

From: torielly@nalcorenergy.com
To: auburnwarren@nalcorenergy.com
Cc: gordonalexander@nlh.nl.ca
Subject: Re: MF COD - Impact of Delay on Fuel Costs
Date: Monday, October 7, 2013 8:52:57 PM
Attachments: [Prelim Assessment 13.10.07 IE Mods Evening.pptx](#)

Patrick indicated that there is a problem with your graphs. I have excluded the XNPVs form this deck.

Let us know if there's anything else needed.

Thanks,
Terry

Terence O'Rielly
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From: Auburn Warren/NLHydro
To: Terry O'Rielly/NLHydro
Cc: Gordon Alexander/NLHydro
Date: 10/07/2013 08:39 PM
Subject: Re: MF COD - Impact of Delay on Fuel Costs

Perfect... Get home now... We can pick up tomorrow.

Thanks for all the hard work

Auburn

Auburn Warren, CA
Manager, Investment Evaluation
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On Oct 7, 2013, at 8:38 PM, "Terry O'Rielly" wrote:

Shirley is going away tomorrow so I'm kicking Gordo out before 9 if that's ok.
Are you coming in tonight? Do you need anything else?

Here's the state of the modeling nation...

Patrick is currently updating the XNPVs for LIL in the file with the graphs.
Gord has started the DG3 analysis.
Susan is vetting through the tables we reviewed quickly before you left.

Here is the impact of the delay in COD's on Holyrood fuel.

\$295M nominal

\$206M NPV Dec. 31, 2012

\$220M NPV Dec. 31, 2013

(See attached file: Delay in LC COD.pdf)(See attached file: Delay in LC COD IE.xlsx)

Thanks,
Terry

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Terence O'Rielly

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----- Forwarded by Terry O'Rielly/NLHydro on 10/07/2013 08:26 PM -----

From: Kevin Goulding/NLHydro

To: Terry O'Rielly/NLHydro@NLHydro

Cc: Bob Moulton/NLHydro@NLHydro, Rob Henderson/NLHydro@NLHydro

Date: 10/07/2013 03:23 PM

Subject: MF COD - Impact of Delay on Fuel Costs

Terry,

This is what I have come up with so far (could you let me know if this is what you had in mind). I have asked Bob Moulton to try and round up the monthly load forecasts used for DG3 to confirm/ensure that things are consistent. In the end this may only change things slightly for 2018 if the load for January/February is not materially different from the 2010 OPLF forecast that I used.

Here are the assumptions:

The fuel costs and fuel conversion rates are as per the file that you sent. There is an improvement in fuel conversion rate as the overall output from HRD increases but I have not tried to quantify this for this exercise.

For 2017 I have taken the infeed energy (less what was scheduled for reservoir replenishment) and swung it over to HRD.

For 2018 I have taken the monthly load forecast that I have and, for January and February, assumed the normal distribution for NLH hydro and NUGs. The difference is assumed to go on Holyrood. In March there would be one unit required on to cover the N-1 (large of largest unit scenario) - 63 GWh at \$12 M for this requirement. This assumes that the balance of the recall (less Labrador internal use) is available for at least the first two months following interconnection on a firm basis. If not there would be additional HRD minimum requirements required. It also assumes that there is only one MF unit on-line for the first two months.

I will fine tune things once I get the forecasts from Bob - if you think it is worth it?

Regards,

Kevin

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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

BHA Assumptions

Bidder	Scenario	Source	Change relative to Submission	Effective rate MF	Effective rate LIL	Comments
TD-Goldman Sachs	Proposal	Submission	No change	[Redacted]	[Redacted]	[Redacted]
	GoC + Proposed Spread	Bloomberg Sep 30, 2013	Interpolated GoC to BHA average life			
	GoC + No Spread					
RBC-Scotia	Proposal	Submission	No change			
	GoC + Proposed Spread	Bloomberg Sep 30, 2013	Interpolated GoC to BHA average life			
	GoC + No Spread					
CIBC-BMO	Proposal	Bloomberg Sep 30, 2013	Interpolated GoC to BHA average life			
	GoC + Proposed Spread					
	GoC + No Spread					

BSF Assumptions

Bidder	Scenario	Source	Change relative to Submission	Effective rate MF	Effective rate LIL	MF Comments
TD-Goldman Sachs	Proposal	Submission	No change	[Redacted]	[Redacted]	[Redacted]
	GoC + Proposed Spread	Bloomberg Sep 30, 2013	Interpolated GoC to BSF average life			
	GoC + No Spread					
RBC-Scotia	No BSF proposed.					
CIBC-BMO	Proposal	Bloomberg Sep 30, 2013	Interpolated GoC to BSF average life	[Redacted]	[Redacted]	[Redacted]
	GoC + Proposed Spread					
	GoC + No Spread					

NPV Results – Benchmark Proposals (in millions CAD)

Bidder		Proposal		GoC + Proposed Spread		GoC + No Spread	
		NPV	Difference to Lowest	NPV	Difference to Lowest	NPV	Difference to Lowest
MF/LTA	TD-Goldman Sachs						
	RBC-Scotia						
	CIBC-BMO						
LIL	TD-Goldman Sachs						
	RBC-Scotia						
	CIBC-BMO						
Total	TD-Goldman Sachs						
	RBC-Scotia						
	CIBC-BMO						

Results may vary because of rounding

⁽¹⁾ For illustrative purposes as CIBC-BMO as CIBC-BMO did not provide committed deposit rates (BHA and BSF)

Financing Structure – Debt-to-Equity (in millions CAD)

Bidder		Proposal		GoC + Proposed Spread		GoC + No Spread	
		Debt (DER)	Equity	Debt (DER)	Equity	Debt (DER)	Equity
MF/LTA	TD-Goldman Sachs	2,580 (65.00%)	1,397	2,600 (64.05%)	1,459	2,600 (63.77%)	1,477
	RBC-Scotia	2,600 (63.62%)	1,487	2,600 (63.36%)	1,503	2,600 (63.21%)	1,513
	CIBC-BMO ⁽¹⁾	2,600 (63.63%)	1,486	2,600 (63.63%)	1,486	2,600 (63.63%)	1,486
LIL	TD-Goldman Sachs	2,343 (75.00%)	781	2,400 (74.60%)	817	2,400 (74.10%)	838
	RBC-Scotia	2,400 (73.90%)	847	2,400 (73.5%)	865	2,400 (73.20%)	878
	CIBC-BMO ⁽¹⁾	2,400 (74.25%)	831	2,400 (74.25%)	831	2,400 (74.25%)	831

All scenarios except TD-Goldman Sachs Proposal use full debt cap

⁽¹⁾ For illustrative purposes as CIBC-BMO as CIBC-BMO did not provide committed deposit rates (BHA and BSF)