Q. (Reference 2027-2031 Capital Plan)

It is stated (page 1) "*The Company is anticipating filing a supplemental application in the third quarter of 2026 for the refurbishment of thermal generation facilities at Greenhill and Wesleyville over the next five years***." It is further stated (page 1) "***The refurbishment of these facilities is currently forecast to account for a total of approximately $231 million from 2027 to 2031***."**

a) Please provide the derivation of the approximately $231 million estimate, including the implied cost per kilowatt of capacity.

b) Please identify the class of estimate and its basis, including the status of the detailed condition assessments and the planning study referenced in the Capital Plan.

c) Is fuel supply on the IIS adequate for these uprates? Could they be operated to cover a LIL shortfall event which is a LIL bipole outage for 6 weeks in winter?

d) Have NP and Hydro been in discussion regarding the fate of the two gas turbines in question? What is the status of such discussions?

e) Is NP allowed to uprate its gas turbines under current legislation?

f) Does NP need to either retire or replace these CTs before 2031, i.e., is continued operation not an option?

g) How much would the refurbishment of these gas turbines reduce costs compared to Hydro's reference plan?

h) Are there other opportunities for refurbishment/uprating NP gas turbines to meet capacity needs on the IIS?

A. a) The $231 million forecast reflects the most recently available budget estimates for the thermal generation work at Greenhill ("GRH") and Wesleyville ("WES") over the 2027 to 2031 period. The forecast was included in the *2027-2031 Capital Plan* for visibility and transparency but will be subject to further refinement. The detailed project scope, cost estimates, and supporting justification will be provided in the Company's supplemental application anticipated to be filed in the third quarter of 2026.

The capacity of the units being proposed for WES and GRH are approximately 15 MW and 30 MW, respectively.[1] Based on a total capacity of approximately 45 MW and the budget estimate of $231 million, the implied cost is approximately $5,133 per kilowatt of capacity.

[1] Capacity values are approximate. Actual unit capacity will vary depending on the selected manufacturer, equipment configuration, fuel characteristics, and site-specific operating conditions. Final capacities will be determined as part of equipment selection and detailed design.

b) The $231 million forecast is a budget estimate included in the *2027-2031 Capital Plan* for visibility and transparency. The estimate is currently being refined through engineering and cost estimating work being completed by a third-party consultant. The condition assessments, planning study, technical alternatives assessment, and cost estimates will form part of the supporting evidence included in the Company's supplemental application anticipated to be filed in the third quarter of 2026. The class of estimate and basis of estimate will be outlined in the supplemental application.

c) Fuel supply requirements for the proposed refurbished facilities are being assessed as part of the supplemental application. The proposed refurbished facilities would provide firm, dispatchable capacity that could contribute to IIS capacity during contingency conditions, including extended LIL shortfall scenarios. Their role in supporting system capacity, local reliability, and transmission system performance will be addressed in the supplemental application.

d) Yes, Newfoundland Power and Newfoundland and Labrador Hydro ("Hydro") have been engaged in discussions regarding the future of the thermal generation facilities at WES and GRH. These discussions have informed the planning work being completed in support of the supplemental application. The status of these discussions and the associated planning conclusions will be addressed in the supplemental application. Hydro indicates that it will review the supplemental application for the WES and GRH gas turbines when it is filed.[2]

e) The uprating of Newfoundland Power's GRH and WES generating units is permitted under current legislation, specifically section 14.1 of the *Electrical Power Control Act, 1994* ("EPCA").

Section 14.1 of the EPCA deals with who may develop, own, operate, manage, or control facilities for the generation and supply of electrical power or energy and imposes a prohibition on retailers and industrial customers from carrying on these activities subject to certain exceptions. However, this prohibition does not apply to any facility which existed on December 31, 2011.

Newfoundland Power's WES and GRH thermal generating facilities, which include the generating units, transmission interties, buildings, fuel storage and other equipment, were originally commissioned prior to December 31, 2011. As such, they are expressly excluded from the operation of section 14.1(2) of the EPCA.

[2] See the response to Request for Information CA-NLH-030 filed in relation to Hydro's March 21, 2025 *Application for Capital Expenditures for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon Combustion Turbine*.

The ordinary meaning of the word refurbishment includes modernizations and upgrades that do not alter the essential character of the facilities. In the context of utility regulation, the Board's approval of capital refurbishment projects often includes the uprating of certain equipment in facilities such as hydro plants and substations. This approach is consistent with a liberal interpretation and construal of the *Public Utilities Act* and the EPCA.

f) Based on the condition of the WES and GRH units, continued operation of these units beyond 2031 is not considered a prudent long-term option. The WES and GRH units have reached an advanced age, have experienced declining capability and performance, and are increasingly challenged by equipment obsolescence and lack of manufacturer support. These factors create increasing operational and maintenance risks and reduce the ability of the facilities to reliably meet their intended function. The assessment of alternatives, including continued operation, will be provided in the supplemental application.

g) The $231 million forecast is a budget estimate included in the *2027-2031 Capital Plan* for visibility and transparency. It was not presented in the *2027 Capital Budget Application* as a cost reduction relative to Hydro's Minimum Investment Required Expansion Plan.

The refurbishment of facilities at WES and/or GRH should not be characterized as a substitute for Hydro's broader capacity expansion initiatives, including the Avalon CT and Bay d'Espoir Unit 8. Rather, refurbishment of the WES and GRH thermal generation facilities would complement those initiatives by contributing additional firm, dispatchable capacity to the IIS. The supporting planning analysis will be included in the supplemental application.

h) The supplemental application referenced in the *2027-2031 Capital Plan* relates to the thermal generation facilities at GRH and WES.

Newfoundland Power also has aging thermal generation assets in the Port aux Basques area. These assets include the Port aux Basques diesel generator, which was placed into service in 1969, and the Mobile Gas Turbine ("MGT"), which was placed into service in 1974.[3]

Newfoundland Power assesses its generation assets through its normal asset management and capital planning processes. Any opportunities or requirements related to other thermal generation assets would be evaluated through those processes and brought forward for approval as appropriate. As noted in the *2027-2031 Capital Plan* on page 21, opportunities associated with the refurbishment of the Port aux Basques thermal generation facilities will be evaluated as part of the Company's ongoing planning activities.

[3] In 2018, the MGT was retired from mobile service and was permanently stationed at Grand Bay Substation.