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

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

A. The energy that Nalcor assumed to be available form Churchill Falls starting in 2057 and continuing through 2067 represents incremental requirements for the Island in this period. It is not a material consideration in terms of quantity or cost and Nalcor made this simplifying supply assumption with that knowledge. The average annual energy required for the distant period is 278 GWh per year. The present value of the total energy required from 2057 to 2067 is about 50 GWh.

By contrast, assuming that there is unencumbered supply available from Churchill Falls for the Island commencing in 2042 is material. The average annual energy required for 2042 to 2067 is 4,471 GWh per year. The present value of the total energy required from 2042 to 2067 is about 4,500 GWh.

This assumption will be revisited during DG3 analysis.