

1 Q. **Impacts of Latest Oil Price Forecast**

2 (Re: Amended GRA) What is the marginal cost of capacity and energy for the years
3 2015, 2016, 2017 and 2018 based on the most recent oil price forecast (please
4 indicate date of oil price forecast)?

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7 A. The following table provides the forecast marginal cost of energy for the Island
8 system for the years 2015, 2016 and 2017. The marginal cost projection is based on
9 Hydro's price forecast for No. 6 fuel using PIRA Energy Group's price forecasts that
10 were available on PIRA's website on March 2, 2015.

**Marginal Energy Cost Projection
Island Interconnected System**

	Energy \$/MWh
2015	106
2016	133
2017	138

Notes:

1. Modelled as Per NERA Economic Consulting marginal cost approach (2006).
2. Fuel costs per NLH corporate assumptions, March 2015.
3. Excludes transmission marginal costs.
4. Projection is at customer bulk delivery point for the Island.

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12 The marginal energy cost for 2018 is not provided as the Island system is expected
13 to be interconnected to the North American grid in 2018 and at that time marginal
14 energy costs will be unrelated to No. 6 fuel costs. Please note that the marginal cost
15 of capacity is not influenced by the price of No. 6 oil and are therefore not included
16 in the table.