

July 17, 2026

Public Utilities Board
120 Torbay Road
Prince Charles Building Suite E210
St. John's, NL A1A 2G8

Attention: Colleen Jones, Regulatory Executive Assistant & Assistant Board Secretary

Dear Ms. Jones:

Re: NLH - Application for Capital Expenditures for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon Combustion Turbine - Avalon Combustion Turbine Project - IIC Group Comments

These are the comments of the Island Industrial Customer (IIC) Group (Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) LP, Vale Newfoundland and Labrador Limited) on the above Application, in respect of the Avalon Combustion Turbine (CT) Project:

- (a) The IIC Group accept that there is a need for new generation on the Avalon Peninsula, for system reliability purposes and to move towards retirement of the Holyrood Thermal Generation Plant. The Board's ongoing Hydro Reliability and Resource Adequacy Study Review, and the Board's processes specific to the above Application, have not identified an option for achieving these objectives, with due dispatch, other than the Avalon CT Project. The IIC Group note that this is supported by the findings and recommendations of the Board's consultant, Bates White¹.
- (b) It is respectfully submitted that the Board should direct Hydro to periodically report to and update the Board and the parties on the following issues:
 - (i) sufficient and reliable water supply to the Avalon CT, particularly during the concurrent period when it may be in operation with the existing Holyrood Thermal Generation Plant and with due consideration of the scenario of a 6-week LIL bipole outage;
 - (ii) sufficient and reliable fuel supply to the Avalon CT, with due consideration of the scenario of a 6-week LIL bi-pole outage;
 - (iii) cost estimation and cost control of the Avalon CT Project;

¹ Bates White Phase Two Report dated February 3, 2026, page 1, paragraph (2) 1 and Bates White Phase Two Addendum Report, page 4, paragraph (8).

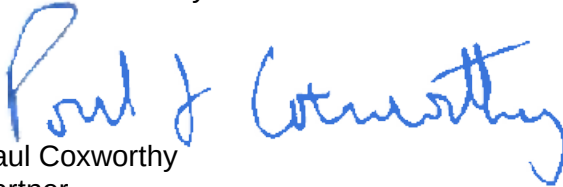
- (iv) alignment of Hydro's actual achievement of Project milestones with the Project schedule and projected Commercial Operation date, and corrective action to be taken in case of non-alignment (delay);
 - (v) such other reporting as the Board deems necessary to strike the proper balance between the requirement for regulatory oversight and the exigencies that may be encountered with a project such as this in the current and foreseeable commercial climate.
- (c) If the Board approves the Management Reserve proposed by Hydro for this Project, resort to the Management Reserve should be subject to a post-completion prudency review as recommended by Bates White², and should not set a precedent for approval of a Management Reserve for other Hydro projects.

The IIC Group also request that Hydro update the projected Commercial Operation date for the Avalon CT, in its Reply to comments on the Application.

We trust these comments will be found to be in order.

Yours truly,

Stewart McKelvey



Paul Coxworthy
Partner

PLC/ts

- c. Newfoundland and Labrador Hydro
Shirley Walsh Email: shirleywalsh@nlh.nl.ca
NLH Regulatory, Email: nlhregulatory@nlh.nl.ca

Newfoundland Power Inc.
NP Regulatory, Email: regulatory@newfoundlandpower.com

² Bates White Report dated February 3, 2026, pages 8-9, paragraph 31 and Bates White Phase Two Addendum Report, page 14, paragraph (28).

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Dominic Foley, Email: dfoley@newfoundlandpower.com

Consumer Advocate

Adrienne Ding, Email: ading@odeaeearle.ca

Justine King, Email: jking@odeaeearle.ca

General Email: consumeradvocate@odeaeearle.ca