

1 Q. **Reference: Midgard Consulting March 28, 2023 Report - Southern Labrador Communities –**  
2 **Integrated Resource Plan**

3 Table 37, page 88 of 103, provides a sensitivity analysis for various factors. Item 5 provides a  
4 sensitivity analysis in the event that ‘Diesel Plant Capital Cost’ increases from \$19 million per  
5 plant to \$129 million per plant.

6 a) Would Hydro consider replacing either of the diesel generating stations in southern  
7 Labrador at a cost of \$129 million per plant? Please explain.

8 b) Please provide the results for Item 5 in the event that “Diesel Plant Capital Cost’ was \$3  
9 million per plant rather than \$19 million.

10

11

12 A. *This response has been provided by Midgard Consulting Inc. (“Midgard”).*

13 a) As described in the sensitivity analysis “each of the included metrics were levered  
14 individually until the preferred scenario changed.”<sup>1</sup> Therefore, the sensitivity analysis  
15 indicates that the preferred alternative would remain least cost, even with an increase in  
16 diesel plant capital cost up to \$129 million, which Newfoundland and Labrador Hydro  
17 considers very unlikely. In all scenarios where diesel plant cost is \$128 million or less (even  
18 \$3 million) Scenario “C” will be the lowest cost alternative.

19 b) In the event that ‘Diesel Plant Capital Cost’ was \$3 million per plant rather than \$19 million,  
20 there would be no change in the Midgard Integrated Resource Plan conclusion. The  
21 likelihood of this is considered “low”.

---

<sup>1</sup> “Southern Labrador Communities - Integrated Resource Plan,” Midgard Consulting Inc. March 28, 2023, p. 88/12–14.