

1 **Q. What is the annual impact on Newfoundland Power Inc.'s retail rates resulting**
2 **from the Rattling Brook refurbishment for the years 2007 through 2016?**
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4 A. The Rattling Brook refurbishment will result in lower retail rates compared to the
5 alternative of not operating the plant.
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7 The revenue requirement (cents/kWh) noted in Volume II, Appendix H, Attachment C,
8 *Calculation of Levelized Cost of Energy* indicates the results of undertaking the Rattling
9 Brook refurbishment. These costs are reflected on a unit cost basis for each year. The
10 levelized cost of energy, as noted in the Feasibility Analysis, is 2.9 cents /kWh.
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12 The overall impact of the Rattling Brook refurbishment on retail rates can be estimated
13 by comparing the 2.9 cents/KWh to the total of the (i) avoided cost of production at the
14 Holyrood Thermal Generating Plant, and (ii) the potential deferral of costs for new
15 generating facilities.
16

17 An estimate of the levelized avoided cost of production from the Holyrood Thermal
18 Generating Plant is 8.8 cents / kWh. The difference in the cost of energy supplied from
19 the Holyrood Thermal Generating Plant and that supplied from the Rattling Brook Plant
20 (8.8 cents / kWh - 2.9 cents /kWh = 5.9 cents / kWh) indicates the degree to which the
21 Rattling Brook Plant refurbishment will immediately contribute to lower retail rates on
22 the Newfoundland electrical grid.
23

24 This contribution would be larger if the potential benefits of deferred new generating
25 facilities were included in calculation.