

# Bay d'Espoir Unit 8 Project Early Execution Update

Period Ended June 30, 2025

August 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. Subsequent to the end of the reporting period,<sup>2</sup> a mandatory site visit for potential EPCM proponents was held on July 30, 2025. The RFP was initially scheduled to close on August 21, 2025; however, upon request from bidders, the closing date was extended to September 4, 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, and the evaluation of submissions progressed as planned. Six interested parties responded to this phase of the procurement process.

Preparation of RFP for Phase 2 continued through the reporting period to be issued to selected pre-qualified proponents upon completion of RFSQ evaluations. Subsequent to the reporting period, Phase 1 RFSQ for the turbine and generator procurement process was completed, and Phase 2 was issued on July 24, 2025.

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

<sup>2</sup> 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, 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.

### 1.3 Environmental Assessment Registration

As planned, during the reporting period, the Environmental Assessment registration and associated Environmental Protection Plan were in preparation for issue at the end of the second quarter of 2025. The Environmental Assessment registration was submitted subsequent to the end of the reporting period 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>3,4</sup>

Risk Title/Description	Mitigations	Status
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.
Limited number of hydro turbine suppliers results in schedule delays and increased costs.	<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> </ul>	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.
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.	<ul style="list-style-type: none"> <li>Engage with suppliers to explore contracting models and risk allocation strategies.</li> <li>Execute procurement in Early Execution phase.</li> </ul>	

<sup>3</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>4</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>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>
<p>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.</p>	<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>	<p>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.</p>

### **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 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 June 30, 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 the previous project update. As the procurement process advances and bid pricing and schedules are received for these packages, the expenditure forecast will be updated. It is anticipated that a portion of the early execution budget will be carried over into 2026 if project approval is not received by the end of 2025 as planned, which will be reflected in a future monthly report once approved through Hydro's Management of Change process. 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 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



Bay d'Espoir Unit 8 Project Schedule - June 2025 Early Execution / 2025 Milestones				Data Date: 27-Jun-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					28-Mar-25 A													
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					08-Jul-25*													
T&G - Phase 2 - Contract for Preliminary Engr and RFP Issued					21-Jul-25													
Environmental Assessment Release				18-Aug-25	12-Sep-25	-25												
EPCM Consultant Selection				12-Sep-25	04-Nov-25	-53												
Public Utilities Board Approval				31-Dec-25	31-Dec-25	0												
<div>Notes:</div> <div>1 The forecasted Commercial Operations 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 In the May schedule update, the activity for the "Public Utilities Board Approval" had a minor update to the remaining duration. This was completed to remove the scheduling software calculated variance.</div> <div>4 Blue line in the milestone schedule represents the project status date.</div>																		
<div>◆ Milestone</div> <div>◆ Baseline MS</div>				Page 1 of 1				Layout:MP: 2025 Milestone Report Filter:TASK filter: MP_PUB MS Table.										



# Appendix B

## Detailed Cost Information



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