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Board of Commissioners of Public Utilities
Prince Charles Building
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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 – January 2026

On December 10, 2025, Newfoundland and Labrador Hydro ("Hydro") filed its final 2025–2026 Winter Readiness Planning Report ("the Report"). At the time of the Report filing, all of Hydro's regulated generating sources were available, with the exception of Unit 3 at the Holyrood Thermal Generating Station ("Holyrood TGS"), and Bay d'Espoir Hydroelectric Generating Station ("Bay d'Espoir") Units 1 and 2. Hydro committed to filing an update, contained herein, regarding these and other outstanding winter readiness ("WR") items with the Board of Commissioners of Public Utilities ("Board") in January 2026.

Although Hydro has identified risks as outlined in the Report, mitigations are in place to help ensure adequacy of supply for the 2025–2026 winter season. Peak Island demands to date for the winter season were recorded on December 5, 2025. The peak was measured to be 1,530 MW and Hydro maintained sufficient reserves for the duration of this cold weather event. 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 TGS

Units 1 and 2 at the Holyrood TGS are online and supporting the system as required. Unit 1 is currently derated to 160 MW, limited by condenser back pressure. Investigation into this issue is ongoing, with a condenser vendor engaged to perform air in-leakage testing on the condenser in late January or early February 2026.

Unit 3 is undergoing major overhaul of the steam turbine and valves, and Hydro has worked with the contractor to expedite its return to service date to January 31, 2026. In advance of Unit 3's return to service, Hydro has sufficient generation reserves and appropriate plans in place to mitigate any risk to the system. All remaining WR activities and equipment testing are scheduled to be completed prior to the unit being returned to service, as well as commissioning scopes within the Overhaul Major Pumps (2025) Project, and the replacement of the Unit 3 Auxiliary Steam Desuperheater Spray Valve.[1]

[1] 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. Work to replace this valve is complete; however, commissioning cannot be completed until the return to service of Unit 3.

Hydro continues to track this risk and will provide an update to the Board upon the return to service of Unit 3.

Since the filing of the Report, the outstanding WR activity related to Balance of Plant is now complete, and the cooling water sump within Pumphouse 2 is now available for service. Unplanned scope being executed under Hydro's Thermal In-Service Failures Program to Replace Air Compressor 3 is also complete. The Bowser Oil Conditioner is not yet in service on Unit 1 and Unit 2; until the return to service of the conditioner, risk to lube oil condition is low due to an external filter cart in the lube oil system.

At the time of the Report filing, 26 critical spare stock items remained outstanding; two of which have since been delivered. As three critical spare stock items were consumed since the Report filing, 27 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. Twenty-one items were recently consumed during the Overhaul Unit 3 Turbine and Valves Program and are expected to be delivered by July 2026. The delivery date of the remaining two items remains 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 detailed in the Report filing, unexpected operational issues encountered with the Holyrood Combustion Turbine ("CT") in late-November 2025 impacted resource availability to complete remaining WR items by December 1, 2025 at the Holyrood CT, Hardwoods Gas Turbine ("GT"), and Stephenville GT. All WR work has since been completed.

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 GT 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. The engine is now expected to be returned from the overhaul facility in late January 2026.[2] Hydro will not have a spare engine onsite until the return of the repaired engine, which also functions as a spare for the Stephenville GT, and has developed contingency plans should an operational issue occur.[3] Hydro continues to track this risk and will provide an update to the Board upon the receipt of the engine onsite.

Hydraulic Generation

WR work for all hydraulic generating facilities was completed at the time of the Report filing, with the exception of Bay d'Espoir Units 1 and 2, one activity at Cat Arm Hydroelectric Generating Station ("Cat Arm"), and four activities at Upper Salmon Hydroelectric Generating Station ("Upper Salmon"). All remaining WR activities and equipment testing related to Bay d'Espoir Units 2 and 1 were completed upon the units being returned to service on December 19, 2025 and January 8, 2026, respectively. Final wet commissioning of the intake gate equipment within the Refurbish Intake 1 – Bay d'Espoir Project was also completed as planned upon the return to service of Bay d'Espoir Unit 2. Three of the remaining

[2] The engine was originally expected to be returned in late December 2025 or early January 2026; however, poor weather conditions have resulted in delays in work completion at the repair facility.
[3] 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.

WR activities at Upper Salmon are now complete. The remaining activity at each of Upper Salmon and Cat Arm are low risk and scheduled for completion in 2026.[4]

Muskrat Falls Assets

At the time of the Report filing, WR status was 89.0% complete for 2025 for the LIL, Labrador Transmission Assets, and Soldiers Pond Synchronous Condensers ("SC"); the WR task completion target of 99.5% has since been achieved as planned.

Three trip events have occurred on the LIL thus far in January 2026, none of which were related to ongoing WR risks or resulted in customer impact. Investigation into the incidents 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."

As previously stated, a significant fire in spring 2024 resulted in the total loss of the storage facility housing Hydro's Muskrat Falls generation critical spares. A significant effort has been undertaken to replenish the critical spares inventory, and Hydro has in stock over three-quarters of its critical spares. The remaining parts are at various steps within the procurement process. Hydro has prioritized ordering of items based on WR and continues to evaluate its identification of critical spares to set an appropriate target for the purpose of WR. 1,425 critical spares have been identified; 1,115 items are in stock, and the remaining 310 items are in the procurement process.

As noted in the Report, in 2023 the original equipment manufacturer ("OEM") and Hydro determined that extremely low air temperatures were influencing the measurement accuracy of some LIL direct current current transformers ("DCCT") due to a manufacturing defect within a fibre optic cable located in the DCCTs. This issue occurred with a select batch of fiber optic cables, and affected six DCCTs at the Muskrat Falls HVdc Converter Station, five of these DCCTs have been successfully replaced. An outage to replace the final DCCT that was scheduled to occur in December 2025 was cancelled because of system conditions. An outage is being sought to replace the final DCCT in the first quarter of 2026; however this outage will be dependent on system and weather conditions, and has not been scheduled to date.

As reported in Hydro's final 2024–2025 Winter Readiness Report,[5] new equipment was successfully installed to mitigate cable switching transient electrical noise experienced at the LIL Transition Compounds in mid-October 2024, resolving the transient noise issue. Since that time, Hydro identified an icing issue with transition compound disconnects that can impact cable switching in winter conditions. A solution to resolve this issue, consisting of an improved ice guard to be installed on the receiver portion of the disconnects, was designed and fabricated in the fourth quarter of 2025 in consultation with General Electric ("GE"). Installation of the improved ice guard design is planned for early 2026, as GE resource availability and system conditions allow. In the interim, Hydro has developed operating procedures to ensure reliable operation in winter conditions.

Inspection of the SC3 brushgear was completed in mid-December 2025 as planned, and results indicated continued improved performance on the main slipring and brushes. However, investigation is ongoing

[4] The remaining activity at Cat Arm requires outages to both units and was unable to be completed in 2025 due to system demands. The remaining activity at Upper Salmon is partially complete and was unable to be completed in 2025 due to bird nesting in the area. Delayed completion of these activities does not pose an increased risk to plant reliability.
[5] "*Reliability and Resource Adequacy Study Review* – 2024–2025 Winter Readiness Planning Report – Final Report," Newfoundland and Labrador Hydro, December 10, 2024.

regarding an issue on a grounding brush. As this issue is only occurring on SC3, operational impact is minimal.

Transmission and Terminal Stations

Fourteen WR activities remained outstanding within Transmission and Rural Operations Labrador Terminal Stations at the time of the Report filing, eleven of which were noted in the Report to be lower priority items and deferred for 2026 completion. The remaining three activities, which are also low risk items, have since been deferred for 2026 completion.

Hydro is confident in its ability to 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 winter. Hydro continues to track the remaining work activities and will provide an update to the Board upon their completion.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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