

1 Q. On page 11 of Schedule 1 of the COS Methodology Review Report, Hydro notes that “the
2 Muskrat Falls Project was selected as the least cost alternative to replace Holyrood
3 primarily based on the projected fuel costs savings over the long term; therefore from a cost
4 causality approach, it appears reasonable that most of the Muskrat Falls Project costs
5 would be considered energy-related.”
6

7 Please confirm that the alternative supply option to the Muskrat Falls Project was the
8 Island Isolated Option, as substantially described in the Public Utilities Board’s Final Report
9 dated March 30, 2012 in the Muskrat Falls Review, and in particular at section 4.2, pages
10 16-18 of that Report. Please confirm that the Isolated Island Option included more
11 hydraulic and wind generation, and that this Option was not simply based on reliance on a
12 rebuilt Holyrood generation facility.
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15 A. Newfoundland and Labrador Hydro (“Hydro”) confirms that the alternate supply option to
16 the Muskrat Falls Project was the Island Isolated Option described, as referenced above, in
17 the Board of Commissioners of Public Utilities’ (the “Board”) report to the Government of
18 Newfoundland and Labrador on March 30, 2012 (the “Report”).¹
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20 The Isolated Island Option did include small hydroelectric developments and one new wind
21 farm; however, it was primarily thermal based. The hydroelectric and wind additions
22 totalled 102 MW, and by 2067 the capacity mix for the Isolated Island Option was expected
23 to be 62% thermal, 36% hydroelectric and 2% wind. In comparison, the Interconnected
24 Option (as the Muskrat Falls Project was referenced in the Report) was anticipated to add
25 additional thermal based resources and one small hydroelectric addition and have a
26 capacity mix in 2067 of 65% hydro and 35% thermal. As noted by the Board on page 41 of
27 the Report, “Nalcor’s analysis shows that the Interconnected Option is least-cost primarily

¹“Review of Two Generation Expansion Options for the Least-Cost Supply of Power to Island Interconnected Customers for the Period 2011 – 2067,” The Board of Commissioners of Public Utilities, Report to Government, March 30, 2012.

- 1 as a result of the avoided fuel costs associated with the closure of the Holyrood Thermal
- 2 Generating Station.”