

Avalon Combustion Turbine Project Early Execution Update

April 16, 2026

A report to the Board of Commissioners of Public Utilities



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1 **1.0 Progress to Date**

2 As part of ongoing early execution activities for the Avalon Combustion Turbine (“CT”), the following
3 update outlines the status of key project activities.

4 **1.1 Engage Combustion Turbine Suppliers**

5 Newfoundland and Labrador Hydro (“Hydro”) entered into an agreement with General Electric (“GE”) on
6 December 15, 2025. The initial progress payments have been made to date.¹ The Board of
7 Commissioners of Public Utilities (“Board”) approved additional early execution expenditures for the
8 Avalon CT in Board Order No. P.U. 7(2026), enabling the required expenditures to progress the CT supply
9 contract.²

10 **1.2 Engage Transformer Suppliers**

11 Seven proposals were received in response to the Request for Proposals (“RFP”) for the supply of four
12 generator step-up transformers and one station service transformer that closed on June 17, 2025.

13 As of March 26, 2026, the contract has been awarded to Hitachi Energy Canada Inc. (“Hitachi”). The
14 schedule shift for the transformer procurement is not anticipated to impact the project Commercial
15 Operation Date (“COD”).

16 **1.3 Engage EPCM Consultant**

17 A revised RFP closed on March 4, 2026. The project team has been reviewing the bid proposals since RFP
18 closure. The contract award is anticipated by mid-July 2026 to allow for review of the proposals to be
19 completed and for discussions and negotiations with the successful proponent to finalize the terms and

¹ The second milestone payment was received by GE on March 27, 2026, continuing the agreed contract commitment requirements.

² CT contract progress payments made as of the date of cancellation are non-recoverable by Hydro, pending full project approval by the Board, at which point they will be recoverable.

1 conditions and other commercial aspects.³ Hydro’s Early Execution Application⁴ detailed that Hydro
2 planned to engage engineering support from an EPCM⁵ contractor for support in the following activities:

- 3 • Complete geotechnical investigations and surveys needed to support the execution phase; and
- 4 • Detailed execution planning activities, such as establishing a project execution plan, contracting
5 plan, and other planning documentation.

6 Hydro also progressed various engineering studies to further determine assumptions made in the Front-
7 End Engineering Design (“FEED”) phase with the goal of reducing overall project risk. Additional
8 execution planning activities, prior to EPCM award, are being progressed to maintain the overall project
9 schedule. Further schedule refinement will be completed once the EPCM contract has been awarded.

10 Analysis of Hydro’s current schedule, prepared based on Hatch Ltd.’s original FEED schedule in 2024,
11 indicates that sufficient flexibility remains to accommodate the July 2026 award, as early execution
12 engineering progress through 2025 has offset potential schedule impacts. Therefore, there is no change
13 to the overall project COD.

14 **1.4 Transmission Line Relocations with Newfoundland Power Inc.**

15 Work on Transmission Line 38L was completed, and the rerouted line returned to service. Transmission
16 Line 39L was planned for completion on December 12, 2025; however, weather forecasts impacted the
17 planned outage schedule, deferring this work.

18 The construction power feed installation will follow the completion of Transmission Line 39L relocation.

19 Based on the availability of the required resources, Hydro and Newfoundland Power Inc. are tentatively
20 planning the relocation work for June 2026.

³ The original RFP was issued on June 20, 2025, and after an extension, closed on August 28, 2025. The anticipated award date was December 9, 2025. That RFP concluded without identifying a successful proponent. Hydro modified the scope to align with market feedback and issued an alternative RFP on October 24, 2025, which closed March 4, 2026, as noted above. The period for review of proposals and to issue the award in the original RFP was approximately 103 days. The review period of the current RFP, considering July 15, 2026, to be the midpoint of July, is 133 days. The original RFP had one bidder. This RFP received five substantial, comprehensive bids.

⁴ “Early Execution Capital Work – Bay d’Espoir Unit 8 and Avalon Combustion Turbine,” Newfoundland and Labrador Hydro, March 12, 2025.

⁵ Engineering, Procurement and Construction Management (“EPCM”).

1.5 230 kV Circuit Breakers

Hydro completed a review of known long-lead equipment required for the Avalon CT project. An RFP for the supply of breakers for both the Avalon CT project and the Bay d’Espoir Unit 8 project is currently under development.⁶ RFP issuance is anticipated in April 2026 to allow for confirmation of the technical requirements of the RFP.

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^{7,8}

Risk Title/Description	Mitigations	Status
Supply chain pressures may increase the cost of goods and increase delivery times.	<ul style="list-style-type: none"> • 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 prioritization in terms of the overall schedule is established for critical path long lead items. • Management Reserve is included in the overall project budget to address strategic risks. 	<p>Open –Early procurement of the transformers has progressed and the contract was awarded on March 26, 2026. Early procurement is planned for circuit breakers with an RFP issuance expected in April 2026.</p> <p>Market volatility continues to pose risks including, most recently, the impacts of the conflict involving Iran, the United States, Israel, and other countries. Hydro continues to monitor market conditions and adapt commercial strategies to mitigate Supply Chain risks.</p>
CT and transformer supplier backlog due to 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	<ul style="list-style-type: none"> • 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. 	<p>Closed – Negotiations with the transformer supplier are complete and the contract has been awarded as of March 26, 2026, to Hitachi.</p>

⁶ As the breakers for the Avalon CT project and the Bay d’Espoir Unit 8 project are the same, only one RFP has been issued. The procurement of 230 kV circuit breakers for the Avalon CT project was noted as a proposed additional scope of work in Hydro’s Additional Early Execution Application. Please refer to Hydro’s responses to requests for information PUB-NLH-003 and PUB-NLH-005 of that proceeding.

⁷ 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.

⁸ Risks which have been shown as closed in a previous report have been removed.

Risk Title/Description	Mitigations	Status
costs and extended delivery schedules.		<p>An agreement with GE was issued on December 15, 2025, for the purchase of the CTs.</p> <p>Further financial commitments on the CTs have been paid as part of the FNTF, to secure the production slots and contract price. Hydro had requested approval to make this capital expenditure, among others, in its Additional Early Execution Application filed with the Board on December 12, 2025, and approved in Board Order No. P.U. 7(2026), to ensure protection against cancellation of this contract and mitigate against high global demand for the equipment.</p>
<p>Regulatory (Board) approval process extends beyond the assumed timeline.</p> <p>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.</p>	<ul style="list-style-type: none"> • Produce a robust Board application and work closely with the Board during the application process. • Receive timely Board approval of Early Execution Applications. • Receive timely Board approval of Additional Early Execution Application. 	<p>Open – 2025 Build Application⁹ has been submitted to the Board.</p> <p>Approval of Hydro’s initial early execution application was received in April 2025, which included scope and schedule to the end of December 2025.</p> <p>Regulatory process is continuing into 2026. To mitigate against schedule delays and cost increases, an application for additional early execution for a portion of 2026 was submitted to the Board for approval.</p> <p>The additional early execution expenditures for the Avalon CT were approved in Board Order No. P.U. 7(2026).</p>
<p>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</p>	<ul style="list-style-type: none"> • 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. 	<p>Open – Governance structure established. Authority levels are suited to the current project phase.</p> <p>An interface manager was established for internal interface resolution. Continue to monitor for efficient decision-making as early execution progresses.</p>

⁹ “2025 Build Application – Bay d’Espoir Unit 8 and Avalon Combustion Turbine,” Newfoundland and Labrador Hydro, March 21, 2025.

Risk Title/Description	Mitigations	Status
is estimated at \$30 million to \$50 million.	<ul style="list-style-type: none"> • 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. 	

1 **3.0 Project Schedule**

2 As discussed earlier in this report, some schedule delays have occurred due to the RFP evaluation
 3 process and vendor negotiations. The Avalon CT early execution scope is continually assessed to ensure
 4 schedule targets are managed appropriately. The CT and transformer contracts have been successfully
 5 negotiated and signed on December 15, 2025, and March 26, 2026, respectively. The EPCM contract
 6 award has been delayed to mid-July 2026. The revised schedule for the award for the EPCM and
 7 transformer contracts did not have any impact on the overall COD, and the COD of March 2030 remains
 8 unchanged since the last update.

9 The ongoing regulatory process may have a material impact on the overall project budget and schedule,
 10 depending on the timelines for the regulatory process and anticipated approval. Uncertainty can be
 11 created for vendors when regulatory processes do not have clear timelines or indications of approval;
 12 this uncertainty may reduce participation and limit competition, which can lead to higher project costs.
 13 To mitigate against schedule delays and cost increases, an Additional Early Execution Application for the
 14 capital expenditures necessary to continue the project activities into 2026 was submitted to the Board
 15 and approved in Board Order No. P.U. 7(2026). A summary of the current Avalon CT Early Execution
 16 Project Schedule is provided in Appendix A.

17 **4.0 Project Budget**

18 The Board has approved an early execution budget of \$30,710,000, and an additional early execution
 19 budget of 29,294,000. Hydro is progressing with the work included within the approved budgets. The
 20 detailed cost information in Appendix B includes forecasted costs up to July 2026, resulting from the
 21 changes in schedule noted within.¹⁰ Appendix B shows the expenditure forecast trending under budget,

¹⁰ Additional budget and forecast amounts necessary to execute the Additional Early Execution scope have not been reflected in Appendix B. Hydro will reflect these amounts in the next reporting cycle.

1 primarily due to lower funding requirements for the initial CT package downpayment; the transformer
2 package milestone payment; and the long lead material order, which was less than budgeted; and the
3 timing of spend associated with the EPCM award. Pursuant to a recent decision by the Board, certain
4 cost information that had previously been held confidential has been publicly released. There remains a
5 significant risk that the released information would be used by suppliers and contractors to strengthen
6 their negotiating position, increasing project costs and thus the costs to customers. Hydro will take all
7 possible steps to manage and minimize any resulting impacts. Hydro continues to actively manage risks
8 to maintain compliance with all regulatory requirements.

9 On December 19, 2025, Hydro provided the updated actual costs for the Avalon CT project, and on
10 March 9, 2026, Hydro filed with the Board the impact analysis on the cost estimate related to the CT
11 increase.¹¹ As of April 16, 2026, Hydro has filed an Evidentiary Update for the project. This includes a
12 basis of estimate reflecting the increase in costs for the ACT project, in addition to an updated expansion
13 plan analysis.¹²

14 **5.0 Project Expenditures**

15 Procurement activities necessary to maintain project cost and schedule are forecast to continue in 2026.
16 These activities include continuation of early execution activities and the activities and expenditures
17 proposed in Hydro’s Additional Early Execution Application. Approval of the proposed additional early
18 execution expenditures for the Avalon CT was received on March 13, 2026, in Board Order No.
19 P.U. 7(2026) and will enable the initiation of contracts and acquisition of these long-lead items by
20 securing manufacturing slots, thereby reducing risk to both schedule and cost.

21 Appendix B provides further detailed cost information, including an overview of costs incurred to
22 February 28, 2026.

23 **6.0 Conclusion**

24 Overall, the project continues to progress in line with early execution objectives. Hydro has
25 implemented enhanced support for vendor negotiations and prioritized early procurement of long-lead

¹¹ “2025 Capital Budget Supplemental Application – Application for the Purchase and Installation of Bay d’Espoir Unit 8 and Avalon Combustion Turbine – Avalon Combustion Turbine Estimate Refresh,” Newfoundland and Labrador Hydro, March 9, 2026.

¹² “2025 Build Application – Avalon Combustion Turbine Evidentiary Update,” Newfoundland and Labrador Hydro, April 16, 2026.

1 equipment to drive successful completion of contract awards. Hydro has successfully negotiated and
2 awarded the CT packages, thereby mitigating a significant project schedule risk. Initial payments
3 required to progress the turbine procurement and overall contract, as part of the agreement with GE,
4 have been paid. Delays in procurement of non-critical path items are actively managed and do not have
5 an impact on the project COD of March 2030, which is primarily dictated by the CT package delivery.

6 The regulatory process and anticipated Board approval have extended into 2026, and this ongoing
7 process, along with evolving market conditions, may have a material impact on the overall project
8 budget and schedule. To mitigate against schedule delays and cost increases, an application for
9 additional early execution authorization for capital expenditures planned for the first half of 2026 was
10 submitted to the Board for approval and approved in Board Order No. P.U. 7(2026). This additional early
11 execution authorization will enable continuation of early execution activities underway, as well as
12 additional scope through July 2026 that was not included in the original early execution authorization.

Appendix A

Early Execution Project Schedule Summary



Table 1: Avalon Combustion Turbine Project Schedule Summary

Milestone¹	Baseline	Actual/Forecast²	Variance	Impact on COD
PUB Submission	21-Mar-25	21-Mar-25	0	No
Environmental Assessment Registration Submission	03-Mar-25	28-Mar-25	-24	No
Early Execution Approval by PUB	-	25-Apr-25	-	No
Environmental Assessment Release	03-May-25	30-May-25	-27	No
Start of Site Early Execution	02-Jul-25	05-Oct-25	-94	No
Newfoundland Power Early Execution Complete (38L and 39L Relocated)	3-Dec-25	TBD ³	TBD	No
CT Package Award	18-Jul-25	15-Dec-25	-149	Yes ⁴
Additional Early Execution Application Approval by PUB	-	13-Mar-26 ⁵	-	No
Transformer Contract Award	13-Jun-25	26-Mar-26	-280	No
PUB Approval	31-Dec-25	29-May-26 ⁶	-149	No
Circuit Breaker Package Award	- ⁷	23-Jun-26	-	No
EPCM Contract Award	29-Aug-25	10-Jul-26 ⁸	-315	No
EPCM Project Kickoff	5-Sep-25	17-Jul-26	-315	No

¹ Reflects 2026 project milestones included within Hydro’s Additional Early Execution Application.

² It is important to note that the specific forecast dates provided above remain subject to adjustment dictated by overall project progression. The forecast dates listed for each milestone rely on a series of embedded activities that each must be completed by certain dates. The forecast dates above are based on the information known at this time with current inputs.

³ Weather forecasts impacted the planned outage schedule, deferring the completion of this work, which attributed variance in the expected completion time. The Transmission Line 38L outage has been completed, and the rerouted line returned to service. Hydro is working with Newfoundland Power to secure a new outage date for 39L, subject to system requirements. The work is tentatively planned for June 2026 but is subject to change based on the availability of resources.

⁴ The forecasted COD for Avalon CT has changed compared to the Project Control Schedule Baseline, which was included with the 2025 Build Application. While the CT package has been awarded as of December 15, 2025, there remains a risk to the COD if milestone payments are not issued at the scheduled dates under this agreement. As of the submission date of this report, the COD forecast is now March 7, 2030. 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.

⁵ The application for Additional Early Execution works expenditures was approved in Board Order No. P.U. 7(2026).

⁶ Hydro’s Additional Early Execution Application utilizes an assumption for Board approval of the 2025 Build Application by May 29, 2026, for the purpose of ensuring continuous progression of the initial stages of the project. However, this is not to indicate that approval of the overall 2025 Build Application to that date would not have an impact on the cost and schedule of the overall projects.

⁷ As noted in Hydro’s Additional Early Execution Application, due to long lead times for terminal station breakers, the RFP for this equipment will be issued in April 2026 to mitigate schedule risk. This milestone listing was not part of the original baseline schedule, and thus, no initial baseline date is associated with the circuit breaker package award.

⁸ Based on the latest information, the CT package and subsequent milestone payments remain on the critical path, and there is sufficient flexibility in the schedule to accommodate the current EPCM award date without impact to the overall COD.

Appendix B

Detailed Cost Information



Redacted

Redacted