

NLH - Application for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon
Combustion Turbine (Avalon Combustion Turbine)

Page 1 of 1

Filed: July 3, 2026

- 1 **Q.** (Reference Bates White Phase 2 Expert Report of Vincent Musco and Collin Cain dated
2 February 3, 2026, Appendix A) The CAMS Review of Avalon CT (page 9) comments on
3 the proposed management reserve *"This type of reserve is not typically seen in the
4 power generation industry for projects of this type."*
- 5 a) Does Bates White agree that a management reserve is not typical for this type of
6 project? If so, on what basis?
- 7 b) What is Bates White's assessment of Hydro's response to the observation that
8 management reserve is not typical for this type of project (see section 5.1 of
9 *Newfoundland and Labrador Hydro's Response to Identified Issues for Avalon
10 Combustion Turbine*, March 12, 2026)?
- 11 c) Hydro's 2025 Build Application, Avalon Combustion Turbine Evidentiary Update,
12 April 16, 2026, Table 1, Page 3 shows a sizeable management reserve that is about
13 17.6% of the base estimate. What is Bates White's assessment of the magnitude
14 of the proposed management reserve?
- 15
- 16 **A.** (a) We discuss the use of management reserve at length in the February 3, 2026 Bates
17 White Phase Two Report (see paragraph 147 through paragraph 172). On the basis
18 of professional experience, subcontractor CAMS stated in its report on the Avalon
19 CT, regarding Management Reserve: "[t]his type of reserve is not typically seen in
20 the power generation industry for projects of this type."¹
- 21
- 22 (b) Our assessment of Hydro's response on this subject is presented in the June 5, 2026
23 Bates White Phase Two Addendum Report, starting page 12, paragraph 22.

¹ CAMS, Project Avalon Combustion Turbines Due Diligence (Appendix A to Bates White Phase Two Report, February 3, 2026, page 9.