Avalon Combustion Turbine Project Early Execution Update

Period Ended June 30, 2025

August 15, 2025

A report to the Board of Commissioners of Public Utilities

Contents

List of Appendices

1.0 Progress to Date

1.1 Engage Combustion Turbine Suppliers

The request for proposals ("RFP") for the supply of combustion turbines ("CT") was issued for public tender in early May and closed on July 4, 2025, with two bids submitted. Rectification and clarification with vendors is underway. The requested information will be reviewed once received.

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, with seven bids received. Rectification and clarification with vendors is underway. The requested information will be reviewed once received.

1.3 Environmental Assessment Registration

The Environmental Assessment ("EA") release was provided by the Minister of Environment and Climate Change on May 30, 2025. Newfoundland and Labrador Hydro ("Hydro") is reviewing the EA release submission and has consulted with the Department of Environment and Climate Change. Efforts are underway to acquire the appropriate permits for the 2025 Early Execution Civil Works.

1.4 Engage EPCM Consultant

The RFP for EPCM[1] services was completed and released as of the end of the reporting period.[2] The project team are working to answer clarification questions from bidders and provide the appropriate addendums. The RFP was scheduled to close on July 31, 2025; however, the closing date was extended to August 15, 2025, upon request from bidders. Since the end of the reporting period, Hydro held a voluntary site visit for potential EPCM proponents on August 8, 2025.

[1] Engineering, Procurement and Construction Management ("EPCM").

[2] The reporting period refers to 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.

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 intention to leverage its existing Master Standing Offer agreements to secure a vendor for the work. The geotechnical RFP was issued subsequent to the reporting period, on July 21, 2025. The RFP closed on August 1, 2025, with two bids received. Bid submissions are currently under review.

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. Delays for the inspection have occurred due to the current wildfire situation in the Conception Bay South area. Hydro continues to monitor the situation and will progress the work when safe and practical to do so.

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. The design work is ongoing.

1.7 Early Execution Civil Works

The RFP for early execution civil works was issued and closed on June 27, 2025, with four bids submitted. Since the end of the reporting period, bid submissions were reviewed and a contractor selected. The project team are compiling the contract documents for signature and purchase order issuance. Efforts are underway to acquire the appropriate permits for the 2025 Early Execution Civil Works.

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. Since the end of the reporting period, a purchase order was issued to Newfoundland Power for the relocation of Transmission Lines 38L and 39L 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.	• Prepare separate RFPs for turbines and transformers such that requirements for sparage, 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.	Open – Project schedule is being maintained, and early procurement of the CTs and transformers is progressing. Management reserve is included in the overall project budget to address strategic risks.
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.	• 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.	Open – Engaging with CT and transformer suppliers in the early execution phase. The CT RFP has closed and bid evaluations are underway.

[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
Regulatory (Board) approval process extends beyond the assumed timeline. 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.	• Produce a robust Board application and work closely with the Board during the application process. • Receive timely Board approval of Early Execution Application.	Open – 2025 Build Application has been submitted to the Board. Approval of early execution received. Process and schedule for review of the application have not yet been established.
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.	• 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. The Avalon CT early execution scope remains on track to meet schedule targets. Some delays have occurred due to the RFP evaluation process and requirements for RFP time extensions. 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 June 30, 2025, the expenditure forecast remains consistent with the approved budget; however, expenditures to date are tracking less than planned. The underspend is primarily related to the schedule shift for the execution of the early works civil contract and the Newfoundland Power line relocations, both of which are expected to start in September. Appendix B provides further detailed cost information, including an overview of costs incurred to June 30, 2025.

6.0 Conclusion

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

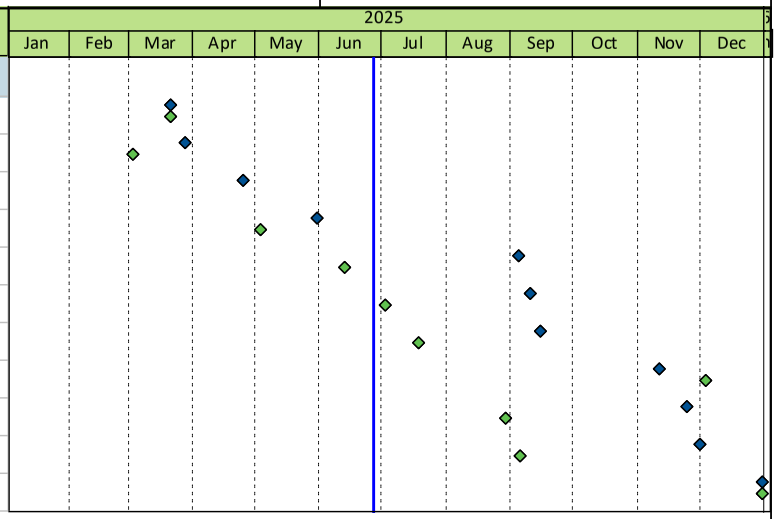
Appendix A

Project Schedule Milestone Table

Avalon Combustion Turbine Project Schedule - June 2025
Early Execution / 2025 Milestones

Data Date: 27-Jun-25

Activity Name	Baseline	Forecast	Variance
Avalon Combustion Turbine			
PUB Submission	21-Mar-25	21-Mar-25 A	0
Environmental Assessment Registration Submission	03-Mar-25	28-Mar-25 A	-24
Early Execution Approval by PUB		25-Apr-25 A	
Environmental Assessment Release	03-May-25	30-May-25 A	-27
GSU Transformer Contract Award	13-Jun-25	04-Sep-25	-83
Start of Site Early Execution	02-Jul-25	10-Sep-25	-70
PM001 Combustion Turbine Generator Package Award	18-Jul-25	15-Sep-25	-59
NF Power Early Executiion Complete (38L and 39L Relocated)	03-Dec-25	11-Nov-25	23
EPCM Contract Award	29-Aug-25	24-Nov-25	-87
EPCM Project Kickoff	05-Sep-25	01-Dec-25	-87
PUB Approval	31-Dec-25	31-Dec-25	0



Notes:

1 The forecasted Commercial Operation Date (COD) for Avalon Combustion Turbine (CT) has changed compared to the Project Control Schedule Baseline (PCSBL), which was included with the build application. The original PCSBL target COD was 12-Oct-2029 and the current forecast is 08-Dec-2029 resulting in a variance of 57 days. This variance is directly attributable to the revised CT Package Award forecast. All other noted schedule variances relate to non-critical path activities. These activities currently have sufficient float and do not impact the overall COD forecast.
2 In the May schedule update, the activity for Public Utilities Board approval had a minor update to the remaining duration. This was completed to remove the scheduling software calculated variance. Forecast end date remains unchanged, 31-Dec-2025.
3 Blue line in the milestone schedule represents the project status date.

◆ Milestone
◆ Baseline MS

Layout:MP: 2025 Milestone Report
Filter:TASK filter: MP_PUB MS Table.

Appendix B

Detailed Cost Information

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