

1 Q. Given the recent announcement by Rio Tinto to potentially increase its production
2 capacity in Labrador by 100 percent, and other potential increased electricity
3 requirements in Labrador please describe in detail what the effects of such
4 increased Labrador load will have on any decision to proceed with the Muskrat Falls
5 development and HVDC link as the next source of generation for the Island
6 Interconnected System.

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9 A. Nalcor and Hydro have been monitoring all potential projects to increase load in
10 Labrador as part of their normal system planning and load forecasting processes.
11 However no development with increased interconnected electricity requirements in
12 Labrador has advanced to a project sanction stage.

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14 As a result, potential increased requirements for electricity, including those
15 indicated by Rio Tinto and other developers in Labrador are not sufficiently
16 advanced in order to justify commitments to invest in generation capacity,
17 transmission infrastructure or to be included in official utility load forecasts.

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19 Notwithstanding the above, Nalcor is aware of the potential for these
20 developments to take place. Nalcor has had discussions with developers and also
21 with the Department of Natural Resources. Nalcor is aware of the potential
22 developments and specifically the energy requirements should they advance to
23 sanction. Presently these projects are at the pre-feasibility stages and Nalcor has
24 asked proponents to notify us when they are able to make firm commitments. One
25 of the key benefits of the Muskrat Falls project is the ability to accommodate the
26 potential for domestic load growth. This potential was a consideration for Nalcor's

1 approach of not entering into long term contracts for the surplus energy from
2 Muskrat Falls beyond the Nova Scotia block commitment for Nova Scotia Power.

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4 In the event any of these projects does proceed, Nalcor will have 2 TWh of
5 production available from Muskrat Falls, and approximately 1 TWh available from
6 Churchill Falls recall to meet needs in Labrador. The 12 TWh per year Gull Island
7 development would also be available to meet large scale needs.