

1 Q. Reference: Schedule 1, page 18, Table 2.

2 a) Explain the cancellation clause amount of [REDACTED] associated with the EA Registration
3 and Studies.

4 b) Explain the cancellation clause amount of [REDACTED] associated with GSU Transformer
5 Procurement, addressing why a cancelation clause cost is provided when the
6 procurement process won't commence until 2026.

7 c) Explain why there is no additional early execution budget amount for the Circuit
8 Breakers Procurement line item.

9 d) Explain the cancellation clause amount of [REDACTED] associated with Circuit Breakers
10 Procurement, addressing why a cancelation clause cost is provided when the
11 procurement process won't commence until 2026.

12

13

14 A. a) The additional early execution scope for the Environmental Assessment ("EA") registration
15 and studies item includes stakeholder engagement activities and the advancement of
16 activities associated with the EA release conditions, such as preparation of a Benefits
17 Strategy. The cancellation amount is an operating cost associated with the closeout of any
18 ongoing work¹ and the assembly of information if the project is cancelled.

19 b) The procurement process for the generator step-up ("GSU") transformer will commence in
20 2026, and it is anticipated that a procurement contract could be established during the
21 additional early execution period. Therefore, Newfoundland and Labrador Hydro ("Hydro")
22 has included an estimated cancellation clause cost to highlight its total financial risk as part
23 of the Additional Early Execution scope. The \$[REDACTED] million cancellation clause amount is
24 based on a percentage of the GSU total cost as per preliminary vendor information. This
25 cancellation amount typically varies depending on the progress or stage of work at the time

¹ Work would continue up to a logical point to facilitate project closeout.

1 of cancellation. As with the Avalon Combustion Turbine (“Avalon CT”) procurement process,
2 this would be negotiated during the procurement process, and the \$ █ million is an
3 estimate at this time.

4 c) The procurement process for the 230 kV circuit breakers will commence in 2026, with
5 potential for a procurement contract to be established during the additional early execution
6 period. However, it is assumed that an initial progress payment will not be required during
7 the additional early execution period, as the award of the contract is not forecast until near
8 the end of the additional early execution period. Consequently, there is no early execution
9 budget for this line item.

10 d) Hydro has estimated a \$ █ cancellation fee associated with the potential procurement
11 contract for the 230 kV circuit breakers, should the project not be approved after a contract
12 is signed. Therefore, Hydro has included an estimated cancellation clause cost to highlight
13 the total financial risk as part of the Additional Early Execution scope. The \$ █
14 cancellation clause amount is based on a percentage of the circuit breaker total cost. This
15 cancellation amount typically varies depending on the progress or stage of work at the time
16 of cancellation. As with the Avalon CT procurement process, this would be negotiated
17 during the procurement process.