

1 Q. Further to response to Request for Information NP-NLH-118:
2 The response states “...***when the Labrador Interconnection is completed and given***
3 ***the future elimination of Holyrood fuel costs with the replacement energy coming***
4 ***from Muskrat Falls (a hydroelectric source), energy costs may decrease and***
5 ***demand costs may increase.***”

6 In the above statement, is Lummis Consultants referring to embedded costs or
7 marginal costs? If Lummus Consultants is referring to marginal costs, please explain
8 the basis for the marginal capacity cost assumption.

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11 A. Lummus Consultants was simply making a comparison of the demand and energy
12 cost relationships under existing versus prospective generation resources.