

Avalon Combustion Turbine Project Early Execution Update

Period Ended August 31, 2025

October 21, 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 through the reporting period.¹

1.1 Engage Combustion Turbine Suppliers

The Request for Proposals (“RFP”) for the supply of combustion turbines (“CT”) closed on July 4, 2025. Hydro is continuing to evaluate proposal information and working towards a partial award before the end of 2025.²

1.2 Engage Transformer Suppliers

An RFP for the supply of four Generator Step-Up Transformers and one Station Service Transformer closed on June 17, 2025. Hydro is continuing to evaluate proposal information and working towards a partial award before the end of 2025.³

1.3 Environmental Assessment Registration

The Environmental Assessment release was provided by the Minister of Environment and Climate Change on May 30, 2025. Hydro has received all necessary permits for the early works work scope.

1.4 Engage EPCM Consultant

The RFP for EPCM⁴ Services closed on August 28, 2025, and concluded without the identification of a successful proponent. Since the end of the reporting period, Hydro has modified the scope to align with market feedback and intends to issue an alternative RFP by the end of October 2025, with anticipated award in the second quarter of 2026.⁵ This strategy is expected to produce more robust and competitive

¹ The reporting period refers to the monthly timeframe summarized in the Project Schedule Milestone Table and Detailed Cost Information attached as appendices to this report. To complete those reports, Newfoundland and Labrador Hydro (“Hydro”) reviews the contractor(s)’ progress reports to assess compliance with project milestones, timelines, and contractual obligations. The time between the end of the reporting period and the date of this report to the Board of Commissioners of Public Utilities (“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. Hydro will provide the information in this report based on the reporting period, to align with the appendices, with additional updates for any material developments that occur after the reporting period up to the filing of the report.

² Appendix A reflects the information as at the end of the August reporting period. The information contained herein and in note 3 of Appendix A will be reflected in the next reporting period.

³ Appendix A reflects the information as at the end of the August reporting period. The information contained herein and in note 2 of Appendix A will be reflected in the next reporting period.

⁴ Engineering, Procurement and Construction Management (“EPCM”).

⁵ Appendix A reflects the information as at the end of the August reporting period. This strategy and the information contained herein and in note 4 of Appendix A will be reflected in the next reporting period.

proposals as seen in other similar RFP issuances. Hydro has evaluated its current schedule, prepared based on Hatch Ltd.'s ("Hatch") original front-end engineering design schedule in 2024, and determined that, considering the scope and progress in 2025 of the early execution engineering, there is sufficient schedule flexibility to accommodate the delayed award with no change to the project's Commercial Operation Date ("COD").

1.5 Geotechnical Investigation

The RFP for geotechnical work closed on August 1, 2025; after review of the submissions, Artelia Canada Inc. was determined to be the successful bidder, and a purchase order was issued on August 22, 2025. A kick-off meeting was held on August 29, 2025, with scope planning underway. The on-site work is expected to begin in mid-to-late November once the site has been cleared of trees.

1.6 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 was completed on September 7, 2025, subsequent to the end of the reporting period, with no definitive issues found. Hatch is reviewing the gathered information and will submit a report with the findings once complete.

Hydro awarded a second study RFP 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.

1.7 Early Execution Civil Works

The RFP for early execution of civil works closed on June 27, 2025; after review of the submissions, The Cahill Group ("Cahill") was determined to be the successful bidder, and a purchase order was issued on August 13, 2025. Cahill began mobilization to the site on September 29, 2025.

1.8 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. Newfoundland Power is developing the engineering scope of work and the Contribution in Aid of Construction submission for the Board. The Newfoundland Power cost estimate was provided to Hydro in June, and Hydro proceeded with the procurement for this scope of work with a purchase order issued on July 11, 2025. On-site work is expected to begin before the end of October 2025.

Hydro is also collaborating with Newfoundland Power to provide a construction power feed to the site. Newfoundland Power has developed the engineering scope of work for the installation of the new line. The cost estimate was provided to Hydro in late September, with a purchase order expected to be issued before the end of October 2025.

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^{6,7}

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.

⁶ 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.

⁷ Risks which have been shown as closed in a previous report have been removed.

Risk Title/Description	Mitigations	Status
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. The CT RFP has closed. Bid evaluations and negotiations are underway.
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 early execution received. 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 until November 2025. Depending on the timelines for regulatory process and anticipated approval, this delay may have material impact on the overall project budget and schedule. Hydro is assessing the potential impact to determine appropriate next steps.
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

The Project Schedule Milestone Table for the reporting period is provided in Appendix A and is based on the estimated forecast schedule as of the end of the reporting period. Some delays have occurred due to the RFP evaluation process, vendor negotiations, requirements for RFP time extensions, and an RFP cancellation. 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. The COD is still expected to be at the end of 2029.

Hydro notes that the current schedule for expert reports from the Board's 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 until 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. Hydro is assessing the potential impact to determine appropriate next steps.

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 no deviations noted for the reporting period. Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

5.0 Project Expenditures

As of August 31, 2025, 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 now beginning in October 2025, and the award of the transformer RFP package. As some procurement dates are shifting, Hydro has forecasted expenditures for project contingency into the first quarter of 2026 to address the risk of any further movement in procurement timelines. Appendix B provides further detailed cost information, including an overview of costs incurred to August 31, 2025.

6.0 Conclusion

As of the end of the reporting period, the Avalon CT early execution remains on track to meet the overall project cost and schedule targets, and Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

Appendix A

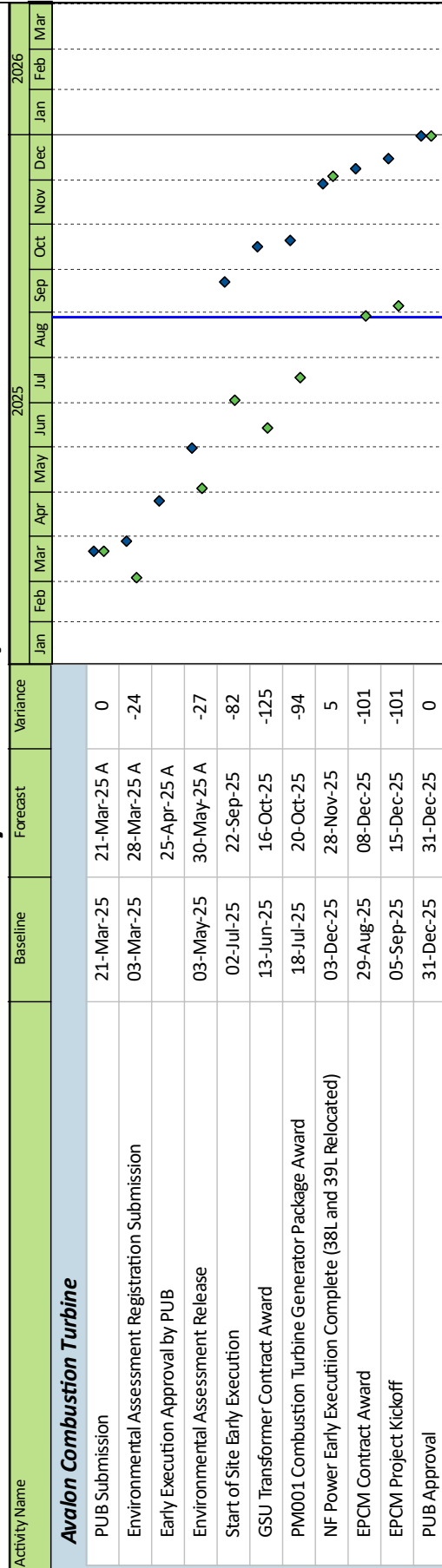
Project Schedule Milestone Table



Avalon Combustion Turbine Project Schedule

August 2025

Early Execution / Milestones



Notes:

- The forecasted Commercial Operation Date (COD) for Avalon Combustion Turbine (CT) has changed compared to the Project Control Schedule Baseline (PCSBL), included with the 2025 Build Application. The original PCSBL target COD was 12-Oct-2029 and the current forecast is 08-Dec-2029 resulting in a variance of 57 days. This variance is directly attributable to the revised CT Package Award forecast. All other noted schedule variances relate to non-critical path activities. These activities currently have sufficient float and do not impact the overall COD forecast.
- Based on the schedule updates since the end of the reporting period, Hydro now anticipates a partial GSU Transformer Contract Award by year end 2025. This change will be reflected in the next monthly report.
- The CT Package Award date has slipped compared to the July schedule update. The tender period has closed, and proponent information has confirmed that estimated fabrication durations are within range to maintain the forecast COD of 08-Dec-2029. Based on further schedule updates since the end of the reporting period, Hydro now anticipates a partial award by year end 2025. This change will be reflected in the next monthly report.
- Based on further schedule updates since the end of the reporting period, Hydro now anticipates EPCM contract award and project kickoff in the second quarter of 2026. This change will be reflected in the next monthly report.
- The PUB indicated in correspondence on October 8, 2025, that it would set a schedule for further process upon receipt of the final Bates White Report in late November. Timeline for full project approval is dependent upon the schedule set by the PUB and will be updated once further information is known.
- Blue line in the milestone schedule represents the project status date.

Appendix B

Detailed Cost Information



Redacted

Redacted