

1 Q. Please explain the difference for the Island Pond total development costs (Jan 2010  
2 dollars) in Exhibit 5 from what was provided in the SNC Lavalin engineering report  
3 Exhibit 5b Rev. 1, page 80 (Dec 2006 dollars).

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6 A. The costs from the SNC Lavalin engineering Exhibit 5b Rev. 1 report were used as a  
7 basis for costs entered in NL Hydro's *Capital Cost Estimate & Cash Flow*  
8 *Requirements* sheet, from which the \$166,220,000 in Exhibit 5 is derived. The costs  
9 reported in Exhibit 5 are in January 2010 dollars and are direct costs, while the costs  
10 reported in the SNC Lavalin engineering report represent in service costs and  
11 include escalation and AFUDC. As well, the SNC Lavalin contingency was adjusted  
12 for conformance to Nalcor's standards, which was 10% applied to all direct costs.

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14 These numbers may be reconciled by taking the SNC Lavalin estimate, deducting  
15 escalation and AFUDC, adjusting the contingency, and then escalating the  
16 December 2006 amount to January of 2010:

17

18	SNC Lavalin Estimate	173,592,362
19	Less escalation	(8,700,000)
20	Less AFUDC	(16,530,000)
21	Plus Contingency Adjustment	1,945,671
22	to 10% of Direct costs	
23	Direct 2006 \$	150,308,033

24  
25 Applying escalation from December 2006 (January 2007) to January 2010, the  
26 resulting amount is  $\$150,308,033 \times 1.1075 = \$166,464,952$  or \$166.5 million (direct

1 costs - January 2010\$). This compares to the Exhibit 5 estimate of \$166.2 million  
2 (direct costs - January 2010\$). There is a \$0.3 million difference due to rounding.

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4 The 1.1075 escalation factor was slightly different than the corporate escalation  
5 factor and was established by Nalcor's engineering staff based on their  
6 understanding of the project at that time.

1 Q. With reference to the response to MHI-Nalcor-13, page 3 of 3, 2010 PLF Forecast,  
2 Energy Balance and LOLH Results, Labrador HVDC Link, please describe the  
3 source(s) for the addition of 5,943.0 GW.h in 2017.

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6 A. The 5,943 GWh referred to in MHI-Nalcor-13 represents the transfer capability of  
7 the HVDC link with the energy to fill the link being sourced from:

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9 a) the Muskrat Falls generating facility,

10 b) surplus recall energy from Churchill Falls not required for use in Labrador,

11 c) Market purchases if necessary.

12

13 It should be noted that in the 2010 analysis this limit was never reached. The  
14 capacity factor of the link is approximately 85% of delivered peak capacity of 804  
15 MW.

1 Q. Please provide information on Total Island Energy Requirements (GW.h) and Total  
2 Island Peak Demand (MW) forecasts prepared since 2000. The response should be  
3 prepared in a format similar to information previously provided on Exhibit 46. As  
4 part of this request, please also provide the actual and weather-adjusted figures for  
5 the categories requested above for the 2000-2010 period, similar to page 1 of  
6 Exhibit 46.

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9 A. Exhibit-103 provides actual and forecast information on total Island energy and  
10 peak demand requirements including actual and forecast energy for the utility,  
11 industrial, and transmission loss components of Island load. The industrial load in  
12 the table excludes forecast non-firm energy that is included with the industrial  
13 energy information provided in Exhibit 46.

1 Q. Please provide the thermal design parameters (ambient temperature range, and  
2 ground thermal resistivity) for the following marine crossing segments:

- 3 i. land installations
- 4 ii. HDD installations where the cables are in a tube
- 5 iii. Sea bed installation with rock berm.

6 For each of these three installations, also provide the cable burial depth and  
7 separation details.

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10 A. The required specifications for the land installations will be established by the cable  
11 provider, and an appropriately designed backfill or chaseway will be designed  
12 during detailed engineering to meet the cable thermal specifications.

13

14 For the HDD portions, geotechnical investigations for the area indicate the HDD  
15 portion will be run through dolomite/limestone. The thermal resistivity to be used  
16 for design would be 0.5 K-m/W. Ambient temperature for design is 8 degrees  
17 centigrade. 20 m cable spacing has been established for underwater portions of the  
18 borehole, and 35 m for the air filled portions. Burial depth is expected to be up to  
19 40 m below seabed.

20

21 For the subsea portions, the cables are assumed to be placed on the seabed and  
22 buried under a sediment impregnated rock berm of 1 m height. The design thermal  
23 resistivity is 0.8 K-m/W, and the maximum seabed temperature is 11 degrees  
24 centigrade. Cable spacing will be greater than 10 m.

25

26 All these parameters will be confirmed during detailed engineering.

1 Q. The response to MHI-Nalcor-60 is insufficient. Please provide an update of Exhibit 4  
2 using the PIRA forecast of May, 2011 with comparable column headings and  
3 comparable detail as set out on pg. 1, Exhibit 4.

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5

6 A. Please see table below that provides a thermal fuel price forecast based on PIRA  
7 price forecast of May, 2011.

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Thermal Fuel Price Forecast

	<u>#6 0.3% (\$Cdn/bbl)</u>	<u>#6 0.7% (\$Cdn/bbl)</u>	<u>#6 1.0% (\$Cdn/bbl)</u>	<u>#6 2.2% (\$Cdn/bbl)</u>	<u>#6 3.0% (\$Cdn/bbl)</u>	<u>Diesel (\$Cdn/l)</u>
<b>2011</b>	110.90	<b>100.50</b>	96.40	93.60	93.50	0.894
<b>2012</b>	125.60	118.40	117.00	113.70	113.60	0.990
<b>2013</b>	129.10	<b>122.50</b>	121.30	119.20	118.90	1.025
<b>2014</b>	133.70	<b>126.90</b>	125.70	123.40	123.10	1.060
<b>2015</b>	138.20	<b>130.80</b>	129.50	127.10	126.80	1.100
<b>2016</b>	143.20	<b>135.60</b>	134.10	131.60	131.20	1.140
<b>2017</b>	148.40	<b>140.70</b>	138.90	136.00	135.60	1.180
<b>2018</b>	152.20	<b>144.30</b>	142.40	139.00	138.50	1.210
<b>2019</b>	156.00	<b>147.90</b>	145.90	141.80	141.20	1.240
<b>2020</b>	161.10	<b>151.50</b>	148.30	142.80	142.00	1.275
<b>2021</b>	164.00	<b>153.60</b>	150.00	144.20	143.40	1.315
<b>2022</b>	166.60	<b>155.50</b>	151.80	145.80	144.90	1.350
<b>2023</b>	169.60	<b>157.80</b>	154.00	147.70	146.80	1.385
<b>2024</b>	173.10	<b>160.70</b>	156.80	150.20	149.20	1.425
<b>2025</b>	175.90	<b>162.80</b>	158.80	152.00	151.00	1.460
<b>2026</b>	179.40	<b>166.00</b>	162.00	155.00	154.00	1.490
<b>2027</b>	183.00	<b>169.30</b>	165.20	158.10	157.10	1.520
<b>2028</b>	186.70	<b>172.70</b>	168.50	161.30	160.20	1.550
<b>2029</b>	190.40	<b>176.20</b>	171.90	164.50	163.40	1.580
<b>2030</b>	194.20	<b>179.70</b>	175.30	167.80	166.70	1.615
<b>2031</b>	198.10	<b>183.30</b>	178.80	171.20	170.00	1.645
<b>2032</b>	202.10	<b>187.00</b>	182.40	174.60	173.40	1.680
<b>2033</b>	206.10	<b>190.70</b>	186.10	178.10	176.90	1.715
<b>2034</b>	210.20	<b>194.50</b>	189.80	181.60	180.40	1.745
<b>2035</b>	214.40	<b>198.40</b>	193.60	185.30	184.00	1.780
<b>2036</b>	218.70	<b>202.40</b>	197.40	189.00	187.70	1.820
<b>2037</b>	223.10	<b>206.40</b>	201.40	192.70	191.40	1.855
<b>2038</b>	227.50	<b>210.50</b>	205.40	196.60	195.30	1.890
<b>2039</b>	232.10	<b>214.80</b>	209.50	200.50	199.20	1.930
<b>2040</b>	236.70	<b>219.10</b>	213.70	204.50	203.20	1.970
<b>2041</b>	241.50	<b>223.40</b>	218.00	208.60	207.20	2.005
<b>2042</b>	246.30	<b>227.90</b>	222.30	212.80	211.40	2.045
<b>2043</b>	251.20	<b>232.50</b>	226.80	217.00	215.60	2.090

Note: 1. Product prices reflect landed values on Avalon Peninsula.  
2. Diesel represents No. 2 distillate gas turbine fuel fob Holyrood.

Source: - PIRA Energy Group forecasts as of May 26, 2011  
- Exchange rate forecasts by Canadian financial institutions and Conference Board of Canada, Corporate Assumptions, May 2011

1 Q. Please provide the latest PIRA fuel price forecast in comparable detail to that set  
2 out on pg. 1, Exhibit 4.

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5 A. Please see table below that provides a thermal fuel price forecast based on PIRA  
6 price forecast as of Oct 23, 2011.

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**Thermal Fuel Price Forecast**

	<u>#6 0.3% (\$Cdn/bbl)</u>	<u>#6 0.7% (\$Cdn/bbl)</u>	<u>#6 1.0% (\$Cdn/bbl)</u>	<u>#6 2.2% (\$Cdn/bbl)</u>	<u>#6 3.0% (\$Cdn/bbl)</u>	<u>Diesel (\$Cdn/l)</u>
<b>2011</b>	112.10	<b>100.30</b>	96.40	93.90	93.90	0.883
<b>2012</b>	108.40	<b>100.90</b>	98.30	94.30	94.30	0.879
<b>2013</b>	119.80	<b>113.10</b>	112.00	109.80	109.50	0.960
<b>2014</b>	129.30	<b>122.40</b>	121.20	119.00	118.60	1.030
<b>2015</b>	139.20	<b>131.80</b>	130.50	128.10	127.80	1.110
<b>2016</b>	144.50	<b>136.90</b>	135.40	132.90	132.50	1.150
<b>2017</b>	149.70	<b>142.00</b>	140.20	137.30	136.90	1.190
<b>2018</b>	153.70	<b>145.80</b>	143.90	140.50	140.00	1.220
<b>2019</b>	157.60	<b>149.50</b>	147.50	143.40	142.80	1.250
<b>2020</b>	162.80	<b>153.20</b>	150.00	144.50	143.70	1.285
<b>2021</b>	165.50	<b>155.00</b>	151.50	145.70	144.80	1.325
<b>2022</b>	167.90	<b>156.80</b>	153.10	147.10	146.20	1.360
<b>2023</b>	170.80	<b>159.00</b>	155.20	148.90	148.00	1.395
<b>2024</b>	174.10	<b>161.70</b>	157.80	151.20	150.30	1.430
<b>2025</b>	176.90	<b>163.70</b>	159.80	152.90	151.90	1.470
<b>2026</b>	180.40	<b>167.00</b>	163.00	156.00	155.00	1.500
<b>2027</b>	184.00	<b>170.30</b>	166.20	159.10	158.10	1.530
<b>2028</b>	187.70	<b>173.70</b>	169.50	162.30	161.20	1.560
<b>2029</b>	191.40	<b>177.20</b>	172.90	165.50	164.40	1.590
<b>2030</b>	195.30	<b>180.80</b>	176.40	168.90	167.70	1.620
<b>2031</b>	199.20	<b>184.40</b>	179.90	172.20	171.10	1.655
<b>2032</b>	203.20	<b>188.10</b>	183.50	175.70	174.50	1.685
<b>2033</b>	207.20	<b>191.80</b>	187.20	179.20	178.00	1.720
<b>2034</b>	211.40	<b>195.70</b>	190.90	182.80	181.60	1.755
<b>2035</b>	215.60	<b>199.60</b>	194.70	186.40	185.20	1.790
<b>2036</b>	219.90	<b>203.60</b>	198.60	190.20	188.90	1.825
<b>2037</b>	224.30	<b>207.60</b>	202.60	194.00	192.70	1.865
<b>2038</b>	228.80	<b>211.80</b>	206.70	197.80	196.50	1.900
<b>2039</b>	233.30	<b>216.00</b>	210.80	201.80	200.40	1.940
<b>2040</b>	238.00	<b>220.30</b>	215.00	205.80	204.40	1.975
<b>2041</b>	242.80	<b>224.70</b>	219.30	209.90	208.50	2.015
<b>2042</b>	247.60	<b>229.20</b>	223.70	214.10	212.70	2.055
<b>2043</b>	252.60	<b>233.80</b>	228.20	218.40	217.00	2.100

Note: 1. Product prices reflect landed values on Avalon Peninsula.  
2. Diesel represents No. 2 distillate gas turbine fuel fob Holyrood.

Source: - PIRA Energy Group forecasts as of Oct 23, 2011  
- Exchange rate forecasts by Canadian financial institutions and Conference Board of Canada, Corporate Assumptions, Oct 2011

1 Q. Further to MHI-Nalcor-126 and MHI-Nalcor-127, please provide the high and low  
2 PIRA prices, in each of the forecasts referenced, for i) No. 6 0.7% sulphur fuel; ii) No.  
3 6 2.2% sulphur fuel and iii) No. 2 diesel fuel.

4

5

6 A. Please see tables below that provide high and low thermal fuel price forecasts for i)  
7 No. 6 0.7% sulphur fuel; ii) No. 6 2.2% sulphur fuel and iii) No. 2 diesel fuel. The  
8 thermal fuel price forecasts from 2011 to 2025 are based on high and low price  
9 projections for benchmark global crude from PIRA's Scenario Planning Service that  
10 is updated quarterly. Thermal fuel prices post 2025 are increased by a two percent  
11 general inflation rate. The high and low thermal fuel price forecast as of May 2011 is  
12 based on PIRA's Scenario Planning Service forecast of May 10, 2011 and is  
13 applicable for the May 2011 thermal fuel price reference forecast provided in MHI-  
14 Nalcor-126. The high and low thermal fuel price forecast as of October 2011 is  
15 based on PIRA's Scenario Planning Service forecast of August 11, 2011 and is  
16 applicable for the October 2011 thermal fuel price reference forecast provided in  
17 MHI-Nalcor-127.

**High-Low Thermal Fuel Price Forecasts as of May 2011**

	#6 0.7%s (\$Cdn/bbl)		#6 2.2%s (\$Cdn/bbl)		#2 Diesel (\$Cdn/l)	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<b>2011</b>	120.20	81.50	112.00	76.00	1.065	0.730
<b>2012</b>	135.00	69.00	129.50	66.20	1.120	0.585
<b>2013</b>	142.80	52.60	139.00	51.10	1.195	0.450
<b>2014</b>	162.80	47.70	158.30	46.40	1.355	0.410
<b>2015</b>	171.50	50.30	166.70	48.90	1.440	0.435
<b>2016</b>	183.90	55.00	178.40	53.30	1.540	0.475
<b>2017</b>	192.70	61.40	186.20	59.30	1.605	0.525
<b>2018</b>	203.50	65.30	196.00	62.80	1.695	0.560
<b>2019</b>	221.10	69.10	211.90	66.20	1.845	0.590
<b>2020</b>	240.80	70.90	227.10	66.80	2.010	0.605
<b>2021</b>	255.30	73.20	239.90	68.70	2.175	0.640
<b>2022</b>	262.80	74.00	246.50	69.40	2.270	0.655
<b>2023</b>	273.70	75.10	256.20	70.30	2.390	0.670
<b>2024</b>	284.40	76.40	265.90	71.40	2.505	0.690
<b>2025</b>	289.20	77.40	270.10	72.20	2.580	0.710
<b>2026</b>	295.00	78.90	275.50	73.70	2.630	0.720
<b>2027</b>	300.90	80.50	281.00	75.10	2.680	0.735
<b>2028</b>	306.90	82.10	286.60	76.60	2.735	0.750
<b>2029</b>	313.00	83.80	292.30	78.20	2.790	0.765
<b>2030</b>	319.30	85.40	298.20	79.70	2.845	0.780
<b>2031</b>	325.70	87.10	304.10	81.30	2.905	0.795
<b>2032</b>	332.20	88.90	310.20	83.00	2.960	0.815
<b>2033</b>	338.80	90.70	316.40	84.60	3.020	0.830
<b>2034</b>	345.60	92.50	322.80	86.30	3.080	0.845
<b>2035</b>	352.50	94.30	329.20	88.00	3.145	0.865
<b>2036</b>	359.60	96.20	335.80	89.80	3.205	0.880
<b>2037</b>	366.70	98.10	342.50	91.60	3.270	0.900
<b>2038</b>	374.10	100.10	349.40	93.40	3.335	0.915
<b>2039</b>	381.60	102.10	356.30	95.30	3.400	0.935
<b>2040</b>	389.20	104.10	363.50	97.20	3.470	0.955
<b>2041</b>	397.00	106.20	370.70	99.10	3.540	0.970
<b>2042</b>	404.90	108.40	378.20	101.10	3.610	0.990
<b>2043</b>	413.00	110.50	385.70	103.10	3.680	1.010

- Notes: 1. Product prices reflect landed values on Avalon Peninsula.  
 2. Diesel represents No. 2 distillate gas turbine fuel fob Holyrood.

**High-Low Thermal Fuel Price Forecasts as of October 2011**

	#6 0.7% (\$Cdn/bbl)		#6 2.2% (\$Cdn/bbl)		#2 Diesel (\$Cdn/l)	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<b>2011</b>	107.30	99.10	100.40	92.80	0.940	0.870
<b>2012</b>	140.70	91.30	131.60	85.30	1.215	0.795
<b>2013</b>	142.40	62.10	138.20	60.20	1.205	0.535
<b>2014</b>	160.80	55.00	156.20	53.40	1.345	0.475
<b>2015</b>	171.00	54.20	166.20	52.70	1.430	0.470
<b>2016</b>	182.40	55.70	177.00	54.10	1.525	0.480
<b>2017</b>	191.30	61.70	184.90	59.60	1.595	0.530
<b>2018</b>	202.30	65.60	194.90	63.10	1.680	0.560
<b>2019</b>	219.80	69.50	210.80	66.60	1.830	0.595
<b>2020</b>	240.80	71.10	227.20	67.10	2.010	0.610
<b>2021</b>	253.50	73.30	238.30	68.80	2.155	0.640
<b>2022</b>	260.80	74.00	244.60	69.40	2.250	0.655
<b>2023</b>	271.30	75.00	254.20	70.20	2.365	0.670
<b>2024</b>	281.60	76.20	263.40	71.20	2.475	0.685
<b>2025</b>	288.60	77.10	269.70	72.00	2.570	0.705
<b>2026</b>	294.40	78.70	275.00	73.40	2.620	0.720
<b>2027</b>	300.30	80.20	280.50	74.90	2.675	0.735
<b>2028</b>	306.30	81.80	286.20	76.40	2.725	0.750
<b>2029</b>	312.40	83.50	291.90	77.90	2.780	0.765
<b>2030</b>	318.70	85.20	297.70	79.50	2.835	0.780
<b>2031</b>	325.00	86.90	303.70	81.10	2.895	0.795
<b>2032</b>	331.50	88.60	309.70	82.70	2.950	0.810
<b>2033</b>	338.20	90.40	315.90	84.40	3.010	0.825
<b>2034</b>	344.90	92.20	322.30	86.00	3.070	0.840
<b>2035</b>	351.80	94.00	328.70	87.80	3.135	0.860
<b>2036</b>	358.90	95.90	335.30	89.50	3.195	0.875
<b>2037</b>	366.00	97.80	342.00	91.30	3.260	0.895
<b>2038</b>	373.40	99.80	348.80	93.10	3.325	0.910
<b>2039</b>	380.80	101.80	355.80	95.00	3.390	0.930
<b>2040</b>	388.40	103.80	362.90	96.90	3.460	0.950
<b>2041</b>	396.20	105.90	370.20	98.80	3.530	0.965
<b>2042</b>	404.10	108.00	377.60	100.80	3.600	0.985
<b>2043</b>	412.20	110.10	385.10	102.80	3.670	1.005

- Notes: 1. Product prices reflect landed values on Avalon Peninsula.  
2. Diesel represents No. 2 distillate gas turbine fuel fob Holyrood.

1 Q. Please provide a copy of the latest PIRA Energy SPS Quarterly Bulletin.

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4 A. Please see confidential exhibit CE-60 dated August 11, 2011 "PIRA Oil and Gas

5 Scenarios: Q3 2011 Update"

1 Q. Given the May 2011 PIRA fuel price forecast referenced in MHI-Nalcor-126 and the  
2 updated fuel price forecast referenced in MHI-Nalcor-127, please provide the  
3 corresponding “expected price” for each of the two forecasts based on a weighted  
4 average of the reference, high and low price.

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7 A. The tables below provide weighted average price forecasts for No. 6 0.7% sulphur  
8 fuel, No. 6 2.2% sulphur fuel and No. 2 diesel fuel based on a weighted average of  
9 reference, high and low prices provided in MHI-Nalcor-126, MHI-Nalcor-127 and  
10 MHI-Nalcor-128. The weights used are from PIRA’s Scenario Planning Service that is  
11 updated quarterly. The weights used to calculate the weighted average thermal fuel  
12 prices as of May 2011 are 45%, 30% and 25% for reference, high and low pricing  
13 respectively and were from the applicable PIRA Scenario Planning Service forecast  
14 of May 10, 2011. The weights used to calculate the weighted average thermal fuel  
15 prices as of October 2011 are 45%, 27.5% and 27.5% for reference, high and low  
16 pricing respectively and were from the applicable PIRA Scenario Planning Service  
17 forecast of August 11, 2011.

Weighted Average Thermal Fuel Price Forecast as of May 2011

	<b>#6 0.7% (\$Cdn/bbl)</b>	<b>#6 2.2% (\$Cdn/bbl)</b>	<b>#2 Diesel (\$Cdn/l)</b>
2011	101.66	94.72	0.904
2012	111.03	106.57	0.928
2013	111.12	108.12	0.932
2014	117.87	114.62	0.986
2015	122.89	119.43	1.036
2016	129.94	126.07	1.094
2017	136.48	131.89	1.144
2018	142.31	137.05	1.193
2019	150.16	143.93	1.259
2020	158.14	149.09	1.328
2021	164.01	154.04	1.404
2022	167.32	156.91	1.452
2023	171.90	160.90	1.508
2024	176.74	165.21	1.565
2025	179.37	167.48	1.609
2026	182.93	170.83	1.640
2027	186.58	174.22	1.672
2028	190.31	177.72	1.706
2029	194.14	181.27	1.739
2030	198.01	184.90	1.775
2031	201.97	188.60	1.811
2032	206.04	192.38	1.848
2033	210.13	196.22	1.885
2034	214.33	200.14	1.921
2035	218.61	204.15	1.961
2036	223.01	208.24	2.001
2037	227.42	212.37	2.041
2038	231.98	216.64	2.080
2039	236.67	220.94	2.122
2040	241.38	225.38	2.166
2041	246.18	229.86	2.207
2042	251.13	234.50	2.251
2043	256.15	239.14	2.297

- Notes: 1. Product prices reflect landed values on Avalon Peninsula.  
2. Diesel represents No. 2 distillate gas turbine fuel fob Holyrood.

Weighted Average Thermal Fuel Price Forecast as of October 2011

	<b>#6 0.7% (\$Cdn/bbl)</b>	<b>#6 2.2% (\$Cdn/bbl)</b>	<b>#2 Diesel (\$Cdn/l)</b>
2011	101.90	95.39	0.895
2012	109.21	102.08	0.948
2013	107.13	103.97	0.911
2014	114.43	111.19	0.964
2015	121.24	117.84	1.022
2016	127.08	123.36	1.069
2017	133.48	129.02	1.120
2018	139.28	134.18	1.165
2019	146.83	140.82	1.229
2020	154.71	145.96	1.299
2021	159.62	150.02	1.365
2022	162.63	152.55	1.411
2023	166.78	156.22	1.462
2024	171.16	160.06	1.513
2025	174.23	162.77	1.562
2026	177.75	166.01	1.594
2027	181.27	169.33	1.626
2028	184.89	172.75	1.658
2029	188.61	176.17	1.690
2030	192.43	179.74	1.723
2031	196.25	183.31	1.760
2032	200.17	186.98	1.792
2033	204.18	190.72	1.829
2034	208.27	194.54	1.865
2035	212.42	198.42	1.904
2036	216.69	202.41	1.941
2037	220.97	206.46	1.982
2038	225.44	210.53	2.020
2039	229.92	214.78	2.061
2040	234.49	219.06	2.102
2041	239.19	223.43	2.143
2042	243.97	227.91	2.186
2043	248.84	232.45	2.231

- Notes: 1. Product prices reflect landed values on Avalon Peninsula.  
2. Diesel represents No. 2 distillate gas turbine fuel fob Holyrood.



1 Q. Please provide the rationale for using the “reference price” for fuel as the basis for  
2 the computed CPW contained within Exhibit 14 in contrast to using the “expected  
3 price”.

4

5

6 A. Based on a comprehensive global economic and energy demand analysis, the  
7 Reference Case represents PIRA’s most likely view of how the energy markets  
8 events will evolve. This Reference Case “is not just one of many plausible scenarios  
9 but one that (PIRA) put(s) forward as a most likely basis for decision-making.”<sup>1</sup> For  
10 this reason, Nalcor uses PIRA’s Reference Price for oil products and not an  
11 “expected price”. NLH subscribes to PIRA’s retainer service for Global Oil and  
12 Refined Products and this service contains only Reference Case analysis and  
13 detailed forecasts for crude oil and related products. NLH also subscribes to PIRA’s  
14 Scenario Planning Service retainer to obtain access to internally consistent low and  
15 high price scenario alternatives to the Reference Case for the purposes of  
16 conducting sensitivity analysis.

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<sup>1</sup> PIRA Energy SPS Annual Guidebook 2011