Q. Consumer Question: Further to CA/KPL-Nalcor-246, the Nalcor presentations make the transparency of the costs difficult for the public to digest. The PPA (for the project) is referenced as $75.82/MWh in $2010, and $87.96/MWh in $2017 escalated, and rising to about $240/MWh in 2067 (after 50 years of amortization with 2% escalation/yr. compounded). Very simple arithmetic, using 3000 GWh as the average delivered energy to Soldiers Pond (to the Island ratepayers) over 50 years, at average cost of $150/MWh throughout, would produce some comparison for the public that it is getting the benefit of a 50 year mortgage for a significant initial capital undertaking. In essence, that is the benefit of the PPA versus COS pricing methodology. I realize this is not creative accounting. An example recently (response by MHI) was how Bruce Power in Ontario is being priced out in its revitalization. Is there merit for PUB et al to conduct such an undertaking for purposes of this review to provide better transparency to the public on what the "project" means to the ratepayer and taxpayer of NL?

A. Unfortunately, the analytical methods required to support Nalcor's analysis to assist consideration of the Reference Question do not lend themselves to application of simple arithmetic. Please note the Terms of Reference and the Reference Question specifically address the matter of whether the Interconnected Island alternative is least cost in comparison to the Isolated Island alternative, and Nalcor has provided the Board with supporting analyses and documentation in this regard.

Nalcor's response to CA/KPL-Nalcor-27 Rev. 1, however, may be helpful in explaining the use of a single levelized unit energy cost (LUEC) to summarize the economic advantage of incremental energy costs under an Interconnected Island alternative in contrast to an Isolated Island alternative.