

1 Q. **Reference: Life Extension Application, Schedule 1, Attachment 3, Basis of Schedule.**

2 Explain the risks associated with potentially delaying the life extension project of Bay d’Espoir
3 Unit 7 to 2029, 2030 or 2031 to undertake the detailed feasibility assessment and engineering
4 analysis to quantify their present-day impacts:

5 a) Without consideration of the installation of Unit 8.

6 b) With consideration of the installation of Unit 8.

7
8
9 A. a) Please refer to Newfoundland and Labrador Hydro’s (“Hydro”) response to PUB-NLH-018 of
10 this proceeding.

11 b) If Bay d’Espoir Unit 7 were delayed beyond 2028, Hydro assumes that construction would
12 occur during the same outage window in 2029 to ensure alignment with findings from Hatch
13 Ltd.’s Bay d’Espoir Unit 7 Condition Assessment Condition Report (“2023 Condition
14 Assessment”),¹ which recommended that work on Unit 7 be completed by 2029. However,
15 this would introduce a cascading impact to any outages planned in 2029 and
16 reconsideration of the planned work for 2028. Per the 2023 Condition Assessment findings,
17 deferral beyond 2029 presents an unacceptable risk to the reliable operation of the Island
18 Interconnected System.

19 As detailed in the evidence provided in the Life Extension Application, the current execution
20 plan for the proposed Unit 7 scope, with completion in 2028, allows for the work to be
21 completed in the existing section of Powerhouse 2 with a physical separation from the
22 Unit 8 exterior work. If the Unit 7 work is moved to 2029, it would create a physical interface
23 with the Unit 8 Powerhouse 2 extension work, which involves the removal of the existing
24 Powerhouse 2 wall and the extension of the existing overhead crane rails into the building
25 expansion area. This interface would likely introduce the following issues for both projects:

¹ “Bay D’Espoir Unit 7 Condition Assessment Condition Assessment Condition Report,” Hatch Ltd., Rev B0, May 3, 2024.

- The need for mitigating measures for noise and dust control between the existing and new powerhouse extension, leading to additional cost and productivity impacts. Without these measures, the quality of the Unit 7 life extension work will almost certainly be impacted and pose a material risk of potential damage to the unit.
- Congested workspace due to multiple construction contractor workforces working in a small area, leading to productivity impacts and safety concerns.
- Shared use of the overhead crane, as it would be needed for both projects, leading to productivity impacts.

These risks and any required modifications to the execution plans for Unit 7 or Unit 8 would introduce a material change to what was proposed in the Life Extension Application and 2025 Build Application.² Such changes would need to be investigated in detail to understand the full extent of impacts to the budget and schedule for Unit 7; however, it is estimated that this delay would result in an additional \$1.2 million of escalation and interest during construction costs to the proposed Unit 7 budget.³

In addition to the direct cost and schedule impact to Unit 7, it is also highly likely that a delay of Unit 7 to 2029 would require activities for Unit 8 planned for 2029 to be delayed to 2030 to fully mitigate the risks outlined above, pushing the overall completion date for Unit 8 out by one year. Hydro anticipates a domino effect of increased costs for Unit 8 associated with project delays in the range of \$30 million to \$50 million per year.

In addition to increases in costs associated with these capital projects, there would also be additional costs estimated at over \$120 million annually associated with thermal generation as a result of the delayed integration of new supply resources on the Island Interconnected System.

² "2025 Build Application – Bay d'Espoir Unit 8 and Avalon Combustion Turbine," Newfoundland and Labrador Hydro, March 21, 2025.

³ In addition to internal and consultant costs resulting from a delay, which have not been determined.