

1 Q. The response to MHI-Nalcor-3 states that the option of accessing Churchill Falls
2 power in 2041 was screened out as a viable option due to a number of issues
3 including security of supply and reliability. It is stated on p. 1 in lines 19-22 that it is
4 difficult to determine the environmental and policy frameworks that will be in place
5 in 2041 and that there are other issues surrounding the Churchill Falls asset with
6 respect to Hydro Quebec. The response to MHI-Nalcor-99 confirms that in the
7 analysis for the power purchased expense for the Infeed Option, energy was
8 assumed to be sourced from Churchill Falls for the period 2057 to 2067 while the
9 response to MHI-Nalcor-49.2 provides that the price for such energy during that
10 period is the price paid by Hydro Quebec under the Power Contract with CF(L)Co. In
11 the response to MHI-Nalcor-3, p. 2 lines 18-19 it is stated that the risks and
12 uncertainties associated with the option of accessing Churchill Falls power in 2041
13 are not present in the Interconnected scenario.

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15 These responses appear to provide conflicting information. Explain how the issues
16 of security and reliability referred to in the response to MHI-Nalcor-3 do not apply
17 to accessing Churchill Falls power in the period 2057 to 2067 and how the
18 statement on lines 18-19 on p. 2 of the MHI-Nalcor-3 is correct.

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21 A. The energy that Nalcor assumed to be available from Churchill Falls starting in 2057
22 and continuing through 2067 represents incremental requirements for the Island in
23 this period. In Nalcor's view, this is not a material consideration in terms of quantity
24 or cost and Nalcor made this simplifying supply assumption with that knowledge.
25 The average annual energy required for the distant period is 278 GWh per year. The
26 CPW for this energy valued at \$2 /MWh is \$0.1 million (\$2010) and \$12.2 million
27 (\$2010) if valued at New York market prices.

1 By contrast, Nalcor views the assumption of an unencumbered supply being made
2 available from Churchill Falls for the Island commencing in 2042 as material. The
3 average annual energy required for 2042 to 2067 is 4,741 GWh per year. The CPW
4 for this energy valued at \$2 /MWh is \$9.0 million (\$2010) and \$878.3 million
5 (\$2010) if valued at New York market prices.

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7 This assumption will be revisited during DG3 analysis.