Q. On p. 25 of Exhibit 101, it is stated: "*As the Island requirements represent a much lower proportion of the Gull Island output and in the absence of confirmed export transmission via Quebec or new, large industrial load in Labrador, the financial returns for the Gull Island project selling only to the Island would be unacceptably low and the project would likely not be supported in capital markets. In order to provide the same rate of return as projected for the Muskrat Falls project in the DG2 decision, the purchase price for power from Gull Island would have to be approximately 60 percent higher than power from Muskrat Falls.*" Would the addition of a new, large industrial load on the Island or in Labrador potentially impact the analysis of the preferred supply option?

A. While the addition of load could potentially impact the analysis of the preferred supply option, such a load remains hypothetical. No industrial load has the requisite level of certainty to be included in Nalcor's forecast, and no industrial customer has approached Nalcor with a committed revenue stream that would support financing of the much larger Gull Island project. In addition, no customer has committed to fund the construction of transmission facilities to their potential development.

As a result, these potential industrial loads lack the necessary level of certainty to be included as a firm load in a load forecast, and thus in a generation expansion plan. Should they materialize in the future, Nalcor would include these new committed loads in a planning load forecast, develop a new least-cost generation expansion plan, and obtain new sources of energy and capacity to meet the new requirements.