

1    Q.    Further to response to Request for Information NP-NLH-118:  
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3           Does Lummis Consultants believe embedded demand costs per kW will likely  
4           increase under a Labrador Interconnection? Please provide the reasons for the  
5           response.  
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7    A.    Lummus Consultants believes that embedded demand costs per kW will likely  
8           increase. Production from Muskrat Falls will effectively replace production from  
9           Holyrood. From the perspective that Holyrood has very low embedded capital costs  
10          and very high fuel oil costs, as compared with Muskrat Falls, with high capital costs  
11          and very low variable costs, demand costs per kW may likely increase. However,  
12          once all of the details are available, the actual demand and energy split for the  
13          Labrador interconnection will be dependent on Hydro's proposed treatment, input  
14          from the parties and review and approval by the Board.