Q. **Reference: CA-NLH-045; PUB-NLH-010; Sch 3, Holyrood Thermal Gen Station Overview**

Holyrood Bridging Period – Reassessment of Cumulative Expenditures: In response to PUB-NLH-010, Hydro provides a comparison of the 2025 Hatch Capital Plan Refresh with its actual and forecast capital expenditures for Holyrood. The comparison indicates total actual and forecast capital expenditures of approximately $181.6 million for 2025–2030, compared with approximately $158.3 million in the 2025 Hatch Capital Plan Refresh. Hydro attributes differences partly to the high-level nature of Hatch's estimates, the exclusion of owner's costs and the challenges associated with maintaining an aging thermal facility.

**a)** Please identify how much of the approximately $23.3 million difference between the two capital expenditure forecasts is attributable to differences in estimating scope or methodology, including owner's costs, as opposed to changes in the scope, timing or estimated cost of work required to maintain Holyrood through 2030.

**b)** Further to the updated capital expenditure forecasts provided in response to PUB- NLH-010, please explain whether Hydro undertook any reassessment of the cumulative capital, fuel and operating costs associated with maintaining Holyrood through the Bridging Period, including consideration of feasible alternatives. If yes, please provide the assessment and briefly discuss the conclusions. If not, please explain why not.

**c)** Please explain whether the updated forecasts have resulted in any reconsideration of the scope, timing or level of sustaining capital investment proposed for Holyrood over the remaining Bridging Period. Please identify any expenditures deferred, cancelled, reduced or advanced as a result.

**d)** Please identify the circumstances, including changes in forecast capital requirements, operating costs, plant condition or remaining operating duration, that would cause Hydro to reassess the overall Bridging Period strategy.

A. **a)** Newfoundland and Labrador Hydro ("Hydro") has not made any material changes to its estimating scope or methodologies between the filing of the 2025 Hatch Ltd. ("Hatch") Capital Plan Refresh[1] and the filing of the 2027 Capital Budget Application ("CBA"). The $23.3 million difference between the two capital expenditure forecasts is primarily attributed to increased contractor and material costs since the development of the 2025 Hatch Capital Plan Refresh, which was largely developed in 2024. For example, the 2025 Refresh allocated approximately $4.1 million for Boiler Condition Assessment and Miscellaneous Upgrades in 2027, compared to Hydro's proposal of $10.1 million, which reflects recently observed market pricing.

**b)** Since the 2024 Resource Adequacy Plan, Hydro's reliability analysis has consistently demonstrated that the three Holyrood TGS units must remain available through the Bridging Period in order to meet Hydro's established reliability criteria, until such time that adequate incremental generation is added to the Island Interconnected System to facilitate retirement of one or more units.

Hydro has not completed a reassessment of its near-term capital plan for the Holyrood Thermal Generating Station ("Holyrood TGS") since the filing of the 2025 Hatch Capital Plan Refresh. Hydro's planned expenditures through 2030 are largely attributed to routine equipment overhauls and inspections, required to ensure safe and reliable operation of the assets. The frequencies of these capital overhauls and inspections were assessed by Hatch in 2025.

Hydro is in the process of completing its analysis for its 2026 Near-Term Reliability Report, which will include scenarios and potential timelines for retirement of one or more units. Hydro is also studying reactive power requirements which will inform the future role of Holyrood TGS Unit 3 as a synchronous condenser. Following the conclusion of these analyses, Hydro will assess any potential impacts to its capital plans. The outcome of this analysis will not impact Hydro's proposals in the 2027 Capital Budget Application.

[1] "*Reliability and Resource Adequacy Study Review* – Holyrood Thermal Generating Station Capital Plan Refresh," Newfoundland and Labrador Hydro, March 7, 2025.

**c)** Please refer to part b).

**d)** Please refer to part b).