

1 Q. It is stated in Exhibit 28 that the Provincial Energy Plan has committed to
2 environmental improvements at Holyrood, should the plant continue to operate,
3 including stack emissions clean-up equipment and the installation of low NO_x
4 burners. Costs on pg. 5 of Exhibit 28 for these improvements total \$599,476,000.
5 Are there any current legislative or regulatory requirements that necessitate such
6 environmental improvements to be made? If yes, outline in detail such
7 requirements.

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10 A. Although Nalcor is not aware of existing legislative or regulatory requirements that
11 would dictate the environmental upgrades, there are indications from both the
12 provincial and federal governments that legislation or regulation may be imposed in
13 the future.

14 The *Energy Plan* states pollution controls in the form of scrubbers and electrostatic
15 precipitators will be required if the Lower Churchill Project and the Labrador Island
16 Transmission Link are not constructed. Based on the policy direction provided in
17 the *Energy Plan*, Nalcor considers the inclusion of these costs in its Isolated Scenario
18 to be an appropriate course of action.

19 The Government of Canada indicated its intent to require NO_x emissions from
20 electric power generating facilities in 2007. Please refer to page 13 of Exhibit 109 -
21 "Clean Air Regulatory Agenda - Regulatory Framework for Industrial Air Emissions".
22 While the changes necessary to effect NO_x emissions reductions have yet to be
23 implemented, Nalcor has included the cost of compliance in its modelling based on
24 the intent stated by the Government of Canada.