

1 Q. Please provide the rationale for using the “reference price” for fuel as the basis for
2 the computed CPW contained within Exhibit 14 in contrast to using the “expected
3 price”.

4

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6 A. Based on a comprehensive global economic and energy demand analysis, the
7 Reference Case represents PIRA’s most likely view of how the energy markets
8 events will evolve. This Reference Case “is not just one of many plausible scenarios
9 but one that (PIRA) put(s) forward as a most likely basis for decision-making.”¹ For
10 this reason, Nalcor uses PIRA’s Reference Price for oil products and not an
11 “expected price”. NLH subscribes to PIRA’s retainer service for Global Oil and
12 Refined Products and this service contains only Reference Case analysis and
13 detailed forecasts for crude oil and related products. NLH also subscribes to PIRA’s
14 Scenario Planning Service retainer to obtain access to internally consistent low and
15 high price scenario alternatives to the Reference Case for the purposes of
16 conducting sensitivity analysis.

¹ PIRA Energy SPS Annual Guidebook 2011