "External Block and Trip" at Soldiers Pond Converter Station was a failed relay on Pole 1 Lane 2. Pole 1 was returned to service on November 17, 2025, with Lane 2 out of service. Lane 2 was returned to service on November 18, 2025, following replacement of the failed relay.

2.0 Soldiers Pond Synchronous Condensers

Outside of planned outages, the Soldiers Pond Synchronous Condensers ("SCs") have been in continuous operation at all times since the last LIL update, with the exception of one event on SC2 and one event on SC3. The first event occurred on November 7, 2025, when SC2 failed to start as scheduled upon conclusion of its planned maintenance outage, due to a loss of excitation fault. The repairs were completed, and the unit was returned to service on November 13, 2025. The second event occurred on December 17, 2025, when SC3 was shut down for a planned one-day brush gear maintenance outage. During the shutdown, the liquid level detectors ("LLD") reached the trip level.[6] In order to drain the LLDs, hydrogen gas must be removed from the unit (degassing). The unit was degassed to drain the LLDs and returned to service on December 22, 2025. There was no customer impact as a result of either event.

Hydro's update on the total number of hours of operation for the Soldiers Pond SCs for the twelve months ended December 31, 2025, is contained within the Rolling 12 report filed February 5, 2026.

3.0 Muskrat Falls Generation

As reported in its most recent Rolling 12 report, the Muskrat Falls total plant DAFOR[7] performance through the end of the fourth quarter of 2025 was 1.35%, which was significantly better than the Electricity Canada average of 5.27% for similar units across Canada.[8]

If you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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[6] LLDs are measuring devices located beneath the condensers in a confined space. Their function is to monitor a loss of liquid inside the unit; the liquid could come from internal damage or minor leaks during startup/shutdown, and is normally of very low volume—less than five litres.
[7] Derated Adjusted Forced Outage Rate ("DAFOR").
[8] Electricity Canada five-year average (2019–2023).