

February 26, 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 – 2025–2026 Winter Readiness Planning Report – Update – February 2026*

On December 10, 2025, Newfoundland and Labrador Hydro (“Hydro”) filed its final 2025–2026 Winter Readiness Planning Report (“Report”) with the Board of Commissioners of Public Utilities. In its January 21, 2026 update (“January Update”)¹ Hydro committed to filing a further update in February regarding the remaining outstanding winter readiness (“WR”) items.

Although Hydro has identified risks as outlined in the Report, mitigations are in place to help ensure adequacy of supply for the remainder of the 2025–2026 winter season. Peak Island demands to date for the winter season were recorded on January 26, 2026; the peak was measured to be 1,648 MW. From January 23, 2026 to January 26, 2026, the formation of frazil ice in Hydro’s Bay d’Espoir system, combined with the unavailability of Units 2 and 3 at the Holyrood Thermal Generating Station (“Holyrood TGS”), required the issuance of a Power Watch² and subsequent Power Warning,³ based on Hydro’s ANP. Hydro maintained sufficient supply reserves through this period to mitigate the issuance of a Power Emergency.⁴ Hydro is reviewing the risk of frazil ice to the Bay d’Espoir system along with potential mitigations and will provide an update on its review in its 2026–2027 Winter Readiness Planning Report. Hydro expects continued reliable service for customers for the remainder of the winter with supply provided by regulated generation sources and by Muskrat Falls generation via the Labrador-Island Link (“LIL”).

Holyrood Thermal Generating Station

Units 1, 2 and 3 at the Holyrood TGS are online and supporting the system as required. Since the filing of the January Update, Unit 3 returned to service on February 14, 2026 upon completion of the major overhaul of the steam turbine and valves. The unit is available at full capacity and all remaining WR

¹ “*Reliability and Resource Adequacy Study Review – 2025–2026 Winter Readiness Planning Report – Update – January 2026,*” Newfoundland and Labrador Hydro, January 21, 2026.

² Hydro’s Advance Notification Protocol (“ANP”) defines a Power Watch as when electricity reserves are lower than normal and Hydro is closely monitoring the electricity system, but no immediate action from customers is required.

³ Hydro’s ANP defines a Power Warning as when current electricity supply is getting close to maximum capacity. Customers are asked to conserve power and be prepared for rotating power outages.

⁴ Hydro’s ANP defines a Power Emergency as when customers are asked to conserve electricity and rotating power outages are in effect.

activities are now complete, including commissioning scopes within the Overhaul Major Pumps (2025) Project and the replacement of the Unit 3 Auxiliary Steam Desuperheater Spray Valve.⁵

Unit 1 is currently derated to 166 MW, limited by condenser back pressure. Since the filing of the January Update, a condenser vendor performed air in-leakage testing on the condenser. While minor on-line improvements were made, further investigation to address the issue remains ongoing, as system conditions permit.

At the time of filing the January Update, 27 critical spare stock items remained outstanding; four of which have since been delivered. 23 items remain outstanding with procurement ongoing, all of which are low risk to WR. Four items are expected to be delivered in the first quarter of 2026. 17 items were recently consumed during the Overhaul Unit 3 Turbine and Valves Program, and their replacements are expected to be delivered by July 2026. The delivery date of the remaining two items is to be determined; one item required re-manufacturing due to quality control issues, and the other was determined to be unrepairable and now requires replacement.

Combustion Turbine Generation

As previously stated, internal damage was found on the high-pressure turbine normal guide vane seals of the engine installed in End A at the Hardwoods Gas Turbine during a 2024 inspection, resulting in the removal of the engine from service to be sent to a facility for overhaul. The engine arrived at the repair facility in January 2025 and was expected to be returned to site in October 2025; however, during final inspections, an issue was detected with the fit of the turbine guide vanes requiring additional disassembly and component replacement. Replacement parts have been secured by the repair facility; however, due to delays in completion of final testing the engine is now expected to be returned from the overhaul facility by the end of April 2026. Hydro will not have a spare engine onsite until the return of the repaired engine, which also functions as a spare for the Stephenville Gas Turbine, and has developed contingency plans should an operational issue occur.⁶

Muskrat Falls Assets

One trip event occurred on the LIL since the filing of the January Update. A bipole protection trip occurred on February 13, 2026 due to a fault on Electrode Line 2; the trip resulted in a brief customer outage,⁷ and the LIL returned to bipole operation the following day. A portion of the optical ground wires (“OPGW”) was found to be damaged during this event, with temporary repairs expected to be completed by the end of February 2026.⁸ Investigation into the incident remains ongoing, and a further update will be provided in Hydro’s “Quarterly Report on Asset Performance in Support of Resource Adequacy for the Twelve Months Ended March 31, 2026.”

⁵ The project to Replace Unit 3 Auxiliary Steam Desuperheater Spray Valve is an unplanned scope being executed under Hydro’s Thermal In-Service Failures Program.

⁶ Hydro’s service provider has an additional lease engine available which Hydro can avail of should operational issues occur which requires an engine replacement prior to the return of the spare engine.

⁷ All customers were restored within 52 minutes.

⁸ After the temporary repair, the OPGW will be fully functional with minimal risk throughout the remainder of the winter operating season. Hydro plans to make a permanent repair during a planned outage later in the year. As the OPGW relates to communications functionality, Hydro does not anticipate that further occurrences of similar damage would result in a prolonged power interruption or customer outage.

Hydro is confident in its ability to continue to reliably serve its customers during the 2025–2026 winter season. The results of Hydro's review of the year-to-date planned completion status of its annual work plan and WR for both the Labrador Interconnected System and the Island Interconnected System indicate that Hydro is sufficiently positioned for the remainder of the winter.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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