

**NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P.U. 7(2026)**

1 **IN THE MATTER OF the Electrical Power**  
2 **Control Act, 1994**, SNL 1994, Chapter E-5.1  
3 (the “**EPCA**”) and the **Public Utilities Act**,  
4 RSNL 1990, Chapter P-47 (the “**Act**”), as  
5 amended, and regulations thereunder; and  
6

7 **IN THE MATTER OF** an application filed by  
8 Newfoundland and Labrador Hydro for approval  
9 of capital expenditures for additional early  
10 execution work related to the future construction  
11 of the Avalon Combustion Turbine and Bay d’Espoir  
12 Unit 8, pursuant to section 41 of the **Act**.  
13  
14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing  
16 under the **Hydro Corporation Act, 2024**, is a public utility within the meaning of the **Act**, and is  
17 also subject to the provisions of the **EPCA**; and  
18

19 **WHEREAS** on March 21, 2025 Hydro applied to the Board for approval of capital expenditures in  
20 the amount of \$891 million to purchase and install an Avalon Combustion Turbine and \$1.08  
21 billion to build Bay d’Espoir Unit 8 (“Build Application”); and  
22

23 **WHEREAS** in Order No. P.U. 17(2025), the Board approved capital expenditures in the amount of  
24 \$30,710,000 for early execution work for the Avalon Combustion Turbine and \$16,670,000 for  
25 early execution work for Bay d’Espoir Unit 8; and  
26

27 **WHEREAS** the Board also directed in Order No. P.U. 17(2025) that Hydro file monthly updates on  
28 the early execution work for the Avalon Combustion Turbine and Bay d’Espoir Unit 8; and  
29

30 **WHEREAS** on December 12, 2025 Hydro filed an application for approval of capital expenditures  
31 for additional early execution work in the amount of \$29,294,000 for the Avalon Combustion  
32 Turbine and \$5,630,000 for Bay d’Espoir Unit 8 (“Additional Early Works Application”); and  
33

34 **WHEREAS** the Additional Early Works Application states that proceeding with the proposed work  
35 in advance of approval of the Build Application will assist with mitigating the risks to project

1 schedule and costs that would result from Hydro’s inability to continue with capital expenditures  
2 necessary to advance critical activities; and

3

4 **WHEREAS** the Additional Early Works Application was copied to Newfoundland Power Inc.  
5 (“Newfoundland Power”), the Consumer Advocate<sup>1</sup> and the Island Industrial Customer Group<sup>2</sup>;  
6 and

7

8 **WHEREAS** on January 13, 2026, requests for information were filed by the Board, Newfoundland  
9 Power and the Consumer Advocate, which were answered by Hydro on January 28, 2026; and

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11 **WHEREAS** Hydro advised that the additional early execution work for the Avalon Combustion  
12 Turbine consists of work necessary to bridge the period between the completion of the early  
13 execution work approved in Order No. P.U. 17(2025) and the date of project approval, including  
14 milestone payments for the completed combustion turbine contract and additional procurement  
15 activities<sup>3</sup>; and

16

17 **WHEREAS** on February 9, 2026 the Board established an expedited process for the additional  
18 early execution work for the Avalon Combustion Turbine<sup>4</sup>, reflecting the information provided by  
19 Hydro as to the timelines associated with the work<sup>5</sup>; and

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21 **WHEREAS** on February 17, 2026 a settlement conference was held in relation to the additional  
22 early execution work for the Avalon Combustion Turbine; and

23

24 **WHEREAS** on March 5, 2026 a settlement agreement was filed setting out that the parties agreed  
25 that the additional early execution expenditures for the Avalon Combustion Turbine, in the  
26 amount of \$29,294,000, should be approved (“Settlement Agreement”); and

27

28 **WHEREAS** the Settlement Agreement also sets out that the parties agreed that a delay in the  
29 proposed Avalon Combustion Turbine work would have impacts on the project schedule that  
30 could result in substantial financial consequences and that the determination of whether the  
31 additional early execution expenditures can be recovered from customers should be deferred;  
32 and

33

34 **WHEREAS** the Board accepts the Settlement Agreement and is satisfied that the expenditures for  
35 the additional early execution work for the Avalon Combustion Turbine, in the amount of  
36 \$29,294,000, should be approved on the basis that these expenditures are reasonable and  
37 necessary in the circumstances and would not be recovered from customers if the Build  
38 Application is not approved.

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<sup>1</sup> Ms. Adrienne Ding was appointed as interim Consumer Advocate on January 26, 2026, replacing Mr. Dennis Browne, KC.

<sup>2</sup> The members of the Island Industrial Customer Group are Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale Newfoundland and Labrador Limited.

<sup>3</sup> Application, Schedule 1, page 10; and PUB-NLH-003.

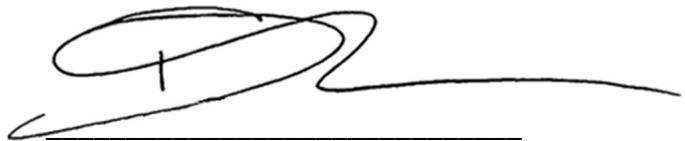
<sup>4</sup> A process for the additional early execution work for Bay d’Espoir Unit 8 has not yet been established.

<sup>5</sup> PUB-NLH-001; and PUB-NLH-007, footnote 3.

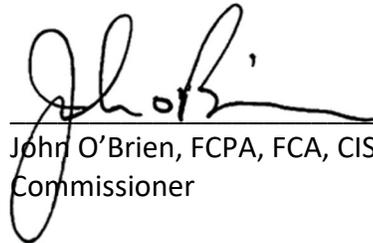
1 **IT IS THEREFORE ORDERED THAT:**  
2

- 3 1. The Settlement Agreement, set out in Schedule A, is accepted and capital expenditures, in the  
4 amount of \$29,294,000, for the proposed additional early execution work for the Avalon  
5 Combustion Turbine, are approved.  
6  
7 2. Hydro shall include updates on the additional early execution work for the Avalon Combustion  
8 Turbine in the monthly updates required by Order No. P.U. 17(2025).  
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10 3. Hydro shall pay the expenses of the Board arising from this application.

**DATED** at St. John's, Newfoundland and Labrador this 13<sup>th</sup> day of March, 2026.



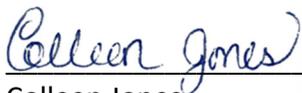
Dwanda Newman, LL.B.  
Vice-Chair



John O'Brien, FCPA, FCA, CISA  
Commissioner



Christopher Pike, LL.B., FCIP  
Commissioner



Colleen Jones  
Assistant Board Secretary

**IN THE MATTER OF** the *Electrical Power Control Act 1994*, SNL 1994, Chapter E-5.1 (the “*EPCA*”) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the “*Act*”) and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”) for the approval of Additional Early Execution Work for Bay d’Espoir Unit 8 and the Avalon Combustion Turbine.

### **SETTLEMENT AGREEMENT**

**WHEREAS**, on March 21, 2025, Newfoundland and Labrador Hydro (“Hydro”) applied to the Board of Commissioners of Public Utilities (“Board”) for approval to construct an 8th generating unit at the Bay d’Espoir Hydroelectric Generating Station and an Avalon combustion turbine (the “2025 Build Application”); and

**WHEREAS** in Board Order P.U. 17 (2025), the Board approved certain capital expenditures to allow Hydro to complete early execution work related to the proposed Bay d’Espoir Unit 8 and the Avalon Combustion Turbine projects; and

**WHEREAS**, on December 12, 2025, Hydro applied to the Board for approval of additional early execution work for the Bay d’Espoir Unit 8 and the Avalon Combustion Turbine projects (“Additional Early Execution Application”); and

**WHEREAS** the Consumer Advocate; Newfoundland Power Inc. (“Newfoundland Power”); and the Island Industrial Customer Group (“IIC Group”) comprised of Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) LP, and Vale Newfoundland and Labrador Limited are Intervenor on both the 2025 Build Application and the Additional Early Execution Application; and

**WHEREAS** the Board’s expert consultants, Bates White, have analyzed the 2025 Build Application and, on February 3, 2026, placed their report entitled “Expert Report of Vincent Musco and Collin Cain” on the record before the Board (“2026 Bates White Report”); and

**WHEREAS**, in the 2026 Bates White Report, Bates White recommended that the Board consider approving the Avalon Combustion Turbine component of Hydro’s 2025 Build Application with a current estimated in-service date in March 2030; and

**WHEREAS** Hydro, the Consumer Advocate, Newfoundland Power, and the IIC Group (the “Parties”), with participation by the Board’s Regulatory Consultant, have engaged in negotiations regarding the proposed additional early execution work for the Avalon Combustion Turbine specifically.

### **TERMS OF AGREEMENT**

1. The Parties jointly advise the Board that certain issues arising from the Additional Early Execution Application have been settled by negotiations between them in accordance with this Settlement Agreement (the “Settled Issues”).

2. The Parties recommend that the Board implement the agreement of the Parties regarding the Settled Issues in its Order.
3. The Parties consent to the admission on the record of the Additional Early Execution Application of all pre-filed testimony, exhibits, and responses to requests for information pertaining to the Settled Issues. At any hearing of the Additional Early Execution Application, the Parties do not intend to present evidence, examine, cross-examine or present argument in relation to the Settled Issues beyond that which is reasonably necessary to assist the Board's understanding, and to explain or clarify the Parties' agreement concerning the Settled Issues.
4. This Settlement Agreement represents a reasoned consensus on the Settled Issues and the agreements on individual issues are not intended to be severable.
5. This Settlement Agreement is without prejudice to the positions the Parties may take with respect to the other requests within the Additional Early Execution Application and in proceedings other than the Additional Early Execution Application. It sets no precedent for any issue addressed in this Settlement Agreement in any future proceeding or forum, including the remaining process related to the 2025 Build Application or any proceedings related to the Reliability and Resource Adequacy Study.

#### **MATTERS AGREED UPON**

6. The Parties agree that delay of the scope of work proposed in the Additional Early Execution Application for the proposed Avalon Combustion Turbine project would have impacts on the schedule for the project that could result in substantial financial consequences.
7. The Parties agree that the additional early execution expenditures related to the proposed Avalon Combustion Turbine project estimated as \$29,294,000 are necessary to avoid schedule delays and possible cost escalations.
8. The Parties agree that Hydro's request to proceed with the additional early execution scope and expenditures related to the Avalon Combustion Turbine project, as detailed in the Additional Early Execution Application, should be approved.
9. The Parties agree that the determination of whether the expenditures can be recovered from customers should be deferred for consideration within the process related to the 2025 Build Application. Hydro confirms that none of the costs and expenditures related to the additional early execution activities as detailed in the Additional Early Execution Application will be recovered in the rate base unless it is approved by the Board within the 2025 Build Application.
10. This Settlement Agreement removes the requirement for the experts retained by the Consumer Advocate, Newfoundland Power, the IIC Group and the Labrador Interconnected Group to appear before the Board regarding the proposals for early execution activities related to the Avalon Combustion Turbine as detailed in the Additional Early Execution Application.

11. The Parties agree that this Settlement Agreement addresses all issues pertaining to the Avalon Combustion Turbine raised in the Additional Early Execution Application and that legal counsel for the Consumer Advocate, Newfoundland Power, and the IIC Group are not required to appear before the Board regarding those aspects of the Application.
12. The Parties agree that this Settlement Agreement does not address or influence any issues raised in the Additional Early Execution Application or the 2025 Build Application pertaining to the Bay d'Espoir Unit 8 component of those proceedings and that legal counsel for the Consumer Advocate, Newfoundland Power, and the IIC Group may be required to appear before the Board regarding those aspects of the 2025 Build Application.
13. This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart by electronic transmission (including PDF or other electronic format) shall be equally effective as delivery of an originally executed counterpart.