

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.