Bay d'Espoir Unit 8 Project
Early Execution Update

November 16, 2026

A report to the Board of Commissioners of Public Utilities

newfoundland labrador hydro



Contents

1.0 Progress to Date 1
1.1 Engage EPCM Consultant 1
1.2 230 kV Circuit Breakers 1
1.3 Engage Turbine and Generator Suppliers 2
1.4 Existing Utility Relocation 2
2.0 Project Risks and Mitigations 2
3.0 Project Schedule 4
4.0 Project Budget 4
5.0 Project Expenditures 5
6.0 Conclusion 6

List of Appendices

Appendix A: Early Execution Project Schedule Summary

Appendix B: Detailed Cost Information

1.0 Progress to Date

As part of ongoing early execution activities for Bay d'Espoir ("BDE") Unit 8, the following update outlines the status of key project activities. As Newfoundland and Labrador Hydro ("Hydro") continues to consider the Board of Commissioners of Public Utilities' ("Board") feedback in Order No. P.U. 21(2026),[1] engagement with certain suppliers remains paused; however, Hydro continues to advance other high-value project activities to ensure continued overall project progression. There has been limited project activity to report during this period.

1.1 Engage EPCM Consultant

Hydro issued a Limited Notice to Proceed ("LNTP") to Atkins Réalis on December 19, 2025, with an effective date of January 1, 2026.[2] The contract for the EPCM[3] support services is structured to limit the cost exposure in the event that regulatory approval of the BDE Unit 8 project is not received.[4,5] The EPCM consultant is continuing to work on execution planning and engineering activities.

1.2 230 kV Circuit Breakers

The procurement process for the 230kV circuit breakers has been paused pending further determinations of the process for review of the BDE Unit 8 project. No financial commitments have been made on this procurement package to date.

[1] In Board Order No. P.U. 21(2026), the Board stated, "*The process for the review of the Bay d'Espoir Unit 8 application is expected to be comprehensive and it may be some time before there will be a final determination on whether the project will be approved*."

[2] An LNTP was issued as the BDE Unit 8 project had not yet been approved by the Board.

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

[4] As noted in Hydro's first Early Execution Update for April 2025, Hydro decided to combine the EPCM services for the major projects that are planned to be executed at BDE between 2025 and 2031. The planned major projects include the Penstock 3 repair and replacement, Unit 7 life extension, Unit 8 construction, and Penstock 2 repair and replacement. This is to avail of 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. Any EPCM services provided under the contract apply to all potential major projects as listed above; however, services for other yet to be approved BDE projects are related only to Front-End Engineering and Design ("FEED"). Tracking and allocation of costs associated with the EPCM services contract are on a project-by-project basis.

[5] An LNTP enables the progression of defined scopes in advance of a decision on project approval, effectively mitigating risk by controlling schedule and budget. The LNTP has been updated and is based on the estimated work to December 2026, and the work will be completed on a reimbursable basis. A reimbursable basis is also known as a time and materials structure, where Hydro will pay the actual expenses incurred by the EPCM consultant, not a fixed fee. This is also intended to limit cost exposure.

1.3 Engage Turbine and Generator Suppliers

The process of engaging with turbine and generator ("T&G") suppliers has been paused until more clarity is available on the review process for BDE Unit 8. No financial commitments have been made on this procurement package to date.

1.4 Existing Utility Relocation

On-site distribution line relocation work for 2026 is substantially complete. Arrangements are now being made to complete the relocation of a communications cable (fibre optic cable) and low voltage control cable that will be attached to the relocated distribution line structures.

2.0 Project Risks and Mitigations

A summary of key risks pertaining to 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[6,7]

Risk Title/Description	Mitigations	Status
Supply chain pressures may increase the cost of goods and increase delivery times. Global supply chain delays caused by global energy demand increases, green projects, etc., may impact schedule and cost. The planned work for the New Energy Partnership may introduce market pressures on labour, engineering, equipment, and materials.	• Maintain the planned project schedule. • Early procurement of long-lead or critical items. • Pursue early engagement and secure manufacturing slots in advance of contract award. • Management Reserve included in the overall project budget to address strategic risks.	Open – Market volatility continues to pose risks. Hydro continues to monitor market conditions and adapt commercial strategies to mitigate Supply Chain risks.
Limited number of hydro turbine suppliers results in schedule delays and increased costs. 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.	• Engage with suppliers in model testing scope as soon as possible. • Enhanced oversight during the design and manufacturing process. • Engage with suppliers to explore contracting models and risk allocation strategies. • Execute procurement in early execution phase.	Open – Contract negotiations have paused until more clarity is available on the process for the BDE Unit 8 project.

[6] 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.

[7] 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. • Receive timely approval of Additional Early Execution Application. • Continue EPCM activities to maintain project schedule during regulatory review.	Open – 2025 Build Application has been submitted to the Board. Approval of Hydro's initial Early Execution Application was received in April 2025, which included scope and schedule to the end of December 2025. Regulatory process is continuing throughout 2026. Approval of Hydro's application for Additional Early Execution for a portion of 2026 was submitted to the Board and was approved in Board Order No. P.U. 21(2026). This additional approval is expected to facilitate forecasted project expenditures to December 2026, with the scheduling of work completed in consideration of the Board's direction that Hydro consider the planned early execution work to ensure that it is necessary to support the review of the project or address long-lead items that may impact the project schedule and that material financial commitments are minimized in light of the uncertainty around the timelines for the ongoing regulatory review. Further assessment of this risk may be required as approved early execution work progresses, and once the next steps of the regulatory process are determined for the full approval of the BDE Unit 8 project.
Interface risks with other work in BDE (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.	• 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 BDE between 2025 and 2031 presents an opportunity to improve interface management and optimize EPCM services, which would reduce schedule risks and associated cost risks for each of the projects. Continuing to monitor status and schedules of interfacing projects such as Unit 7 Life Extension and Penstock refurbishments, as changes in plans for those projects may impact plans for BDE Unit 8 and vice versa.

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. Cost impact of a one-year delay 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 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 ongoing regulatory process will have an impact on the overall project schedule, as the timelines for the process and anticipated approval are unknown and are extending beyond the planned early execution period.

The EPCM consultant has prepared a project control schedule, which is being used to track progress. A major element of the schedule is inputs from the T&G supplier; these are outstanding as they are part of the contract negotiations that have been paused.

Due to these schedule uncertainties, the impact on the Commercial Operation Date ("COD") for BDE Unit 8 is currently unknown. Hydro is assessing options to advance critical high-value project activities in a manner that aligns with the Board's statements in Board Order No. P.U. 21(2026).

A summary of the current BDE Unit 8 Early Execution Project Schedule is provided in Appendix A; however, this is likely to change as more clarity on the approval process becomes available.

4.0 Project Budget

The Board approved a total early execution budget of approximately $22,300,000. Hydro is progressing the early execution activities within this approved budget and, as noted above, is assessing options to

advance critical high-value project activities in consideration of the Board's statements in Board Order No. P.U. 21(2026).

5.0 Project Expenditures

As of September 30, 2026,[8] the variance between the cumulative forecast amount and the Board-approved budget of $22.3 million is due to the pause in the T&G contract negotiations. As a result, costs related to the T&G contract have not been forecasted for the remainder of 2026.

This forecast does not yet reflect Hydro's ongoing assessment of options to advance critical high-value project activities in a manner that aligns with the Board's feedback and the approved budget. Hydro has engaged the EPCM consultant to assist with assessing options and establishing a potential work plan to advance critical high-value project activities. This work is ongoing, and a reforecast of anticipated project expenditures is now anticipated to be completed in November. This effort includes an assessment of work that may be completed within the remaining approved early execution budget, as well as critical work that may require additional budget approval to complete to allow the BDE Unit 8 project to continue to advance while regulatory review is underway. It is important that critical work be progressed as to limit impact on the procurement of key items, ensure continuity with those resources already engaged on the project, and to mitigate schedule and cost escalation impacts to the extent possible. Considering the approved early execution budget and the pace of project expenditure, it is anticipated that current funding will enable the project to proceed until February 2027. Additional funding would then be necessary to continue project activities.

Appendix B provides further detailed cost information, including an overview of costs incurred to September 30, 2026. As the overall regulatory process for this project remains unknown, the need for further mitigation is being monitored, and any application for approval will be considered based on the progression of the early execution scope, the need for further expenditures, and the overall evolution of the project.

[8] The information contained in the Detailed Cost Information, attached as Appendix B, is completed through Hydro's review of the contractor(s)' progress reports and the time between the referenced date and the date of this report to the 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.

6.0 Conclusion

In Board Order No. P.U. 21(2026), the Board questioned whether it is appropriate to increase project activity at this time, considering the potential timelines associated with the continued review of the proposed BDE Unit 8 project, and indicated that consideration should be made to minimize material financial commitments associated with procurement activities. In consideration of this, the process of engaging with T&G suppliers has been paused, and Hydro is assessing options to advance critical high-value project activities in a manner that aligns with the Board's feedback.

Financial performance remains stable; while expenditures to date are tracking lower than forecast, that is mainly due to a change in contracting strategy and a pause in the procurement of the T&G package.

The schedule for the ongoing regulatory process will have an impact on the overall project schedule, as the timelines for the process and anticipated approval are unknown and are extending beyond the planned early execution period. Due to these schedule uncertainties, the impact on the COD for BDE Unit 8 is currently unknown.

It is important that critical work on the project be progressed as to limit impact on the procurement of key items, ensure continuity with those resources already engaged on the project, and to mitigate schedule and cost escalation impacts to the extent possible. A reforecast of the remaining approved early execution budget is ongoing and will be completed once Hydro's assessment of options for undertaking those project activities considered necessary to manage project risks and preserve project value is complete.

Hydro continues to evaluate potential next steps for the BDE Unit 8 project, including consideration of project risks, the Board's guidance, and potential options to facilitate the continued regulatory review of the project. Hydro is planning to file an update to the Board and intervenors in the coming weeks on the next steps it intends to take to advance the regulatory process, including its intention to file additional evidence with respect to hydrology and transmission, two particular issues identified by the Board's consultant, Bates White, LLC.

Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

Appendix A

Early Execution Project Schedule Summary



Table 1: Bay d'Espoir Unit 8 Project Schedule Summary

Milestone[1]	Baseline[2]	Actual/Forecast[3]	Variance	Impact on COD[4]
FEED Complete	27-Dec-24	27-Dec-24	-	No
PUB Submission	21-Mar-25	21-Mar-25	-	No
T&G – Phase 1 – RFSQ[5] Issued	27-Mar-25	28-Mar-25	-	No
Early Execution Approval by PUB	-	25-Apr-25	-	No
EPCM RFP[6] Issued	12-May-25	13-Jun-25	-32	No
T&G – Phase 1 – RFSQ Vendors Selected	07-Jul-25	08-Jul-25	-	No
T&G – Phase 2 – Contract for Preliminary Engineering and RFP Issued	24-Jul-25	24-Jul-25	-	No
Environmental Assessment Release	18-Aug-25	14-Nov-25	-88	No
EPCM Consultant Selection	12-Sep-25	05-Dec-25	-83	No
EPCM – Issue LNTP	-	19-Dec-25	-	No
T&G – Phase 3 – Contract Award	03-Feb-26	TBD[7]	TBD	Yes
Additional Early Execution Application Approval by PUB	-	08-Jul-2026	-	No
PUB Approval	31-Dec-25	TBD[8]	TBD	Yes

[1] Reflects 2026 project milestones included within Hydro's Additional Early Execution Application, as approved in Board Order No. P.U. 21(2026).
[2] Where a milestone was not part of the original baseline schedule, no initial baseline date is associated with this listing.
[3] It is important to note that the specific forecast dates provided above remain subject to adjustment dictated by overall project progression. The forecast dates listed for each milestone rely on a series of embedded activities that each must be completed by certain dates. The forecast dates above are based on the information known at this time with current inputs and may differ from the Project Control Schedule.
[4] The forecast COD for BDE Unit 8 is currently unknown due to schedule uncertainties associated with the regulatory process.
[5] Request for Supplier Qualification ("RFSQ").
[6] Request for Proposal ("RFP").
[7] Contract negotiations for the T&G contract have been paused, and the impact on the project COD is unknown.
[8] As indicated in Board Order No. P.U. 21(2026), it may be some time before there will be a final determination on whether the project will be approved. This uncertainty impacts the project's estimated COD.

Appendix B

Detailed Cost Information



Redacted

Redacted