

1 Q. Consumer Question: What is the incremental stand alone kwh cost of Muskrat falls
2 power delivered to Soldiers Pond?
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5 A. The requested analysis does not assist consideration of the Reference Question.
6 Consistent with the Terms of Reference and the Reference Question, Nalcor's
7 analysis of the costs of the Interconnected and Isolated Island alternatives is
8 undertaken on a total power system basis, and is based on an evaluation of all costs
9 incurred to meet the Island's forecasted electricity requirements for each
10 alternative. This evaluation compares the Cumulative Present Worth (CPW) of all
11 costs in each alternative. The alternative with the lowest CPW over the study
12 period is the preferred one, and Nalcor's analysis indicates the Interconnected
13 Island alternative has a \$2.2 billion (2010\$) cumulative present worth preference
14 over the Isolated Island alternative.
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16 Nalcor's analyses of the Interconnected Island and Isolated Island alternatives
17 include the costs associated with each generation expansion plan, and an analysis
18 of rates associated with an individual asset is not required as part of this analysis.
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20 The expenditures for each expansion plan are ultimately recovered through the
21 rates NLH charges for electricity once the costs of each expansion plan are
22 translated into annual revenue requirements and combined with existing regulated
23 costs for the power system. The graph on the following page¹ shows the projected
24 overall NLH wholesale electricity rates for both the Interconnected and Isolated
25 Island alternatives. These projections include the existing and incremental

¹<http://www.pub.nl.ca/applications/MuskratFalls2011/files/presentation/Nalcor-ProjectOverview-July18-11.pdf> , page 26

- 1 regulated operating and capital related costs for the island power system under
- 2 each alternative over the study period.

