1 Q. Further to Exhibit 43, please provide a sensitivity assuming fuel costs are reduced
2 by 20% and the capital costs of Muskrat Falls and the HVdc Labrador-Island Link are
3 increased by 20% each. Compare this sensitivity to the Isolated Island and Labrador
4 Interconnection Base Cases shown on Exhibit 43.

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

Isolated   Interconnected   Island   Island   Island   Difference				
Island         Island         Difference           Reference 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           Fuel Costs Decreased by 20%;           Muskrat Falls and LIL Capital Costs Inceased by +20%           Fixed charges         1,402         2,068         (666)           Fuel         4,839         936         3,903           Power purchases         743         3,839         (3,096)           Operating         616         374         242		Cumulative Present Worth (2010 \$million)		
Reference 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         Fuel Costs Decreased by 20%;         Muskrat Falls and LIL Capital Costs Inceased by +20%         Fixed charges       1,402       2,068       (666)         Fuel       4,839       936       3,903         Power purchases       743       3,839       (3,096)         Operating       616       374       242		Isolated	Interconnected	
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         Fuel Costs Decreased by 20%;         Muskrat Falls and LIL Capital Costs Inceased by +20%         Fixed charges       1,402       2,068       (666)         Fuel       4,839       936       3,903         Power purchases       743       3,839       (3,096)         Operating       616       374       242		Island	Island	Difference
Fuel       6,049       1,170       4,879         Power purchases       743       3,358       (2,615)         Operating       616       374       242         8,810       6,652       2,158         Fuel Costs Decreased by 20%;         Muskrat Falls and LIL Capital Costs Inceased by +20%         Fixed charges       1,402       2,068       (666)         Fuel       4,839       936       3,903         Power purchases       743       3,839       (3,096)         Operating       616       374       242	Reference Case (October 2010):			
Power purchases         743         3,358         (2,615)           Operating         616         374         242           8,810         6,652         2,158           Fuel Costs Decreased by 20%;           Muskrat Falls and LIL Capital Costs Inceased by +20%           Fixed charges         1,402         2,068         (666)           Fuel         4,839         936         3,903           Power purchases         743         3,839         (3,096)           Operating         616         374         242	Fixed charges	1,402	1,750	(348)
Operating         616         374         242           8,810         6,652         2,158           Fuel Costs Decreased by 20%;           Muskrat Falls and LIL Capital Costs Inceased by +20%           Fixed charges         1,402         2,068         (666)           Fuel         4,839         936         3,903           Power purchases         743         3,839         (3,096)           Operating         616         374         242	Fuel	6,049	1,170	4,879
8,810     6,652     2,158       Fuel Costs Decreased by 20%;       Muskrat Falls and LIL Capital Costs Inceased by +20%       Fixed charges     1,402     2,068     (666)       Fuel     4,839     936     3,903       Power purchases     743     3,839     (3,096)       Operating     616     374     242	Power purchases	743	3,358	(2,615)
Fuel Costs Decreased by 20%;  Muskrat Falls and LIL Capital Costs Inceased by +20%  Fixed charges 1,402 2,068 (666)  Fuel 4,839 936 3,903  Power purchases 743 3,839 (3,096)  Operating 616 374 242	Operating	616	374	242
Muskrat Falls and LIL Capital Costs Inceased by +20%         Fixed charges       1,402       2,068       (666)         Fuel       4,839       936       3,903         Power purchases       743       3,839       (3,096)         Operating       616       374       242		8,810	6,652	2,158
Fixed charges       1,402       2,068       (666)         Fuel       4,839       936       3,903         Power purchases       743       3,839       (3,096)         Operating       616       374       242	• •	n/		
Fuel       4,839       936       3,903         Power purchases       743       3,839       (3,096)         Operating       616       374       242	•		2.050	(666)
Power purchases       743       3,839       (3,096)         Operating       616       374       242	G	•	,	, ,
Operating 616 374 242	Fuel	4,839	936	3,903
	Power purchases	743	3,839	(3,096)
7,600 7,217 383	Operating	616	374	242
		7,600	7,217	383

Annual fuel costs for both scenarios were reduced by 20%. The in-service capital cost for the Labrador-Island Link was increased by 20%. The 20% increase in Muskrat Falls capital costs resulted in an increase for the power purchase rate for the Island from the \$2010 escalating supply rate of \$76/MWh, used for the reference case, to approximately \$89/MWh.

The result of this sensitivity analysis is that there continues to be a CPW preference for the Labrador Interconnection alternative where oil prices are 20 percent less, and capital costs for the Lower Churchill Project are 20 percent higher, relative to

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- 1 the reference case. The CPW preference however is reduced by \$1,775 million
- 2 relative to the reference case.