



POWER THE PROVINCE

**BUILDING A FUTURE WITH SAFE, LEAST-COST,
AND RELIABLE POWER SOLUTIONS**

THE POWER OF PLANNING



We're planning for the future and working hard to power the province with safe, reliable electricity at the lowest possible cost for our customers. It's something we all need—and we will need more. Our customers have been clear. The cost of living, including electricity rates, is a concern—they prioritize lower electricity costs before investment in increased reliability or renewable technologies.

With lessons of the past in mind, and with the oversight of the Public Utilities Board, we are moving forward with what absolutely and urgently must be done to support system reliability and have supply in place to meet load growth.

TIME TO BUILD

In 2024, Hydro filed our 2024 Resource Adequacy Plan (2024 Plan) with the Public Utilities Board. This was a continuation of our planning process, which addresses our long-term approach to providing continued lowest cost, reliable service for our customers.

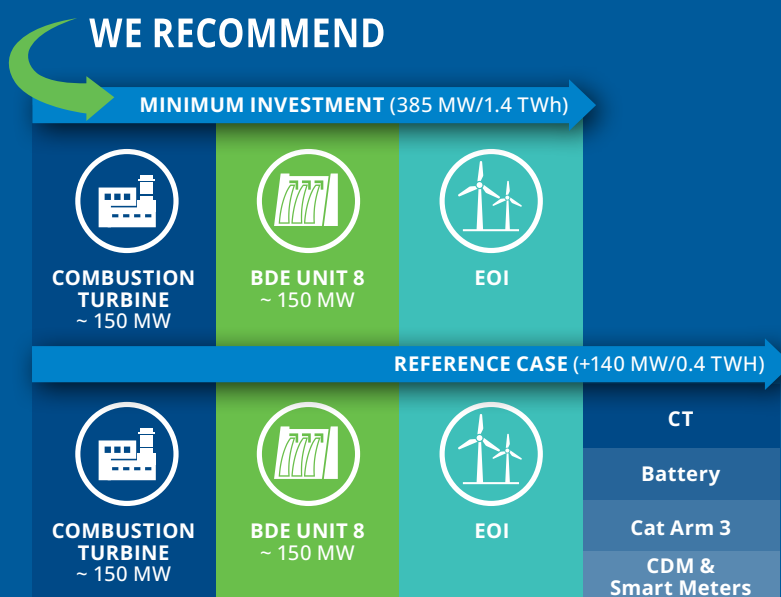
The 2024 Plan assessed the integration of new assets, system reliability, and the effects of electrification and decarbonization across various scenarios.

Our analysis demonstrated that, in all modeled scenarios, urgent investment is required to ensure continued reliability of our electrical system and to prepare for load growth.

As a first step, and in recognition that our customers are counting on us to invest wisely and prudently, we recommended a Minimum Investment Required Expansion Plan. The plan proposed an additional 150 megawatt (MW) unit at the Bay d'Espoir Hydroelectric Generating Facility ("BDE Unit 8") and a new 150 MW combustion turbine with renewable fuel capabilities located on the Avalon Peninsula ("Avalon CT") as the preferred, least-cost, environmentally responsible resource options to address our capacity needs. Our plan also identified wind energy to meet our energy needs.

We are also working to ensure that plans are in place for scenarios with more aggressive load growth. While such cases may require additional supply, BDE Unit 8, Avalon CT, and wind energy represent the minimum investment required across all scenarios.

WE RECOMMEND



We have now gathered all the evidence required to support our submission of the 2025 Build Application to the Public Utilities Board for these capacity-focused solutions.

Wind does not form part of Hydro's 2025 Build Application. Rather, we will continue our ongoing analysis and will proceed with an Expression of Interest (EOI) to identify potential wind developers and development opportunities later this year. As wind requirements are confirmed, we will issue a request for proposals (RFP).

This summary presents an overview of the application.

The full application with documentation is available at [PowerTheProvince.ca](https://www.powertheprovince.ca).



HOW MUCH DOES THE ISLAND NEED?

The 2024 Resource Plan determined we need capacity and energy.

Capacity is the maximum amount our electricity system can produce at any given time, measured in megawatts.

Energy is the amount of electricity produced over a specific period of time, measured in watt-hours.

In 2024, Island demand reached 1691 MW and is expected to grow to 1928 MW by 2035—a 14% increase. We need to add capacity to meet this demand.

In 2024, we used 7.8 TWh of energy on the Island and use is expected to grow to 9.0 TWh by 2035—that’s 17% more energy.

HYDRO’S 2025 BUILD APPLICATION IS THE FIRST STEP TO ADDRESSING OUR CAPACITY NEEDS.

LISTENING TO OUR CUSTOMERS

Hydro values the perspectives of everyone who may be impacted by decisions about the delivery of safe, reliable, environmentally responsible electricity. Through a province-wide digital engagement, we engaged our customers to gather opinions about our next big decisions. Customers were very clear. The cost of living, including electricity rates, is a concern and they have a strong preference to prioritize lower electricity costs before investment in increased reliability or renewable technologies.

With this in mind, Hydro is moving forward with what absolutely and urgently must be done to support system reliability and have supply in place to meet load growth – the Avalon CT and BDE Unit 8. These proposed projects continue to be the least-cost options to provide reliable, electricity in an environmentally responsible manner.

We are also engaging and sharing information with the public and other interested groups as we plan these projects. Through various digital, phone, and in person meetings, we have engaged elected officials and senior staff from the communities that will be home to the new projects. We have also held public information sessions for area residents, and have met and shared information with other interested groups.

As we move forward, Hydro is committed to ongoing engagement and keeping the public, interested groups, and our own employees informed. We will continue to gather input as we advance through Environmental Assessment, Public Utilities Board application processes, planning, and construction.

APPROACH TO MAJOR PROJECTS

Recognizing the criticality of project oversight in the success of major projects, Hydro has taken measures to ensure the effective planning, execution, and delivery of major projects, including the two in this application. Our ability to execute these projects is supported by highly qualified project teams and a governance framework that reflects lessons learned from past projects, industry standards and good utility practice.

Hydro has built a team of experienced, subject matter experts from across the organization and representing a variety of professional and corporate services.

This team will be supplemented by external experts as necessary, and with oversight from our Executive and Board of Directors. We are leveraging insights gained from Hydro’s Internal Audit & Advisory Services group, the Muskrat Falls Inquiry, other utilities such as members of the Canadian Electric Utility Project Management Network and lessons learned from previous projects. Further, our investment decisions will be tested and approved as part of a public, transparent regulatory process through the Public Utilities Board.



We are working closely with the Government of Newfoundland and Labrador (GNL) to ensure customers in this province continue to pay some of the lowest electricity rates in Canada.

While GNL’s Rate Mitigation Plan provides for predictability and stability of Hydro’s rates out to 2030, both GNL and Hydro have expressed a commitment to continued rate mitigation post 2030.

BUILDING FOR OUR FUTURE

The Island Interconnected System is currently capacity-constrained. Given the timeframe to construct new assets, it is imperative to action new resource options now. BDE Unit 8 and the Avalon CT are the first steps to reliably serving customers on the Island as system demand grows in the coming decade. By focusing on foundational capacity supply options in the minimum investment case, we are addressing the immediate need to build and bring additional supply options online to meet the growing demand for electricity in Newfoundland and Labrador. In doing so, we also set the stage for the eventual retirement of Holyrood's thermal generating units.

While many supply options were explored, these two supply solutions were the least-cost, technically viable and reliable options for the Island Interconnected System and are supported by data, experience, expertise, and customer feedback.

Our 2025 Build Application includes all the evidence to support this decision, including an updated 2024 load forecast and refined cost estimates for both BDE Unit 8 and Avalon CT.



We need to get started so we can see both new assets brought online by 2031, as well as manage project costs.

(see project timelines on the next page)



WHY A COMBUSTION TURBINE ON THE AVALON?

The 150 MW combustion turbine facility, which will be able to use renewable fuels, will serve as an important backup power source to support system stability and energy reliability during periods when demand for electricity is at its highest. It will primarily be used when needed to help meet peak demand—this is how such assets are used across Canada today.

Several locations were considered. Evaluation criteria identified that building on the existing Holyrood site is best to meet future demand at the lowest cost. Additionally, it allows for connection on the Avalon Peninsula, where demand for electricity is the highest. This unit can be connected to existing transmission infrastructure and represents the lowest capital cost.

In December 2024, the Government of Canada finalized the Clean Electricity Regulations ("CER"). These regulations were a key consideration in Hydro's evaluation of potential new sources of generation during the 2024 Resource Adequacy Plan. The Avalon CT would be compliant with the CER, based on its use as a peaking unit or for providing backup generation in the event of high demand periods or during contingency events.



WHY AN ADDITIONAL UNIT AT BAY D'ESPOIR?

The Bay d'Espoir generating station has been a central part of our province's electricity system for more than 50 years, and it will continue operation well into the future.

Analysis has determined that adding an eighth generating unit at the Bay d'Espoir facility will help meet growing demand for electricity, while supporting the reliability of service for customers. The addition of a new 150 MW hydroelectric unit represents the next investment required to serve customer demand now and into the future. The Bay d'Espoir facility was originally designed for the eventual addition of an eighth unit. Now that our system needs additional capacity—that future is here.

Investment in BDE Unit 8, combined with the Avalon CT, also supports the eventual retirement of Holyrood, which is currently being kept online to support the reliable operation of the power system.



PROPOSED BUDGET ~\$891M



PROPOSED BUDGET ~\$1.08B

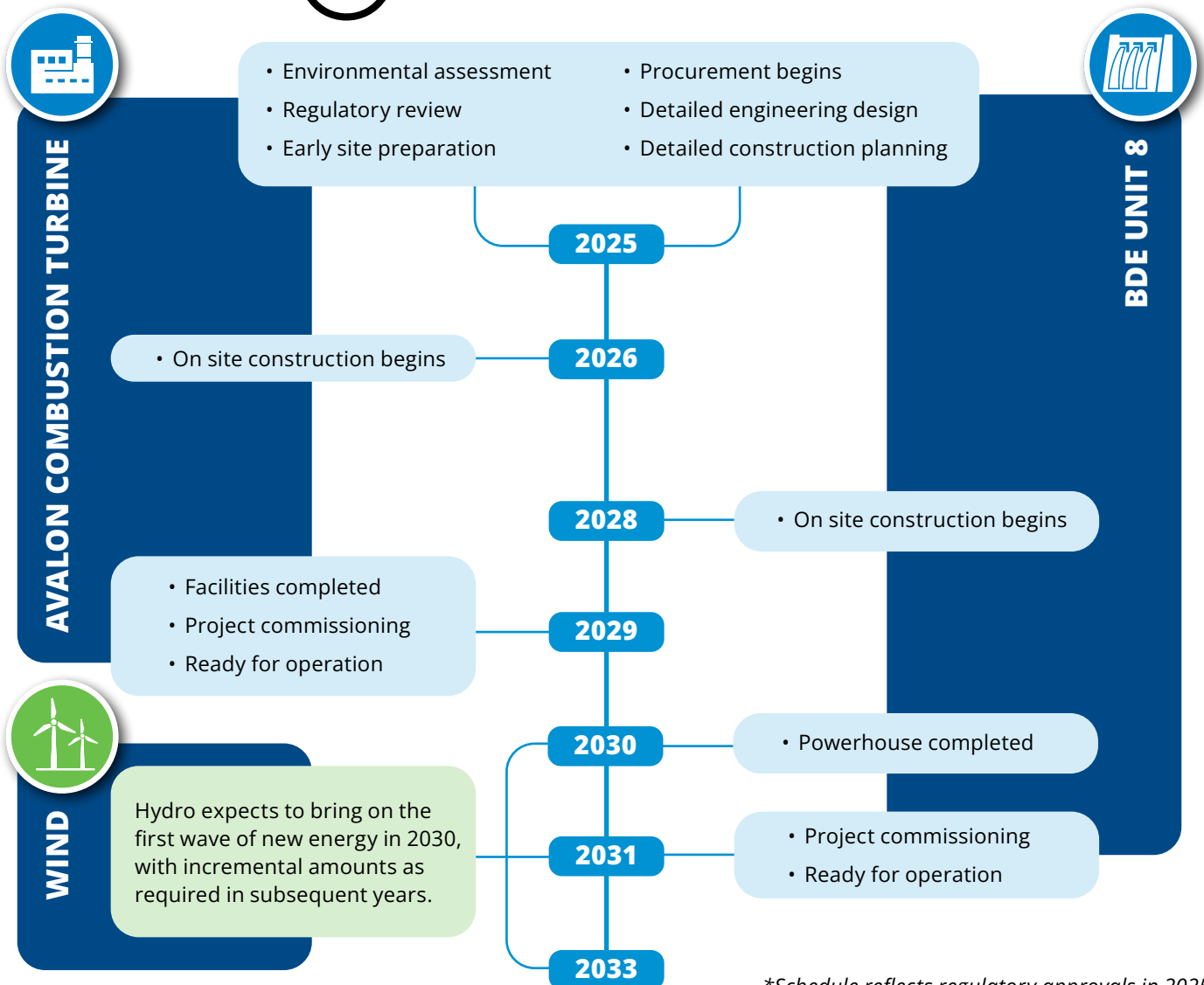
Proposed budgets for the new projects were determined using the confidence levels recommended by the Muskrat Falls Inquiry.

PROGRESS TO DATE



- 2018**
 - Initial Reliability and Resource Adequacy Study (RRA) filed with Public Utilities Board, with updates filed in 2019, 2021, and 2022
- 2024**
 - 2024 Resource Adequacy Plan
 - Front End Engineering Design completed
 - Early engagement with key parties
- 2025**
 - Early execution work planning
 - Public engagement ongoing
 - Build application submitted

MILESTONES*



*Schedule reflects regulatory approvals in 2025