

1 Q. Provide a sensitivity analysis assuming the capital costs of the Muskrat Falls facilities
2 and the HVdc Labrador-Island Link facilities are increased by 50% each and compare
3 this sensitivity to the Isolated Island and Labrador Interconnected base cases.

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6 A. The requested sensitivity and comparison to the base cases is shown below:

	Cumulative Present Worth (\$ M)		
	Isolated	Interconnected	
	Island	Island	Difference
Base Case (October 2010):			
Fixed charges	1,402	1,750	(348)
Fuel	6,049	1,170	4,879
Power purchases	743	3,358	(2,615)
Operating	616	374	242
	8,810	6,652	2,158
Muskrat Falls and LIL Capital Costs Increased by 50%:			
Fixed charges	1,402	2,546	(1,144)
Fuel	6,049	1,170	4,879
Power purchases	743	4,525	(3,782)
Operating	616	374	242
	8,810	8,616	194

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8 The in-service capital cost for the Labrador-Island Link was increased by 50%. The
9 50% increase in Muskrat Falls capital costs resulted in an increase for the power
10 purchase rate for the Island from the \$2010 escalating supply rate of \$76/MWh,
11 used for the reference case, to approximately \$109/MWh.

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13 The result of this sensitivity analysis is that there continues to be a CPW preference
14 for the Labrador Interconnection alternative where capital costs for the Lower
15 Churchill Project are 50 percent higher, relative to the reference case. The CPW
16 preference however is reduced by \$1,964 million relative to the reference case.