

Avalon Combustion Turbine Project Early Execution Update

Period Ended July 31, 2025

September 15, 2025

A report to the Board of Commissioners of Public Utilities



Contents

1.0	Progress to Date	1
1.1	Engage Combustion Turbine Suppliers	1
1.2	Engage Transformer Suppliers	1
1.3	Environmental Assessment Registration	1
1.4	Engage EPCM Consultant	1
1.5	Geotechnical Investigation	1
1.6	Miscellaneous Engineering Studies	2
1.7	Transmission Line Relocations with Newfoundland Power Inc.	2
2.0	Project Risks and Mitigations	3
3.0	Project Schedule	4
4.0	Project Budget	4
5.0	Project Expenditures	4
6.0	Conclusion	5

List of Appendices

Appendix A: Project Schedule Milestone Table

Appendix B: Detailed Cost Information

1.0 Progress to Date

1.1 Engage Combustion Turbine Suppliers

The request for proposals (“RFP”) for the supply of combustion turbines (“CT”) closed on July 4, 2025. Rectification and clarification with vendors are underway. Responses will be reviewed once received to finalize RFP evaluations and begin negotiations.

1.2 Engage Transformer Suppliers

The process of engaging with transformer suppliers is ongoing. An RFP for the supply of four Generator Step-Up Transformers and one Station Service Transformer was issued and closed on June 17, 2025. Rectifications and clarifications have been completed with the various vendors. Newfoundland and Labrador Hydro (“Hydro”) is working to complete the final evaluation of the proponents, as well as reviewing vendor terms and conditions.

1.3 Environmental Assessment Registration

The Environmental Assessment (“EA”) release was provided by the Minister of Environment and Climate Change on May 30, 2025. Hydro is reviewing the EA release submission and has consulted with the Department of Environment and Climate Change. Hydro is anticipating having all necessary permits in place prior to the start of the Early Works work scope in mid-September.

1.4 Engage EPCM Consultant

The RFP for EPCM¹ Services closed on August 28, 2025, subsequent to the reporting period.² Hydro plans to hold in-person presentations in addition to receiving responses to rectifications and clarifications. Responses will be reviewed once received to finalize RFP evaluations.

1.5 Geotechnical Investigation

Hydro plans to complete initial geotechnical activities separate from the EPCM award. Through the reporting period, Hydro continued to prepare the RFP as it relates to contract strategy, with the

¹ Engineering, Procurement and Construction Management (“EPCM”).

² The reporting period is the monthly timeframe summarized in the Project Schedule Milestone Table and Detailed Cost Information attached as appendices to this report. To complete those reports, Hydro reviews the contractor(s)’ progress reports to assess compliance with project milestones, timelines, and contractual obligations. The time between the end of the reporting period and the date of this report to the Board of Commissioners of Public Utilities (“Board”) includes both the time taken by the contractor to prepare the report and the time Hydro requires to review and incorporate the data into the monthly summary. Hydro will provide the information in this report based on the reporting period, to align with the appendices, with additional updates for any material developments that occur after the reporting period, up to the filing of the report.

intention to leverage its existing Master Standing Offer agreements to secure a vendor for the work. The geotechnical RFP was issued on July 21, 2025.

The RFP closed on August 1, 2025, subsequent to the reporting period, with the contract awarded to Artelia Canada Inc. A kick-off meeting was held on August 29, 2025, with scope planning underway. The on-site work is expected to begin in mid-November once the site has been cleared of trees.

1.6 Miscellaneous Engineering Studies

As part of the approval for Early Execution, Hydro intends to complete miscellaneous engineering studies to further advance the Avalon CT project. To date, two studies have been awarded, with no further studies being planned at this time.

Hydro awarded the first study to Hatch Ltd. (“Hatch”) to investigate the fire water tie-in to the existing Holyrood site infrastructure and investigate the use of CT1 black start diesel for starting the new Avalon CT. The design study has been completed for both scopes of work. Additional investigative work is being planned to inspect a portion of the existing raw water supply line and is planned for September 7, 2025.

Hydro awarded a second study RFP to Hatch to investigate the wastewater tie-in to the existing Holyrood site infrastructure, interconnection of the CT1 and CT2 fuel systems, and bulk fuel storage assessment for optimization, inventory management, and segregation of storage for third-party access.

1.7 Early Execution Civil Works

The RFP for early execution of civil works closed on June 27, 2025; after review of the submissions, The Cahill Group (“Cahill”) was determined to be the successful bidder. A purchase order was issued on August 13, 2025, subsequent to the reporting period. Hydro is working with Cahill to develop the necessary safety plans and documentation prior to the start of work at the site.

1.8 Transmission Line Relocations with Newfoundland Power Inc.

Hydro is collaborating with Newfoundland Power Inc. (“Newfoundland Power”) for the development, design and execution of relocating Transmission Lines 38L and 39L—two transmission lines that are within the project footprint at the Holyrood site. Newfoundland Power is developing the engineering scope of work and the Contribution in Aid of Construction submission for the Board. The Newfoundland Power cost estimate was provided to Hydro in June, and Hydro proceeded with the procurement for this scope of work with a purchase order issued on July 11, 2025.

2.0 Project Risks and Mitigations

A summary of key risks identified during the planning and execution of the project, as well as associated mitigations and status, are provided in Table 1.

Table 1: Key Risks^{3,4}

Risk Title/Description	Mitigations	Status
Supply chain pressures may increase the cost of goods and increase delivery times.	<ul style="list-style-type: none"> Prepare separate RFPs for turbines and transformers such that requirements for sparge, long-term service agreements, etc. are established right from the beginning with the original equipment manufacturers. Given the state of the supply within the market, it is essential that the right prioritizing in terms of the overall schedule is established for critical path long lead items. 	<p>Open – Project schedule has slipped slightly due to complexity of bid process. Early procurement of the CTs and transformers is progressing.</p> <p>Management reserve is included in the overall project budget to address strategic risks.</p>
CT supplier backlog as a result of competition from other projects, there may be limited supplier resources, added complexities in the international supply chain, and a potential sellers' market resulting in higher costs and extended delivery schedules.	<ul style="list-style-type: none"> Enhanced oversight during the design and manufacturing process. Engage with suppliers to explore contracting models and risk allocation strategies. Execute procurement in the early execution phase. 	<p>Open – Engaging with CT and transformer suppliers in the early execution phase. The CT RFP has closed. Bid evaluations and vendor presentations are underway.</p>
Regulatory (Board) approval process extends beyond the assumed timeline.	<ul style="list-style-type: none"> Produce a robust Board application and work closely with the Board during the application process. Receive timely Board approval of Early Execution Application. 	<p>Open – 2025 Build Application has been submitted to the Board.</p> <p>Approval of early execution received.</p> <p>Process and schedule for review of the application have not yet been established.</p>
If the regulatory approval process extends beyond the assumed timeline, the project schedule will be delayed, and the ability to make contract commitments to support the project schedule will be impacted. This will have both a schedule and cost impact due to cost escalation and loss of project momentum.		

³ This table considers the whole scope of the Avalon CT project, not only early execution activities. It is intended to highlight only key risks that may impact project success. Hydro uses a more comprehensive project risk register to facilitate risk management. Hydro regularly updates the risk register, and should a risk escalate in ranking or a new high risk be identified, it will be added to this table in future updates.

⁴ Risks which have been shown as closed in a previous report have been removed.

Risk Title/Description	Mitigations	Status
If internal decision-making processes are not efficient, it can lead to project execution delays and schedule and cost impacts. For example, time-sensitive decisions such as awarding of contracts (e.g., equipment and construction) and proceeding with early execution. The cost impact of a one-year delay is estimated at \$30 million to \$50 million.	<ul style="list-style-type: none"> • Established Project Governance structure, project steering committee, and project leadership team with clear limits of authority. • Established processes and systems to facilitate effective decision making, including a review of existing authority levels. • Developing contingency plans for key personnel so decisions can be made when there are competing priorities or absences. • Corporate Interface Manager in place to manage all interfaces between Major Projects and Corporate groups. 	Open – Governance structure established. Authority levels are suited to the current project phase. An interface manager was established for internal interface resolution. Continue to monitor for efficient decision making as early execution progresses.

3.0 Project Schedule

The Project Milestone Schedule for the reporting period is provided in Appendix A. Some delays have occurred due to the RFP evaluation process and requirements for RFP time extensions; however, the Avalon CT early execution scope remains on track to meet schedule targets. The CT's, transformers, and EPCM RFPs are currently under review. The commercial operation date is still expected to be the end of 2029.

4.0 Project Budget

The Board approved an early execution budget of \$30,710,000. Hydro is progressing the work in alignment with the approved budget, with no deviations noted for the reporting period. Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

5.0 Project Expenditures

As of July 31, 2025, the expenditure forecast for 2025 is tracking less than planned. The cumulative monthly to date underspend is primarily related to the schedule shift for the execution of the early works civil contract to September, the Newfoundland Power line relocations now beginning in October, and the award of the transformer RFP package. Appendix B provides further detailed cost information, including an overview of costs incurred to July 31, 2025.

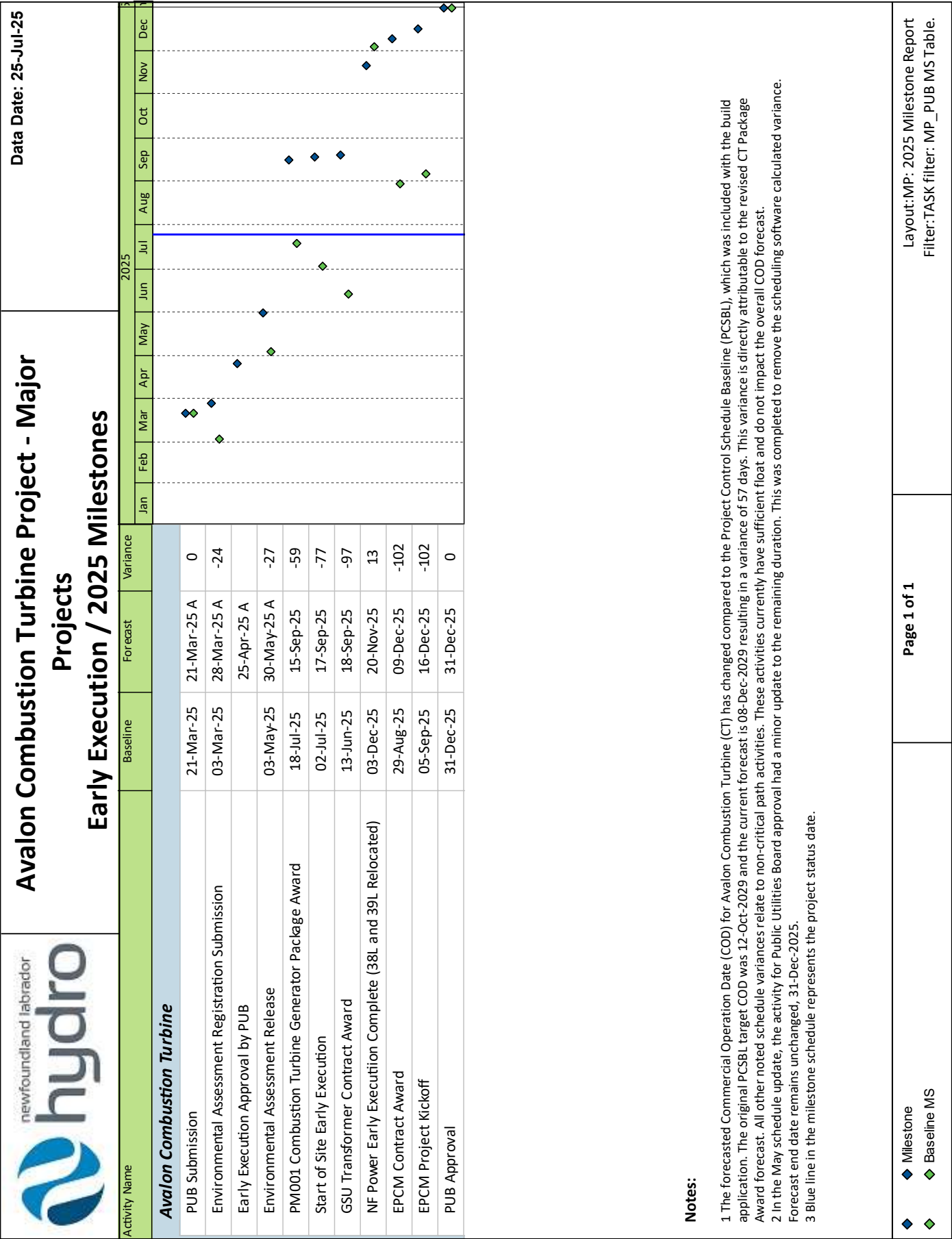
1 **6.0 Conclusion**

- 2 As of the end of the reporting period, the Avalon CT early execution remains on track to meet the
- 3 overall approved cost and schedule targets by the end of 2025, and Hydro continues to actively manage
- 4 risks to maintain compliance with all regulatory requirements.

Appendix A

Project Schedule Milestone Table





Appendix B

Detailed Cost Information



Redacted

Redacted