

**Q. What is the cost per Kwh over 4 years for the Seal Cove Refurbishment Project?**

A. The levelized cost of energy on a ¢/kWh for recovering the \$156,000 capital cost of the Seal Cove Plant Refurbishment project is 1.33 ¢/kWh.<sup>1</sup>

Evaluating this project over a 4 year timeframe is not appropriate. This asset is expected to remain in service for more than 50 years and benefits will accrue to the electricity system and Newfoundland Power's customers throughout this period. Accordingly, use of very short cost recovery periods for economic evaluation does not appropriately match costs and benefits.

See the response to Request for Information PUB-NP-004 for more information on the appropriate time period for calculating the levelized cost of energy to be used in evaluating hydroelectric plant refurbishments.

See the response to Request for Information NLH-NP-007 for more information on least cost energy supply for the Island Interconnected System following the commissioning of the Muskrat Falls Project.

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<sup>1</sup> For the purposes of preparing this NPV analysis future capital cost beyond 2015 has been removed from the analysis.