

# Bay d'Espoir Unit 8 Project Early Execution Update

Period Ended July 31, 2025

September 15, 2025

A report to the Board of Commissioners of Public Utilities



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## **1.0 Progress to Date**

### **1.1 Engage EPCM Consultant**

The request for proposals (“RFP”) for EPCM<sup>1</sup> services was issued on June 13, 2025. The RFP was initially scheduled to close on August 21, 2025; however, upon request from bidders, the closing date has been extended to September 18, 2025.

### **1.2 Engage Turbine Generator Suppliers**

The process of engaging with turbine generator suppliers is ongoing. A phased contracting approach is being followed with the following planned phases:

- Phase 1: Request for Supplier Qualification (“RFSQ”) – prequalification process.
- Phase 2: Preliminary engineering and RFP.
- Phase 3: Contract award for detailed design, model testing, manufacturing, delivery, installation and commissioning.

Phase 1 RFSQ for the supply and installation of a 150 MW turbine and generator closed on May 28, 2025, with the selection of qualified proponents.

Preparation of an RFP for Phase 2 was completed during the reporting period<sup>2</sup> and was issued to the selected pre-qualified proponents on July 24, 2025. The RFP is now scheduled to close on October 9, 2025. Once the successful proponent is selected contract award for detailed design, model testing, manufacturing, delivery, installation, and commissioning will follow.

As discussed in a previous report, this contracting approach varies from what was considered during the front-end planning phase and was budgeted for in Hydro’s Early Execution Application. In a competitive

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<sup>1</sup> Engineering, Procurement and Construction Management (“EPCM”).

<sup>2</sup> 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, Newfoundland and Labrador Hydro (“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.

and limited market, the previous approach would be less attractive to proponents as they would expend significant effort but could be unsuccessful in their bid for the work.<sup>3</sup>

As a result of this change in contracting strategy, a portion of the Early Execution scope is now anticipated to carry over into early 2026;<sup>4</sup> however, it does not impact the overall project in-service date. This approach also reduces the procurement phase costs in 2025, as shown in Appendix B.

### **1.3 Environmental Assessment Registration**

The Environmental Assessment registration and associated Environmental Protection Plan were submitted on July 31, 2025.

## **2.0 Project Risks and Mitigations**

A summary of key risks pertaining to Bay d’Espoir Unit 8 (“BDE Unit 8”) 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<sup>5,6</sup>**

<b>Risk Title/Description</b>	<b>Mitigations</b>	<b>Status</b>
Supply chain pressures may increase the cost of goods and increase delivery times.	<ul style="list-style-type: none"> <li>• Maintain the planned project schedule.</li> <li>• Early procurement of long-lead or critical items.</li> </ul>	Open – Project schedule is being maintained, and early procurement of the turbine generator is progressing.
Global supply chain delays caused by global energy demand increases, green projects, etc., may impact schedule and cost. The recently announced planned work for the New Energy Partnership will introduce market pressures on labour, engineering, equipment, and materials.	<ul style="list-style-type: none"> <li>• Pursue early engagement and secure manufacturing slots in advance of contract award.</li> <li>• Consider appropriate Management Reserve for strategic risks.</li> </ul>	Management Reserve included in the overall project budget to address strategic risks.

<sup>3</sup> “Bay d’Espoir Unit 8 Project Early Execution Update – Period Ended April 30, 2025,” Newfoundland and Labrador Hydro, June 18, 2025.

<sup>4</sup> Appendix A reflects Early Execution 2025 milestones only, assuming that Board approval is received by year-end 2025.

<sup>5</sup> This table considers the whole scope of the BDE Unit 8 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.

<sup>6</sup> Risks which have been shown as closed in a previous report have been removed.

<b>Risk Title/Description</b>	<b>Mitigations</b>	<b>Status</b>
<p>Limited number of hydro turbine suppliers results in schedule delays and increased costs.</p> <p>As a result of competition from other projects, there may be limited supplier resources, added complexities in the international supply chain and a potential “seller’s market” resulting in higher costs, and extended delivery schedule.</p>	<ul style="list-style-type: none"> <li>• Engage with suppliers in model testing scope as soon as possible.</li> <li>• Enhanced oversight during the design and manufacturing process.</li> <li>• Engage with suppliers to explore contracting models and risk allocation strategies.</li> <li>• Execute procurement in Early Execution phase.</li> </ul>	<p>Open – Engaging with turbine generator suppliers in early execution phase. Phased procurement process being followed to allow for model testing as soon as practical. Phase 1 RSFQ evaluations are complete, and Phase 2 has been issued.</p>
<p>Regulatory (Board) approval process extends beyond the assumed timeline.</p> <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.</p>	<ul style="list-style-type: none"> <li>• Produce a robust Board application and work closely with the Board during the application process.</li> <li>• Receive timely Board approval of Early Execution Application.</li> </ul>	<p>Open – 2025 Build Application has been submitted to Board.</p> <p>Approval of early execution received.</p> <p>Process and schedule for review of the application have not yet been established.</p>
<p>Interface risks with other work in Bay d’Espoir (Unit 7 Life Extension, Penstock Replacements, etc.).</p> <p>Other work at the BDE site may be ongoing at the same time as BDE Unit 8 construction. The execution plan for BDE Unit 8 may need to change to accommodate the other planned projects. This may have impacts on cost and schedule.</p>	<ul style="list-style-type: none"> <li>• Ensure that the execution plan considers the potential impacts of other adjacent projects.</li> <li>• Evaluate potential synergies and opportunities.</li> <li>• Establish an overarching/integrated plan to identify interfaces, risks, and opportunities.</li> </ul>	<p>Open – Decision to combine the EPCM services for the major projects that are planned to be executed at Bay d’Espoir between 2025 and 2031 presents a significant opportunity to improve interface management and optimize EPCM services, which would reduce schedule risks and associated cost risks for each of the projects.</p>

<b>Risk Title/Description</b>	<b>Mitigations</b>	<b>Status</b>
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. Cost impact of a one-year delay estimated at \$30 million to \$50 million.	<ul style="list-style-type: none"> <li>Established Project Governance structure, project steering committee, and project leadership team with clear limits of authority.</li> <li>Established processes and systems to facilitate effective decision making, including a review of existing authority levels.</li> <li>Developing contingency plans for key personnel so decisions can be made when there are competing priorities or absences.</li> <li>Corporate Interface Manager in place to manage all interfaces between Major Projects and Corporate Groups.</li> </ul>	Open – Governance structure established. Authority levels are suited to current project phase. Interface Manager established for internal interface resolution. Continue to monitor for efficient decision making as early execution progresses.

### 3.0 Project Schedule

The Project Milestone Schedule Table is provided in Appendix A. The BDE Unit 8 early execution scope remains on track to meet overall project in-service schedule targets, assuming that project approval is received by the end of 2025 as planned.

### 4.0 Project Budget

The Board approved an early execution budget of \$16,670,000. Hydro is progressing the work within the approved budget, and 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 is tracking below the approved budget. Expenditures are tracking less than planned due to the change in schedule for engagement of the EPCM consultant and a variation to the contracting approach for the turbine generator, which were described in previous project updates. As the procurement process advances and bid pricing and schedules are received for these packages, the expenditure forecast will be updated.

As a result of this change in contracting strategy, a portion of the early execution scope is now anticipated to carry over into early 2026; however, it does not impact the overall project in-service date. This approach also reduces the procurement phase costs in 2025, as shown in Appendix B. Appendix B provides further detailed cost information, including an overview of costs incurred to July 31, 2025.

## **6.0 Conclusion**

As of the end of the reporting period, the BDE Unit 8 early execution remains on track to meet the overall project cost and schedule targets, and Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

# Appendix A

## Project Schedule Milestone Table





newfoundland labrador hydro				Bay d'Espoir Unit 8 Project Schedule - July 2025 Early Execution / 2025 Milestones												Data Date: 25-Jul-25											
Activity Name				Baseline	Forecast	Variance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec									
Bay d'Espoir Unit 8																											
FEED Complete				27-Dec-24	27-Dec-24 A	0																					
PUB Submission				21-Mar-25	21-Mar-25 A	0																					
T&G - Phase 1 - RFSQ Issued				27-Mar-25	28-Mar-25 A	0																					
Early Execution Approval by PUB					25-Apr-25 A																						
EPCM RFP Issued				12-May-25	13-Jun-25 A	-32																					
T&G - Phase 1 - RFSQ Vendors Selected				07-Jul-25	08-Jul-25 A	0																					
T&G - Phase 2 - Contract for Preliminary Engr and RFP Issued				24-Jul-25	24-Jul-25 A	0																					
Environmental Assessment Release				18-Aug-25	22-Sep-25	-35																					
EPCM Consultant Selection				12-Sep-25	14-Nov-25	-63																					
Public Utilities Board Approval				31-Dec-25	31-Dec-25	0																					
<div><div>◆ Milestone</div><div>◆ Baseline MS</div></div> <div><div>Notes:</div><div><div>1 The forecasted Commercial Operation Date (COD) for Bay d'Espoir Unit 8 remains unchanged from the Project Control Schedule Baseline (PCSBL), included with the build application, with COD forecasted for April 30, 2031. Schedule variances noted elsewhere pertain to non-critical path activities, which have sufficient float to absorb any changes without impacting the overall project timeline.</div><div>2 Project Change Notice (PCN) was approved by Senior Management. Baseline dates for "EPCM RFP Issued," and "EPCM Consultant Selection" have been updated to reflect the approved PCN.</div><div>3 EPCM Consultant Selection has slipped compared to the June report (14-Nov-2025 compared to 04-Nov-2025). This change is due to an applicants request to extend the bid period by two weeks.</div><div>4 Blue line in the milestone schedule represents the project status date.</div></div></div> <div><div>Page 1 of 1</div><div>Layout:MP: 2025 Milestone Report Filter:TASK filter: MP_PUB MS Table.</div></div>																											

# Appendix B

## Detailed Cost Information



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