

REFERENCE - RATE MITIGATION OPTIONS AND IMPACTS MUSKRAT FALLS PROJECT

Issues List

1. Potential Cost Savings

- Alterations to Muskrat Falls Project Financing payment requirements, including sinking fund and interest payments*
- Alterations to Muskrat Falls Project Financing requirements for the project debt structure*
- Rate of return included in the project financing and contractual arrangements for Nalcor Energy and Newfoundland and Labrador Hydro*
- Rate of return for Newfoundland and Labrador Hydro established by OC2009-063
- Application of project dividends to reduce the revenue requirement
- Depreciation methodologies and amortization period used for Muskrat Falls project assets
- Organizational and operational efficiencies at Nalcor Energy and Newfoundland and Labrador Hydro, including the role of Nalcor Energy Marketing and level of regulatory oversight
- Asset transfer and/or consolidation of operating responsibilities related to generation, distribution and transmission between Newfoundland and Labrador Hydro and Newfoundland Power
- Operating and Maintenance Costs of Muskrat Falls Project

2. Revenue Opportunities

- Increased demand in the Province, including demand due to electrification including oil-heated institutions switching to electricity, increased vehicle electrification and the appropriate policies and rate design considerations required to support electrification
- Enhanced conservation demand programs to reduce capacity and energy requirements to increase available capacity and energy for electrification and exports and to delay or eliminate future supply-side capacity resource requirements
- Maximization of export sales revenue from capacity and energy available for export, including best practices.

3. Available Capacity and Energy

- Forecast Island Interconnected system load and the amount of energy and capacity from the Muskrat Falls Project required to meet that load
- Recall Power available for the Island Interconnected system
- Impact on the Island Interconnected system load of rate increases to recover Muskrat Falls Project costs
- Capacity and energy available for export and load growth
- Potential Industrial and Newfoundland Power self-supply or generation

4. Rate Impacts of Cost Savings and Revenue Opportunities

- Impact of various cost savings and revenue increases on forecast electricity rates

*Work on these issues suspended until further notice.

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