

1 Q. Consumer Question: The Vale project is scheduled to start production in late 2011  
2 with full production reached in 2016. Fuel consumption will increase by 1.1 million  
3 barrels per year by 2016 to serve the Vale Smelter when it reaches full production.  
4 Vale will pay a blended power rate for this power (an average system cost). The  
5 existing retail customers will have to pay a higher rate to help subsidize a blended  
6 average system rate for Vale. Has Nalcor considered charging Vale directly the full  
7 incremental cost (the stand alone cost of providing power to the Vale smelter) to  
8 reduce the impact on the existing retail power customers of having to pay more  
9 because of the power demand from the Vale Smelter?

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12 A. Pursuant to section 6.2 of the Development Agreement<sup>1</sup> with Vale, electrical power  
13 for the Vale processing facility shall be provided at the island industrial electrical  
14 rate.

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<sup>1</sup> [http://www.nr.gov.nl.ca/nr/royalties/amendment\\_4\\_redacted.pdf](http://www.nr.gov.nl.ca/nr/royalties/amendment_4_redacted.pdf)