

1 Q. **Reference: Avalon Combustion Turbine**

2 Schedule 1, page 5, states:

3 “...The contracting strategy for the Early Execution will include mechanisms, where appropriate,
4 to enable Hydro to limit or cancel the services or procurement in the event Board approval is
5 not provided on the 2025 Build Application”.

6 a) Please describe the mechanisms available to limit or cancel the services for the
7 procurement of the combustion turbine and the GSU transformer.

8 b) Has Hydro determined whether it will issue RFP package(s) for the Avalon Combustion
9 Turbine with cancellation clauses?

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12 A. a) The mechanisms Newfoundland and Labrador Hydro (“Hydro”) intends to utilize to mitigate
13 the Early Execution procurement risks associated with the Board of Commissioners of Public
14 Utilities (“Board”) not granting approval of the 2025 Build Application, include the following:

15 **i. Non-binding RFP process:**

16 Hydro will ensure the Request for Proposal (“RFP”) process remains non-binding up to
17 the date of contract award. The RFP instructions stipulate that Hydro reserves the
18 right to cancel the process at any time for any reason, without incurring any liability or
19 obligation to proponents.

20 **ii. Use of Limited Notice to Proceed (“LNTP”):**

21 If a Board decision on the 2025 Build Application is still pending at the conclusion of
22 the RFP process, Hydro will seek to negotiate a LNTP with the preferred proponent.
23 This would authorize only that work necessary to maintain cost and schedule during
24 the interim period, deferring full contract execution until a regulatory decision is
25 issued.

1 **iii. Right of termination in contract:**

2 If a LNTP is not negotiable and Hydro is required to execute a full agreement to
3 maintain manufacturer fabrication cost and schedule, Hydro’s standard terms and
4 conditions provide Hydro with the right to terminate the agreement at any time and
5 for any reason, including convenience. In such instances, Hydro can take title to the
6 goods, as they exist at time of termination, and would be obligated to pay the
7 contractor for the value of work performed to date and any reasonable cancellation
8 costs incurred by the contractor.

9 b) Hydro intends to proceed with the procurement strategy outlined in the response to part a)
10 of this response.