Newfoundland and Labrador Hydro
Hydro Place. 500 Columbus Drive
P.O. Box 12400. St. John's. NL
Canada A1B 4K7
t. 709.737.1400 I f. 709.737.1800
nlhydro.com

November 2, 2026

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

Attention: Mike McNiven
Senior Regulatory Advisor & Board Secretary

Re: Quarterly Report on Asset Performance in Support of Resource Adequacy for the Twelve Months Ended September 30, 2026

Please find enclosed Newfoundland and Labrador Hydro's Quarterly Report on Asset Performance in Support of Resource Adequacy for the Twelve Months Ended September 30, 2026.[1]

Appendix B to this report contains the updates specific to the Muskrat Falls Assets to provide the Board of Commissioners of Public Utilities with fulsome information as previously requested.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/mc

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
Ryan Oake
Colleen Jones
Board General

Island Industrial Customer Group
Dana Constantine, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Glen G. Seaborn, Poole Althouse

Labrador Interconnected Group
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Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

Consumer Advocate
Adrienne Ding, O'Dea Earle
Justin King, O'Dea Earle
Consumer Advocate General

Newfoundland Power Inc.
Dominic J. Foley
Douglas W. Wright
Regulatory Email

[1] Formerly titled "Quarterly Report of Generating Units for the Twelve Months Ended []."

Quarterly Report on Asset Performance in Support of Resource Adequacy

For the Twelve Months Ended September 30, 2026

November 2, 2026

A report to the Board of Commissioners of Public Utilities

newfoundland labrador hydro



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Appendix A: Soldiers Pond Synchronous Condensers

Appendix B: Muskrat Falls Assets Update – Reporting period up to September 30, 2026

1.0 Introduction

In this report, Newfoundland and Labrador Hydro ("Hydro") provides data on forced outage rates of its generating facilities and the Labrador-Island Link ("LIL"). The data provided pertains to historical forced outage rates and assumptions Hydro uses in its assessments of resource adequacy. This report covers the performance for the current 12-month reporting period of October 1, 2025 to September 30, 2026 ("current period").

This report contains forced outage rates for the current period for individual generating units at regulated hydraulic facilities,[1] the Holyrood Thermal Generating Station ("Holyrood TGS"), Hydro's combustion turbines ("CT"), and the non-regulated Muskrat Falls Hydroelectric Generating Facility ("Muskrat Falls Facility"). In addition, equivalent forced outage rates are provided for the 900 MW LIL. This report also provides, for comparison purposes, the individual asset forced outage rates for the 12-month reporting period of October 1, 2024 to September 30, 2025 ("previous period"). Further, total asset class data is presented based on the calendar year for the remainder of the ten most recent years, 2016 to 2025, with the exception of the Muskrat Falls Facility[2] and the LIL.[3]

The forced outage rates of Hydro's generating units are calculated using two measures:

1) Derated adjusted forced outage rate ("DAFOR") for the continuous (base-loaded) units; and

2) Derated adjusted utilization forced outage probability ("DAUFOP") for the standby units.

DAFOR is a metric that measures the percentage of time that a unit or group of units is unable to generate at its maximum continuous rating due to forced outages or unit deratings. The DAFOR for each unit is weighted to reflect differences in generating unit sizes to provide a combined total and reflect the relative impact a unit's performance has on overall generating performance. This measure is applied to

[1] Regulated hydraulic facilities include the Bay d'Espoir Hydroelectric Generating Facility ("Bay d'Espoir Facility" or "BDE"), the Cat Arm Hydroelectric Generating Station ("Cat Arm Station" or "CAT"), the Hinds Lake Hydroelectric Generating Station ("Hinds Lake Station" or "HLK"), the Upper Salmon Hydroelectric Generating Station ("Upper Salmon Station" or "USL"), the Granite Canal Hydroelectric Generating Station ("Granite Canal Station" or "GCL"), and the Paradise River Hydroelectric Generating Station ("Paradise River Station" or "PRV").
[2] The final generating unit at the Muskrat Falls Facility was released for commercial operation on November 25, 2021. Annual DAFOR performance data is available beginning in 2022.
[3] The LIL was officially commissioned on April 13, 2023. Annual equivalent forced outage rate ("EqFOR") data is available beginning in 2024.

hydraulic units and, historically, was used for the thermal units; however, it does not apply to CTs because of their operation as standby units and their relatively low operating hours.

DAUFOP is a metric that measures the percentage of time that a unit or group of units will encounter a forced outage and not be available when required. DAUFOP is a measure primarily used for CTs; however, this measure may be applicable to thermal units, should their operation move towards standby operation in the future. This metric includes the impact of unit deratings.

The forced outage rates include outages that remove a unit from service completely as well as instances when units are derated. If a unit's output is reduced by more than 2%, the unit is considered derated under Electricity Canada guidelines. These guidelines require that the derated levels of a generating unit be calculated by converting the operating time at the derated level into an equivalent outage time.

As the LIL is not a generating unit, the above-noted forced outage rate measures do not apply to this asset. Instead, Hydro has determined an appropriate metric to be an EqFOR to measure the performance of this asset as it relates to the supply of electricity to the Island. This EqFOR measures the percentage of time that the LIL bipole is unable to deliver its maximum continuous rating[4] to the Island due to forced outages, derates, or unplanned monopole outages. The effect of deratings and unplanned monopole outages is converted to equivalent bipole outage time using the same methodology as outlined above for generating units.

In addition to forced outage rates, this report provides details for those outages which occurred in the current period that contributed materially to forced outage rates exceeding those used in Hydro's resource adequacy planning analysis for both the near and long-term.

[4] The LIL maximum continuous rating is 900 MW.

2.0 Assumptions Used in Hydro's Assessment of System Reliability and Resource Adequacy

Hydro continually assesses the reliability of its system and its ability to meet customer requirements, filing both near- and long-term assessments with the Board of Commissioners of Public Utilities ("Board").[5]

As part of the ongoing *Reliability and Resource Adequacy Study Review* proceeding, Hydro detailed the process undertaken for determining the forced outage rates most appropriate for use in its near-term reliability assessments and long-term resource adequacy analysis. Table 1 and Table 2 summarize the most recent forced outage rate assumptions, as determined using the forced outage rate methodology.[6] Forced outage rate assumptions will be re-evaluated on an annual basis to incorporate the most recent data available.

Table 1: Hydro's Reliability and Resource Adequacy Study Analysis Values – Generating Units (%)

Asset Type	Measure	Near-Term Analysis Value	Resource Planning Analysis Value
Hydraulic: Regulated	DAFOR	2.50	3.03
Hydraulic: Muskrat Falls	DAFOR	2.30	3.03
Thermal	DAUFOP	20.00[7]	20.00
CTs			
Happy Valley	DAUFOP	4.65	4.65
Hardwoods and Stephenville	DAUFOP	30.00	30.00
Holyrood	DAUFOP	4.90	4.90

A three-year, capacity-weighted average was applied to the regulated hydraulic units (Bay d'Espoir Facility, Cat Arm Station, Hinds Lake Station, Granite Canal Station, Upper Salmon Station, and Paradise River Station) for a near-term analysis, resulting in a DAFOR of 2.50%, while a ten-year, capacity-weighted average was applied for use in the long-term resource planning model, resulting in a DAFOR of

[5] Hydro currently files an assessment of near-term system reliability and resource adequacy annually in November, the Near-Term Reliability Report. Hydro also files an assessment of longer-term system reliability and resource adequacy. The most recent filing was the "2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study," Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024), ("2024 Resource Adequacy Plan").
[6] Values indicated for Hydro's near-term analysis reflect those used in the 2024 Resource Adequacy Plan and the "Reliability and Resource Adequacy Study Review – 2025 Near-Term Reliability Report – November Report," Newfoundland and Labrador Hydro, November 20, 2025 ("November 2025 Near-Term Report").
[7] The Holyrood TGS base assumption is 20.00%. The sensitivity assumption is 34.00%. A sensitivity value of 34.00% was chosen to reflect actual performance at the Holyrood TGS for the 2021–2022 winter operating period.

3.03%. The DAFOR value was based on historical data reflective of Hydro's maintenance program over the long term.

For the Muskrat Falls Facility, the near-term forced outage rate was based on the forced outage rates of the units to date, to reflect the possibility of outages early in the lifetime of the Muskrat Falls Facility. In the long-term resource planning model, the regulated hydroelectric forced outage rate was used, as it is assumed that these assets will be maintained to the same standards as the remainder of the hydraulic fleet.

Historically, forced outage rates for the three units at the Holyrood TGS have been reported using the DAFOR metric, which is predominantly used for units that operate in a continuous (base-loaded) capacity. As presented in Hydro's Reliability and Resource Adequacy Study 2022 Update,[8] there are reliability concerns associated with the operation of the units at the Holyrood TGS in an emergency standby capacity. When considering standby or peaking operations of units at the Holyrood TGS, DAFOR is no longer the most appropriate measure of forced outage rates; instead, UFOP[9] and DAUFOP should be considered. Given the frequency of deratings historically experienced by these units, DAUFOP is a more appropriate measure.

Analyses performed for a range of Holyrood TGS DAUFOP assumptions indicate the sensitivity of supply adequacy to changes in the availability of the Holyrood TGS. From this analysis, a forced outage rate of 20.00% was recommended in the near-term, with a sensitivity value of 34.00%. Hydro will continue to analyze the operational data to ensure that forced outage rate assumptions for the Holyrood TGS are appropriate.

The operation of the units at the Holyrood TGS remains base-loaded to ensure the availability of capacity for the power system. To ensure alignment with the assumptions used in the resource planning model (PLEXOS)[10] while appropriately reporting on current period versus historical performance, Hydro will continue to use the DAFOR performance measure and the 20.00% forced outage rate for the units at the Holyrood TGS.

[8] "Reliability and Resource Adequacy Study – 2022 Update," Newfoundland and Labrador Hydro, October 3, 2022.
[9] Utilization forced outage probability ("UFOP").
[10] The resource planning model does not differentiate between DAFOR and DAUFOP metrics; rather, it applies a forced outage rate only.

As the CTs in the existing fleet vary in age and condition, each was considered on an individual basis. For the Happy Valley Gas Turbine ("GT"),[11] a three-year, capacity-weighted average was applied to the unit for the near-term analysis, while a ten-year capacity-weighted average was applied for use in the resource planning model. The DAUFOP values were based on historical data to reflect the unit's past performance. For the Holyrood CT, the DAUFOP was calculated based on a scenario-based approach rather than historical data, due to the unit's minimal operating time and resultant small data set. For the Hardwoods and Stephenville GTs, a fixed DAUFOP consistent with values considered in Hydro's previous near-term reliability reports was used for the near-term and long-term analyses.[12] As presented in Hydro's 2024 Resource Adequacy Plan, the Hardwoods and Stephenville GTs are proposed for retirement in 2030; however, life extension analysis is ongoing.[13]

Now that the LIL is commissioned, multiple years of operational experience are required to better inform the long-term selection of a bipole forced outage rate. In the interim, the bipole forced outage rate will be addressed with a range of upper and lower limits as additional scenarios in the analysis—currently 10% and 1%, respectively. As LIL performance statistics become available in the coming years, the forced outage rate range may be narrowed. However, the current base-case assumption is a 5% LIL forced outage rate.

Table 2: Hydro's Reliability and Resource Adequacy Study Analysis Values – LIL (%)

Asset Type	Measure	Base Planning Analysis Value	Range of Planning Analysis Values
LIL	EqFOR	5	1–10

[11] The Happy Valley GT, located in Labrador East, supports regional reliability, providing back-up generation for the area.
[12] "Reliability and Resource Adequacy Study Review – 2024 Near-Term Reliability Report – November Report," Newfoundland and Labrador Hydro, November 20, 2024.
[13] Hydro has received and filed the life extension condition assessment for the Hardwoods and Stephenville GTs. This information will inform Hydro's next reliability and resource adequacy update.

3.0 Current Period Overview

Table 3 presents an overview of the current period performance, compared to previous period performance and most recent Planning Analysis values.

Table 3: DAFOR and DAUFOP Overview (%)

Asset Type	Measure	12 Months Ended Sep 2026	12 Months Ended Sep 2025	Near-Term Planning Analysis Value	Resource Planning Analysis Value
Hydraulic: Regulated	DAFOR	2.49	0.49	2.50	3.03
Hydraulic: Muskrat Falls Facility	DAFOR	0.57	2.92	2.30	3.03
Thermal	DAFOR/DAUFOP[14]	27.20	28.86	20.00	20.00
Combustion Turbines					
Happy Valley	DAUFOP	0.00	8.38	4.65	4.65
Hardwoods/Stephenville	DAUFOP	9.91	2.25	30.00	30.00
Holyrood	DAUFOP	21.58	15.88	4.90	4.90

As shown in Table 3, Muskrat Falls Facility DAFOR and thermal DAFOR performance improved for the current period, whereas regulated hydraulic DAFOR performance declined when compared to the previous period.

The DAUFOP performance for the Happy Valley GT has improved for the current period, while the Hardwoods and Stephenville GTs and the Holyrood CT have declined in the current period, compared to the previous period.

Table 4 presents LIL data for the current and the previous period, calculated on a base capacity of 900 MW. Since the previous period, the performance of the LIL has declined slightly, with no significant impacts to the EqFOR because of any operational events that have occurred.

[14] The resource planning model does not differentiate between DAFOR and DAUFOP; rather, it requires the selection of a forced outage rate percentage.

Table 4: EqFOR Overview (%)

Asset Type	Measure	12 Months Ended Sep 2026	12 Months Ended Sep 2025[15]	Base Planning Analysis Value	Range of Planning Analysis Values
LIL	EqFOR	1.12	1.06	5	1–10

4.0 Hydraulic Unit DAFOR Performance – Regulated Hydro

Detailed results for the current period and the previous period are presented in Table 5 and Chart 1. These results are compared to Hydro's near-term and resource planning analysis values for forced outage rates, as used in the 2024 Resource Adequacy Plan and the November 2025 Near-Term Reliability Report. Any individual unit with forced outage rates which exceed the established near-term and/or resource planning analysis values is discussed herein.

Table 5: Hydraulic Weighted DAFOR – Regulated Hydro

Generating Unit	Maximum Continuous Unit Rating (MW)	12 Months Ended Sep 2026 (%)	12 Months Ended Sep 2025 (%)	Near-Term Analysis Value (%)	Resource Planning Analysis Value (%)
All Hydraulic Units – Weighted	**954.4**	**2.49**	**0.49**	**2.50**	**3.03**
Hydraulic Units					
BDE Unit 1	76.5	3.30	0.00	2.50	3.03
BDE Unit 2	76.5	7.31	0.00	2.50	3.03
BDE Unit 3	76.5	2.00	0.00	2.50	3.03
BDE Unit 4	76.5	1.70	0.48	2.50	3.03
BDE Unit 5	76.5	1.21	0.00	2.50	3.03
BDE Unit 6	76.5	1.19	0.00	2.50	3.03
BDE Unit 7	154.4	2.67	0.00	2.50	3.03
CAT Unit 1	67.0	0.13	0.02	2.50	3.03
CAT Unit 2	67.0	6.49	0.00	2.50	3.03
HLK Unit	75.0	0.00	1.42	2.50	3.03
USL Unit	84.0	3.23	0.84	2.50	3.03
GCL Unit	40.0	0.56	5.60	2.50	3.03
PRV Unit	8.0	0.61	3.38	2.50	3.03

[15] This EqFOR is calculated on a base LIL capacity of 900 MW. The Quarterly Report on Asset Performance in Support of Resource Adequacy for the Twelve Months Ended September 30, 2025, filed October 31, 2025, reported LIL EqFOR of 0.76% on a base LIL capacity of 700 MW. However, following the successful completion of the 900 MW test on March 26, 2026, all calculations have been adjusted to reflect the change in capacity.

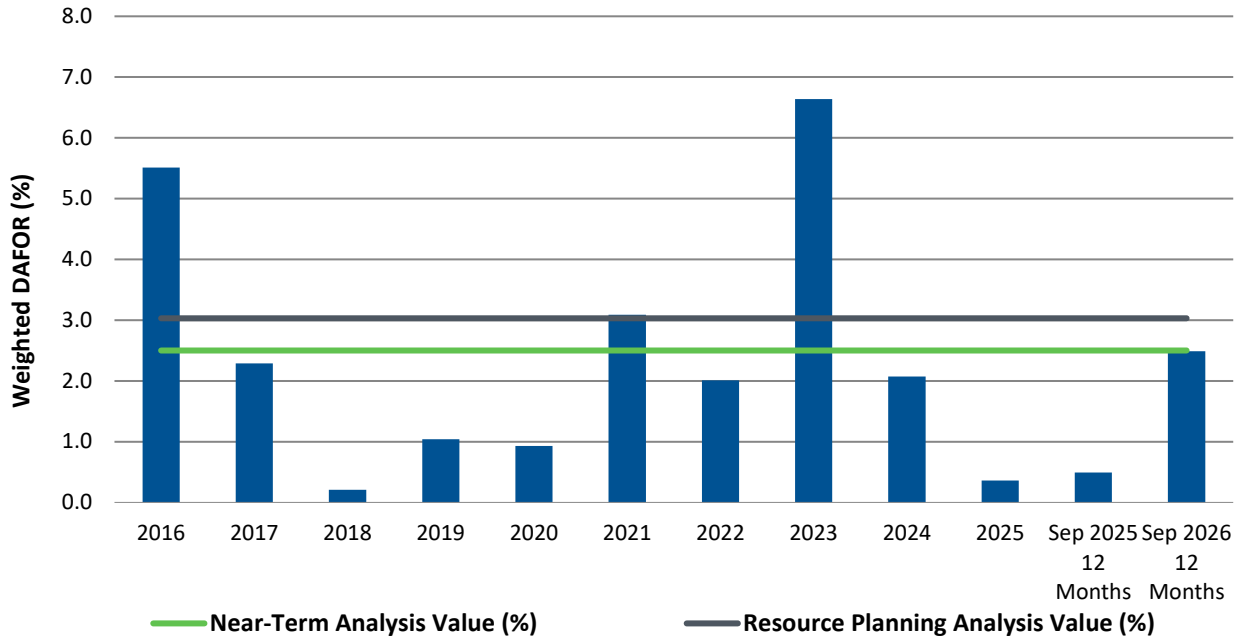


Chart 1: Hydraulic Weighted DAFOR – Regulated Hydro

4.1 Bay d'Espoir Facility

4.1.1 Bay d'Espoir Unit 1

The Bay d'Espoir Unit 1 DAFOR of 3.30% for the current period is above both the near-term planning analysis value of 2.50% and the resource planning analysis value of 3.03% for an individual hydraulic unit. As previously reported, this increase in DAFOR is the result of outages related to frazil ice accumulation in January 2026 and shear pin failure alarms in June 2026. Since the previous filing of this report there have been no additional events.

4.1.2 Bay d'Espoir Unit 2

The Bay d'Espoir Unit 2 DAFOR of 7.31% for the current period is above both the near-term planning analysis value of 2.50% and the resource planning analysis value of 3.03% for an individual hydraulic unit. As previously reported, this increase in DAFOR is the result of outages related to frazil ice accumulation in January and a forced extension to the planned outage in June to address thrust bearing deficiencies. Additionally, since the previous filing of this report, Unit 2 experienced a forced derating and forced outage on July 6, 2026, when the unit experienced a shear pin failure alarm. The unit was removed from service, the failed shear pin replaced, and the unit was returned to service later that day without further issues.

4.1.3 Bay d'Espoir Unit 7

The Bay d'Espoir Unit 7 DAFOR of 2.67% for the current period is above the near-term planning analysis value of 2.50%, but is below the resource planning analysis value of 3.03% for an individual hydraulic unit. This increase in DAFOR is the result of an outage experienced on January 21, 2026, related to frazil ice accumulation at the Bay d'Espoir Facility. While Units 1-6 were returned to service on January 25, 2026, Unit 7 experienced issues with the intake gate hoisting mechanism during the frazil ice event, which required repairs. The repair work was completed, and Unit 7 was returned to service on January 31, 2026. Since the previous filing of this report there have been no additional events.

4.2 Cat Arm Facility

The Cat Arm Unit 2 DAFOR of 6.49% for the current period is above both the near-term planning analysis value of 2.50% and the resource planning analysis value of 3.03% for an individual hydraulic unit. This elevated DAFOR is the result of a forced derating from 67 MW to 57 MW that was in place on the unit from January 26, 2026 to August 20, 2026. As previously reported, this derating was required due to an issue with one of the turbine needles. The unit was removed from service for the planned annual outage from August 20 to September 11, 2026 and the issue with the turbine needle was resolved. The unit is now available at full capacity.

4.3 Upper Salmon Facility

The Upper Salmon unit DAFOR of 3.23% for the current period is above both the near-term planning analysis value of 2.50% and the resource planning analysis value of 3.03% for an individual hydraulic unit. The DAFOR performance was primarily impacted due to a forced outage that occurred from May 9, 2026 to May 18, 2026, as previously reported, when a flexible lead located on phase A of the isolated phase bus failed. The lead was replaced, and the unit returned to service on May 18, 2026. Since the previous filing of this report there have been no additional events.

5.0 Hydraulic Unit DAFOR Performance – Muskrat Falls

Detailed results for the current period and the previous period are presented in Table 6 and Chart 2. These results are compared to Hydro's near-term and resource planning analysis values for forced outage rates, as used in the 2024 Resource Adequacy Plan and the November 2025 Near-Term Reliability Report. Overall, the plant performance for the Muskrat Falls Facility shows improvement over the previous period.

Table 6: Hydraulic Weighted DAFOR – Muskrat Falls

Generating Unit	Maximum Continuous Unit Rating (MW)	12 Months Ended Sep 2026 (%)	12 Months Ended Sep 2025 (%)	Near-Term Analysis Value (%)	Resource Planning Analysis Value (%)
Muskrat Falls Units – Weighted	**824**	**0.57**	**2.92**	**2.30**	**3.03**
Muskrat Falls Units					
Muskrat Falls 1	206	0.00	6.24	2.30	3.03
Muskrat Falls 2	206	2.12	4.11	2.30	3.03
Muskrat Falls 3	206	0.00	2.52	2.30	3.03
Muskrat Falls 4	206	0.03	0.00	2.30	3.03

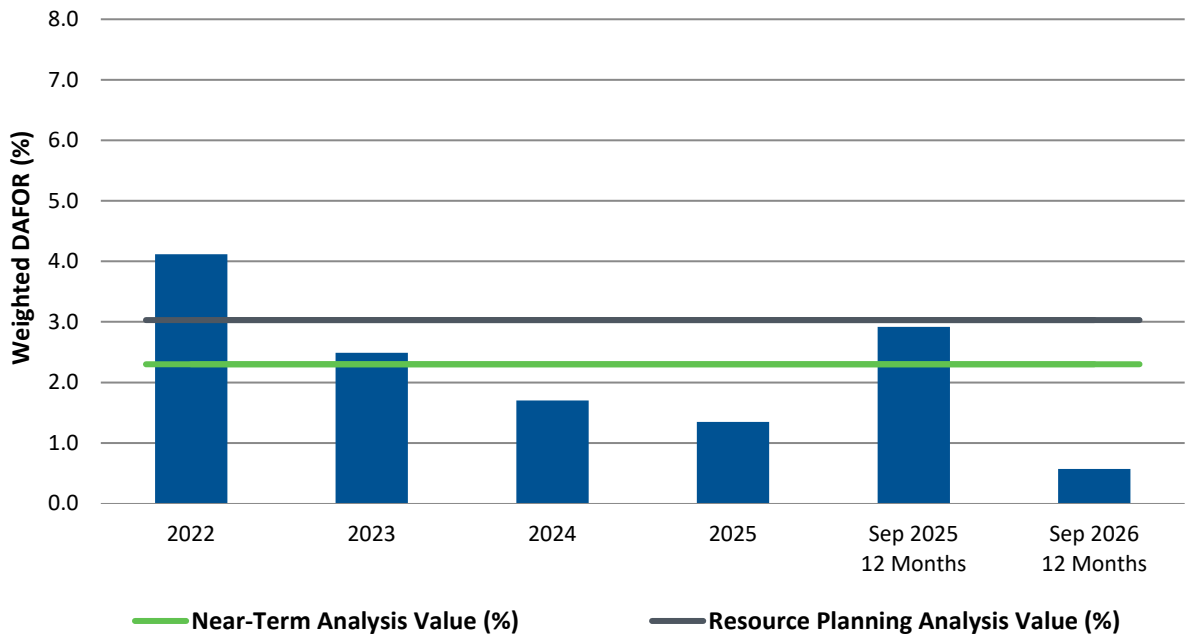


Chart 2: Hydraulic Weighted DAFOR – Muskrat Falls

6.0 Thermal Unit DAFOR Performance

Detailed results for the current period and previous period are presented in Table 7 and Chart 3. These results are compared to Hydro's near-term and resource planning analysis values for forced outage rates, as used in the 2024 Resource Adequacy Plan and the November 2025 Near-Term Reliability Report. Any individual unit with forced outage rates which exceed the established near-term and/or resource planning analysis values is discussed herein.

Table 7: Thermal Weighted DAFOR

Generating Unit	Maximum Continuous Unit Rating (MW)	12 months Ended Sep 2026 (%)	12 months Ended Sep 2025 (%)	Near-Term Planning and Resource Planning Analysis Value (%)
All Thermal Units – Weighted	**490**	**27.20**	**28.86**	**20.00**
Thermal Units				
Holyrood TGS Unit 1	170	17.90	68.32	20.00
Holyrood TGS Unit 2	170	12.81	9.84	20.00
Holyrood TGS Unit 3	150	73.34	3.67	20.00

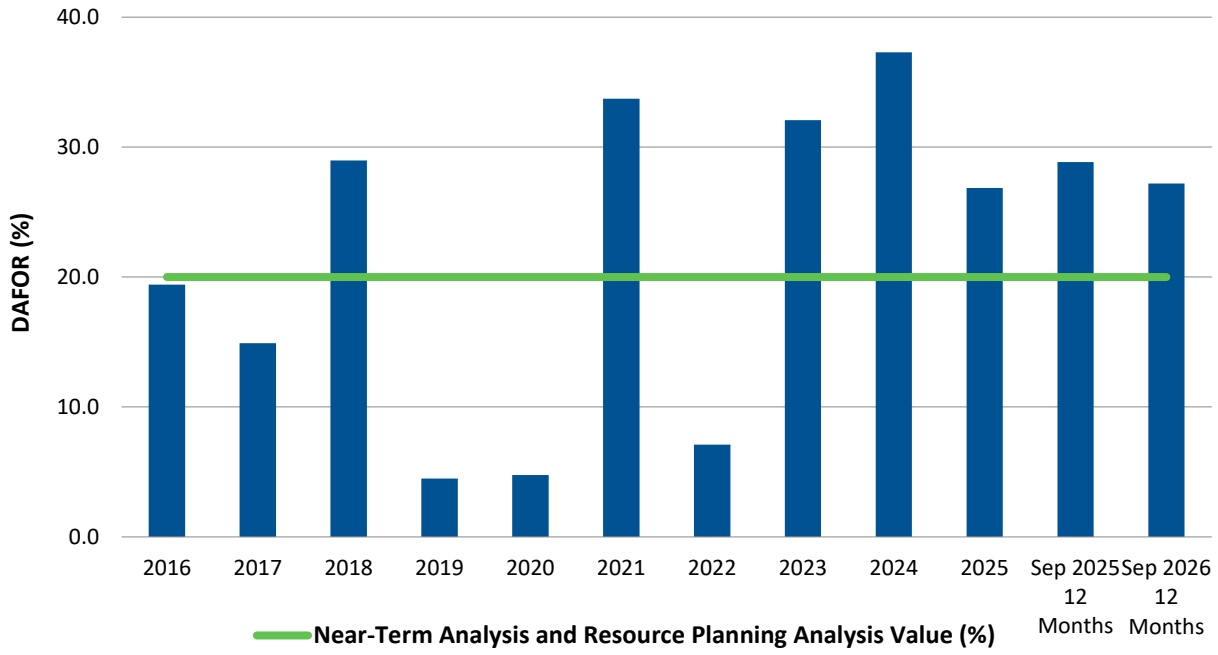


Chart 3: Thermal DAFOR

For the current period, the weighted DAFOR for all thermal units of 27.20% is above the 20.00% near-term and resource planning analysis values. The individual unit DAFOR outcome for the current period of 17.90% for Unit 1 and 12.81% for Unit 2 at the Holyrood TGS are below the 20.00% analysis value. The performance of Unit 3 at the Holyrood TGS is discussed in Section 6.1.

6.1 Holyrood TGS Unit 3

Considering individual thermal unit performance, the DAFOR of 73.34% for Unit 3 at the Holyrood TGS is above the near-term and resource planning analysis value of 20.00% for a unit at the Holyrood TGS and shows a decline in performance over the previous period. As previously reported, Holyrood TGS Unit 3 was unavailable due to planned maintenance and overhaul work, beginning March 30, 2025, which continued through the end of 2025.

As previously reported, Unit 3 returned to full 150 MW availability on February 22, 2026. Subsequent vibration issues with the west forced draft fan resulted in required deratings, including to 40 MW and later 50 MW. Following bearing replacement and further investigation, it was determined that the fan requires balancing, which is planned for the annual maintenance outage. The unit remained available at 50 MW until it was placed in standby on March 21, 2026, and began its planned annual maintenance outage on March 29, 2026.

Unit 3 has been operating as a synchronous condenser since May 1, 2026.

7.0 Combustion Turbine DAUFOP Performance

DAUFOP Performance for the Happy Valley, Hardwoods and Stephenville GTs, as well as the Holyrood CT for the period, are presented in the charts and tables below.

The DAUFOP for the Happy Valley GT was 0.00% for the current period, as shown in Table 8 and Chart 4. This is below the near-term and resource planning analysis value of 4.65% and indicates an improvement in performance over the previous period.

Table 8: Happy Valley GT DAUFOP

GT Unit	Maximum Continuous Unit Rating (MW)	12 months Ended Sep 2026 (%)	12 months Ended Sep 2025 (%)	Near-Term Planning and Resource Planning Analysis Value (%)
Happy Valley	25	0.00	8.38	4.65

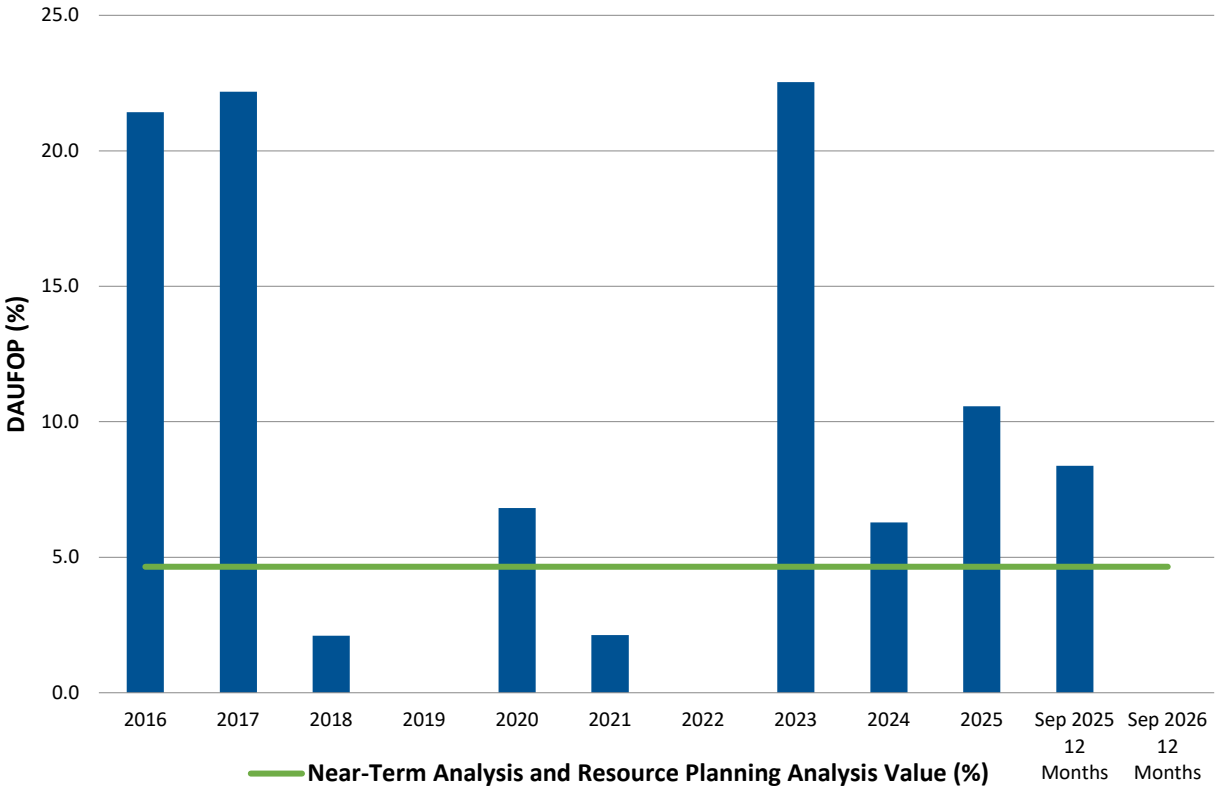


Chart 4: GT DAUFOP – Happy Valley Unit

The combined DAUFOP for the Hardwoods and Stephenville GTs was 9.91% for the current period, as shown in Table 9 and Chart 5. This is below the near-term and resource planning analysis value of 30.00%.

The Stephenville GT DAUFOP for the current period is 16.83%, which is below the near-term and resourcing planning assumption of 30.00%. The Hardwoods GT DAUFOP for the current period is 4.99%, which is below the near-term and resource planning assumption of 30.00%.

Table 9: Hardwoods/Stephenville GT DAUFOP

GT Units	Maximum Continuous Unit Rating (MW)	12 months Ended Sep 2026 (%)	12 months Ended Sep 2025 (%)	Near-Term Planning and Resource Planning Analysis Value (%)
GTs	**100**	**9.91**	**2.25**	**30.00**
Stephenville	50	16.83	4.39	30.00
Hardwoods	50	4.99	0.41	30.00

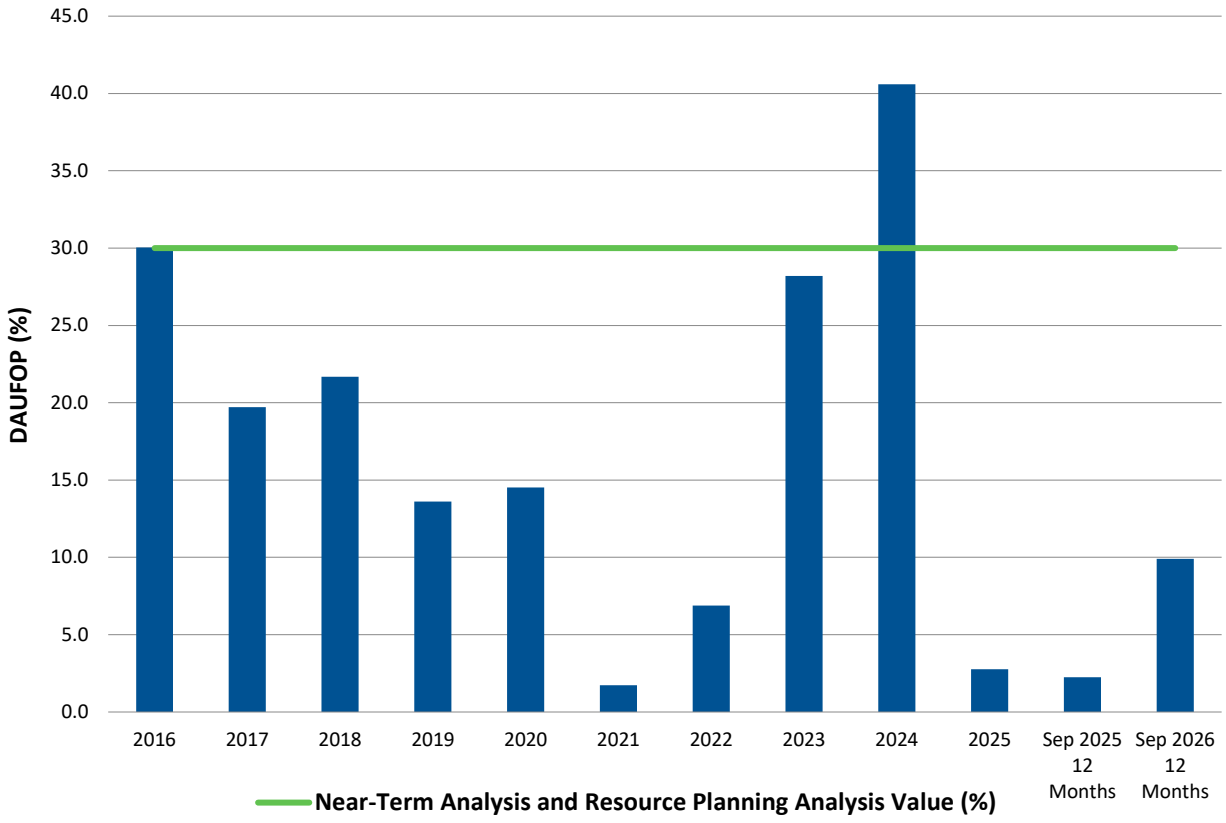


Chart 5: GT DAUFOP – Hardwoods/Stephenville Units

The Holyrood CT DAUFOP of 21.58% for the current period is above the near-term and resource planning analysis value of 4.90% and indicates a decline in performance when compared to the previous period, as shown in Table 10 and Chart 6. As the forced outage rate for the Holyrood CT exceeds the established near-term and resource planning analysis values, a discussion on the same is included in Section 7.1.

Table 10: Holyrood CT DAUFOP

Combustion Turbine Unit	Maximum Continuous Unit Rating (MW)	12 Months Ended Sep 2026 (%)	12 Months Ended Sep 2025 (%)	Near-Term Planning and Resource Planning Analysis Value (%)
Holyrood	123.5	21.58	15.88	4.90

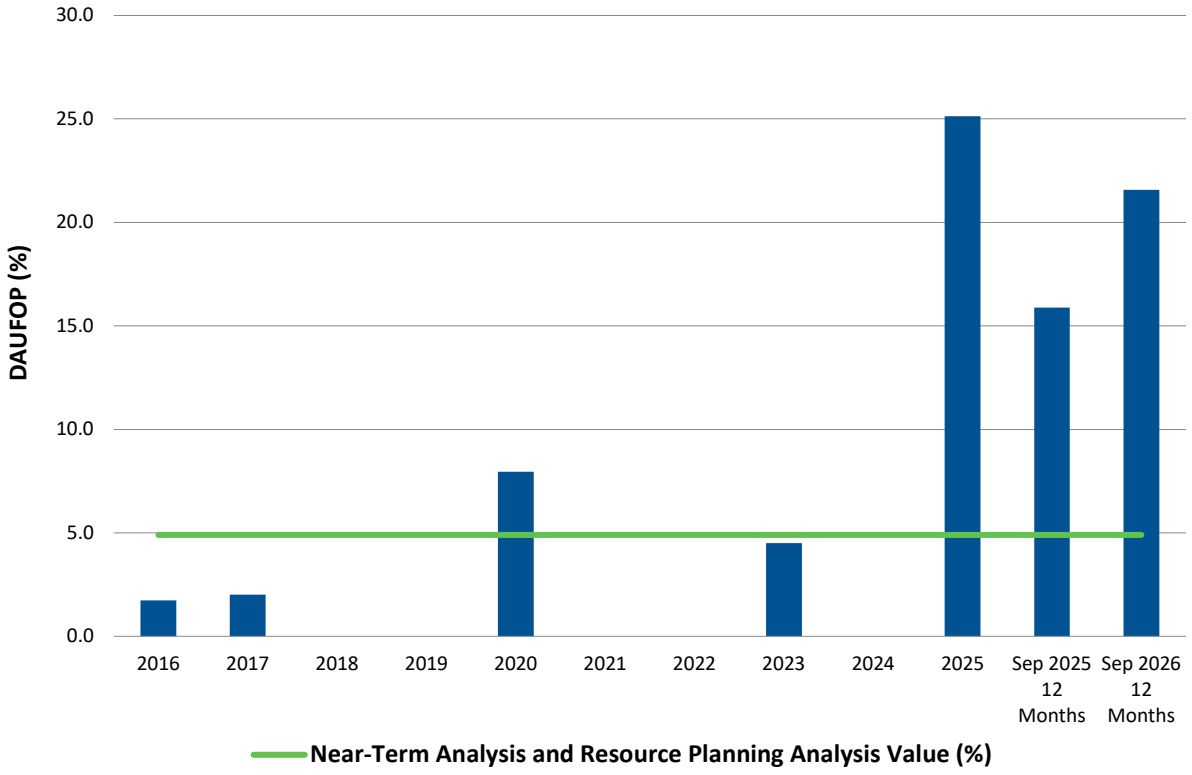


Chart 6: CT DAUFOP – Holyrood Unit

7.1 Holyrood Combustion Turbine

The Holyrood CT DAUFOP was 21.58% for the current period, which is above the near-term and resource planning analysis value of 4.90%. This decline in performance is the result of forced outages, as previously reported. There have been no additional outages or derates since the previous filing. Due to the low percentage of operating time experienced by the Holyrood CT in the current period, forced outages have a significant impact on the DAUFOP performance.

8.0 Labrador-Island Link EqFOR Performance

The EqFOR for the LIL was 1.12%[16] for the current period, as shown in Table 11. This is within the range of values used by Hydro in the resource planning analysis scenarios.

Table 11: LIL EqFOR (%)

Asset Type	Measure	12 Months Ended Sep 2026 (%)	12 Months Ended Sep 2025 (%)	Base Planning Analysis Value	Range of Planning Analysis Values
LIL	EqFOR	1.12	1.06	5	1–10

The availability of the three Soldiers Pond Synchronous Condensers ("SCs") is critical to the reliable delivery of electricity to the Island Interconnected System via the LIL. No operational issues concerning the Soldiers Pond SCs resulted in outages or derating to the LIL in the current period.

A fulsome update on the total number of hours of operation for the Soldiers Pond SCs for the rolling 12-month period is provided in Appendix A of this report.

[16] This EqFOR is calculated on a base LIL capacity of 900 MW. Following the completion of the 900 MW test, all calculations have been adjusted to reflect the change in capacity.

Appendix A

Soldiers Pond Synchronous Condensers



Table A-1: Quarterly Rolling 12-Month Operating Hours for Soldiers Pond SCs

Unit	Operating Hours[1]	% Availability[2]
SC1	8039.75	91.78
SC2	4789.43	54.67
SC3	8142.52	92.95

1 Further information on the operation of the Soldiers Pond SCs is provided in Appendix B.

[1] Hydro has provided its best estimate of operating hours for each unit for the 12 months ended September 30, 2026, based on an assumption of 24/7 operation of all three SCs and known outages (both planned and unplanned) recorded in its database.
[2] SC availability is calculated based on the unit's operating hours and therefore assumes that the unit is operating when available.

Appendix B

Muskrat Falls Assets Update

Reporting period up to September 30, 2026



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1.0 Introduction

The Muskrat Falls Assets, made up of the LIL, which includes the Soldiers Pond SCs, the Labrador Transmission Assets and the Muskrat Falls Hydroelectric Generating Facility, have all been commissioned in recent years and are in the early years of their expected lifespans.

Hydro provides the following update to the Board on the status of ongoing asset-related activities and other information as requested by the Board.

2.0 Muskrat Falls Hydroelectric Generating Facility

Muskrat Falls was commissioned in November 2021. The Muskrat Falls Plant continues to outperform similar units across Canada, with a 12-month rolling average derated adjusted forced outage rate performance through the end of the third quarter of 2026 of 0.57%, which was significantly better than the Electricity Canada average of 6.02%.

3.0 Soldiers Pond Synchronous Condensers

Hydro continues to address the remaining items that were noted in punch list reports submitted with the commissioning certificate and outstanding warranty claims.

3.1 Operations Items

Forced Outages

There were no forced outages during the third quarter of 2026.

4.0 Labrador-Island Link

Since commissioning in April 2023, the LIL has been in service and successfully providing power to the provincial grid. The LIL was released for operation up to 900 MW by the Newfoundland and Labrador System Operator and the Government of Canada's Independent Engineer in Q2 2026.

4.1 Operations Items

Forced Outages

There were no forced outages during the third quarter of 2026.

Cable Switching

Disconnects at the Shoal Cove and L'Anse aux Diable transition compounds have experienced ice and snow accumulation in the operating arm receivers, which has affected cable switching. The OEM has proposed an ice guard which would prevent snow accumulation. An initial ice guard design was developed by the OEM and installed in 2025 but proved ineffective. An improved ice guard design was installed in the first quarter of 2026; however, it too proved ineffective. General Electric ("GE") revised the design in consultation with the disconnect manufacturer; installation was completed during the September 2026 outage window in preparation for this winter season.

Replacement of Direct Current Current Transformers

In 2023, the OEM and Hydro determined that very low air temperatures were influencing the measurement accuracy of Direct Current Current Transformers ("DCCT") at the Muskrat Falls Converter Station, resulting in false protection trips and power control issues on the LIL. The OEM identified the root cause of the issue to be a manufacturing defect with the Delay Coil Fibre Optical Cable located within the DCCTs; this issue occurred with a select batch of fibre optic cables, affecting six DCCTs at the Muskrat Falls HVdc[1] Converter Station, which have since been replaced.[2]

In November 2025, GE provided a revised plan to address DCCTs which have low-risk indicators of the issues related to cold weather operation. The OEM has worked with a new provider and six new DCCTs have been built, completed appropriate factory acceptances tests, and witnessed by Hydro. The new DCCTs have arrived at Hydro's warehouse. These DCCTs will be retained as spare units to support future maintenance and replacement requirements.

There were no DCCT operational issues identified in the third quarter of 2026.

[1] High-Voltage Direct Current ("HVdc").
[2] The remaining DCCT which had an operation rating to -40°C was replaced with a DCCT rated to -50°C in June 2026.

4.2 Capital Projects

Optimizing Clamp Designs

During December 2022, March 2024, and January 2025, the LIL experienced damage to electrode conductor suspension clamps during significant ice loading, the root cause of which was determined to be overloading due to ice loads which exceeded the design limits of the conductor, and ice shedding. Three alternative suspension clamp designs have since been installed on the electrode conductor at ten structures in critical sections of the line and will be inspected yearly for performance.[3] As the length and design of the electrode assembly contributed to the failures of the electrode conductor and crossarms, an assessment and redesign of the electrode suspension assembly was completed in 2025, with the assemblies to be purchased and installed as required through the 2026–2028 LIL Strengthening Capital Project.[4,5] Additional conductor testing has been completed from these incidents, with further recommendations outlined within the most recent investigation report.[6]

During operation, it was found that the optical power ground wire ("OPGW") was sliding through the suspension clamps during unbalanced ice loading due to insufficient slip strength. An alternative OPGW suspension clamp assembly was designed and ordered in 2024. Clamps were installed in some areas in 2025, with others to be installed during upcoming maintenance and repairs work in 2026 and in future years as required. Additionally, clamp installation for 309 Type A1 towers is included within the scope of the 2026–2028 LIL Strengthening Capital Project.[7] To mitigate risk to near-term reliability, Hydro has its Emergency Response Plan in place and has proceeded with the procurement of required materials to ensure they are on hand in the event a repair is required.

[3] The alternative clamp design is intended to reduce static and dynamic stresses at the support point, protecting the conductor against the effects of oscillations.
[4] "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, app. B, att. 1.
[5] Contract award for this scope is in progress, with the procurement schedule to start on contract award. The redesign will increase the length of the electrode assembly and will allow more longitudinal swing under unbalanced ice loads, decreasing the chance of contact with insulators and deformation of the conductor, and decreasing the longitudinal load on the crossarm.
[6] "Quarterly Report on Asset Performance in Support of Resource Adequacy for the Twelve Months Ended September 30, 2025," Newfoundland and Labrador Hydro, October 31, 2025, att. 1.
[7] The contract for this scope has been awarded, with work scheduled to start this year. This project also includes strengthening towers with replacements of OPGW tower peaks and electrode crossarms as required, or removing the electrode conductor from the towers on a section of line in southern Labrador and installing it on wood pole structures, the contract for which has also been awarded and procurement started.

Top Plate Design

In December 2022, two incidents impacted two adjacent structures of the LIL.[8] Subsequent engineering analysis determined that a design error in the top plate of some towers could lead to a bending of the top plate (in tower types A2, B1, and B2) or a failure of the bolt connection resulting in the OPGW assembly detaching from the tower (in tower types A3 and A4). Additional analysis completed to determine which towers were at risk of failure confirmed that 63 towers across two tower types (A3 and A4) required top plate reinforcement. As of the end of 2024, 61 of 63 were reinforced, which represents all A3 towers.[9] The contract for the installation work to strengthen the top plate connection has been awarded, with work expected to commence in 2026 and be completed in 2028.

Reinforcement design and cost estimate for other tower types, which did not have top plate reinforcement work performed,[10] were completed by an engineering consultant in the third quarter of 2025. To date, there have been no issues with other tower types; these structures could be repaired as part of annual maintenance, if required. Hydro will keep the alternate design in stock as a precaution and will schedule installation on other tower types as required if deformation of the top plate occurs.

Ice Monitoring

In response to icing experienced on the LIL, Hydro has undertaken capital projects for the installation of a real-time weather station, as well as the installation of in-line ice and galloping monitoring equipment. In-line monitoring equipment has been installed in all three planned locations in 2025. A second real-time monitoring station was planned for installation in central Labrador in late 2026; however, no compliant bids were received through the tendering process. As a result, Hydro is exploring alternative options for monitoring ice and weather conditions on the line.

4.3 Software

A new version of the software was delivered in the fourth quarter of 2025, with installation occurring during planned outages in June 2026, and commissioning completed July 4, 2026.

[8] This incident involved the connection of the top plate of the OPGW suspension insulator assembly detaching from the tower, falling onto the cross arm.
[9] The two remaining top plates are on A4 tower types.
[10] A2, A3, A4, B1, and B2 towers did not have top plate reinforcement work completed, and may experience bending of the top plate which would not result in OPGW connection failure or an outage of the line.

4.4 Ongoing Investigations

There are no new investigation outcomes to report for this period.

4.5 Restoration Plans and Operational Strategy

Hydro is currently in the process of contracting a consultant to review Hydro's restoration plans, including review and development of specific restoration plans for a variety of potential and previously experienced scenarios. It is expected that this review will include the identification of alternative restoration approaches that can be selected based on the situation for the most efficient and effective execution of the work. Restoration plans will consider geographic and weather challenges. Restoration plan reviews will include estimates of the time to affect the repairs, as well as time challenges and opportunities for restoration duration and provide cost and benefit information to identify incremental investment in restoration time improvement and quantify the associated benefits.

5.0 Conclusion

Hydro recognizes the criticality of the Muskrat Falls Assets to the supply of the Island Interconnected System, which helps to limit the thermal generation required from the Holyrood TGS and impacts the overall reliability of the grid. Hydro will continue to monitor the performance of these assets to address early-life incidents such as those due to manufacturing issues or defective components.