Reference from the Lieutenant-governor in Council
On the Muskrat Falls Project
(the "Muskrat Falls Review")
REQUESTS FOR INFORMATION

CA/KPL-Nalcor-243 Consumer Question: In PUB-Nalco-46, on lines 16 and 17, Nalcor states that it selected the escalating supply price model over the COS pricing model because of stated advantages.

(a) Under what authority did Nalcor choose the pricing model and how much scope was given to Nalcor to select the pricing model?

(b) Were alternate pricing models for the Isolated Island option considered and, if so, what were they?

(c) Are there pricing models, such as those with on-peak/off peak prices or increasing block rates, that would make the Isolated Island option less costly?

CA/KPL-Nalcor-244 Consumer Question: In PUB-Nalcor-46, Nalcor indicates that under a COS arrangement and to achieve an internal rate of return of 8.4%, the price of Muskrat Falls power would be $214 per MWh in year 1 and decline each year thereafter.

(a) What would the starting price be if the Muskrat Falls project had to achieve a 10% internal rate of return?

(b) If this price series was used for the PPA then what would the CPW of the PPA be?

CA/KPL-Nalcor-245 Consumer Question: Nalcor plans to use a PPA for Muskrat Falls power using an escalating supply price regime with a base price of $76 per MWh (in 2010$) escalating at 2% annually.

(a) What would the base price change to if the internal rate of return on Muskrat Falls were to be set at 10% rather than 8.4%?

(b) Using the resulting price series, what would the CPW for the PPA be?

Dated at St. John's in the Province of Newfoundland and Labrador, this 17th day of February, 2012.

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