

Bay d'Espoir Unit 8 Project Early Execution Update

Period Ended May 31, 2025

July 15, 2025

A report to the Board of Commissioners of Public Utilities



Contents

1.0	Progress to Date.....	1
1.1	Engage EPCM Consultant.....	1
1.2	Engage Turbine Generator Suppliers	1
1.3	Environmental Assessment Registration	1
2.0	Project Risks and Mitigations.....	1
3.0	Project Schedule	3
4.0	Project Budget.....	3
5.0	Conclusion.....	4

List of Appendices

Appendix A: Project Schedule Milestone Table

Appendix B: Detailed Cost Information

1.0 Progress to Date

1.1 Engage EPCM Consultant

The request for proposals (“RFP”) for EPCM¹ services was issued on June 13, 2025 and is scheduled to close on August 21, 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 evaluation of submissions has begun. There are six interested parties who responded to this phase of the procurement process.

Preparation of RFP for Phase 2 is ongoing and will be issued to selected pre-qualified proponents upon completion of RFSQ evaluations.

1.3 Environmental Assessment Registration

Environmental Assessment registration and associated Environmental Protection Plan are in preparation for issue at the end of the second quarter of 2025, as planned.

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.

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

Table 1: Key Risks^{2,3}

Risk Title/Description	Mitigations	Status
Supply chain pressures may increase the cost of goods and increase delivery times.	<ul style="list-style-type: none"> • Maintain the planned project schedule. • Early procurement of long-lead or critical items. 	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"> • Pursue early engagement and secure manufacturing slots in advance of contract award. • Consider appropriate Management Reserve for strategic risks. 	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"> • Engage with suppliers in model testing scope as soon as possible. • Enhanced oversight during the design and manufacturing process. 	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) has closed, and submissions are being evaluated.
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"> • Engage with suppliers to explore contracting models and risk allocation strategies. • Execute procurement in Early Execution phase. 	
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. 	Open – 2025 Build Application has been submitted to Board. Approval of early execution received.
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.	<ul style="list-style-type: none"> • Receive timely Board approval of Early Execution Application. 	

² 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.

³ Risks, which are shown as closed, will be removed in the next report.

Risk Title/Description	Mitigations	Status
Interface risks with other work in Bay d'Espoir (Unit 7 Life Extension, Penstock Replacements, etc.). 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.	<ul style="list-style-type: none"> • Ensure that the execution plan considers the potential impacts of other adjacent projects. • Evaluate potential synergies and opportunities. • Establish an overarching/integrated plan to identify interfaces, risks, and opportunities. 	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.
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"> • 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 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 schedule targets.

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.

As of May 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 the previous project update. As the procurement process advances and bid pricing is received for these packages, the expenditure forecast will be updated. A change to the 2025 budget is underway and 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 May 31, 2025.

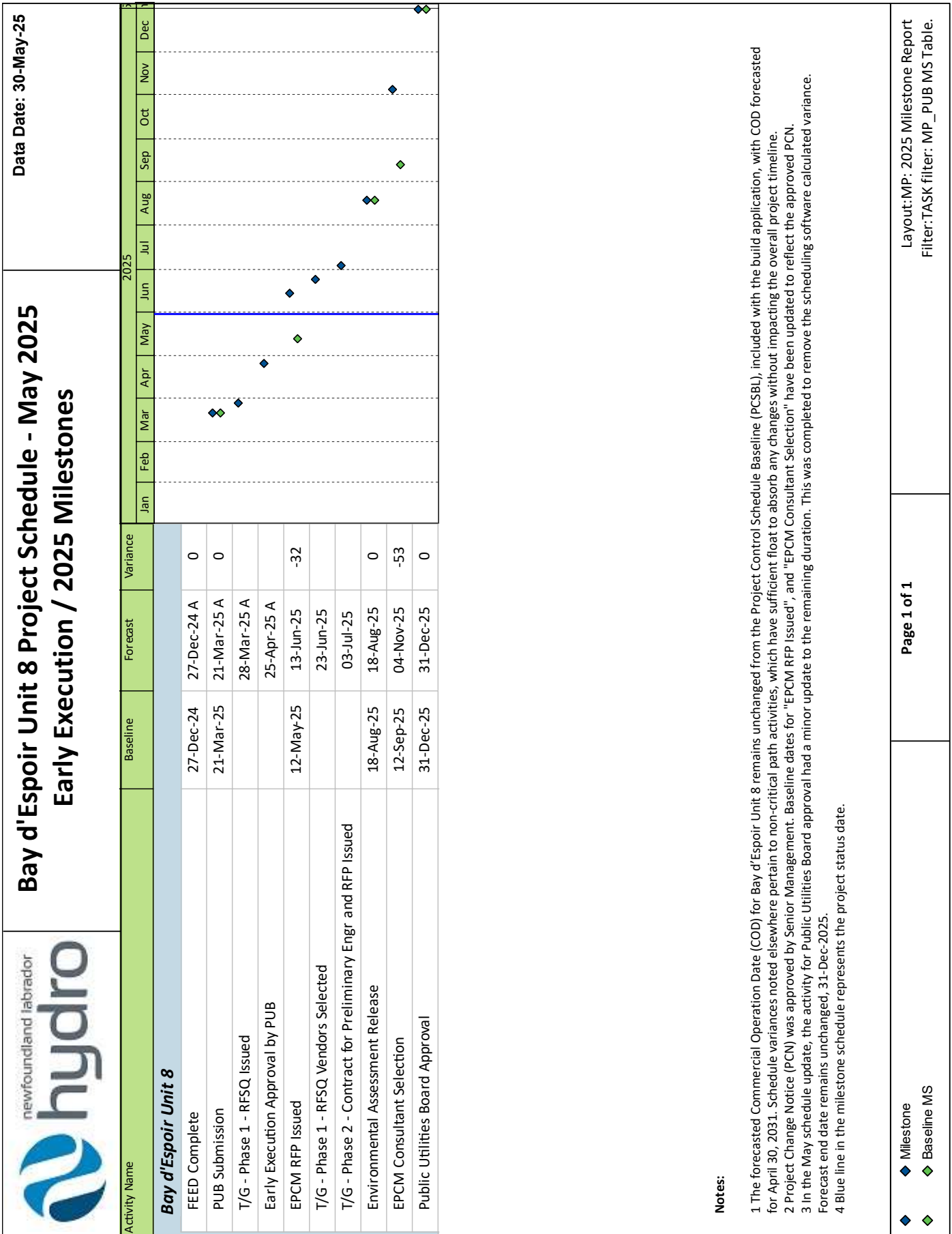
5.0 Conclusion

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

Appendix A

Project Schedule Milestone Table





Appendix B

Detailed Cost Information



Redacted

Redacted