

**Energy Supply Appendix 2**  
**Attachment A**

**Q. Compare the levelized cost per kWh of power produced from the New Chelsea plant, both before and after the proposed work, with the sort [sic, short] run marginal cost of power produced by Holyrood, Rose Blanche, Cat Arm, Bay d’Espoir and Granite Lake.**

A. The current levelized cost of energy from the New Chelsea plant is 0.0062 /kWh (this number does not include any carrying charges from the existing plant as those are sunk costs). The incremental levelized cost of energy from the New Chelsea plant on a go forward basis is \$0.0317 /kWh (this includes the carrying charges related to the new investment).

The estimated 2004 short run marginal cost of energy produced from Holyrood is \$0.0513 /kWh. The exact short run marginal cost of production from Rose Blanche, Cat Arm, Bay d’Espoir and Granite Lake is unknown, however, due to the fact that these are hydro electric plants, the short run marginal cost should be close to zero. This would also be the case for New Chelsea.

The incremental levelized cost of energy from the New Chelsea plant should only be compared to the short run marginal cost to produce energy at Holyrood. In the short term, given the Newfoundland electrical system, any generation from the New Chelsea plant will reduce production from the Holyrood thermal plant.