

1 Q. (Expert Evidence – JT Browne Consulting, page 15) The report points out that raising  
2 rates, due to the use of the proposed OPDA, would serve to help smooth the rates  
3 up until the time of Muskrat Falls Project commissioning. However, as shown in CA-  
4 NLH-081, during that pre-commissioning period, the marginal cost of energy to  
5 Hydro will fall significantly. Would raising rates when marginal costs are falling be  
6 incompatible with economic efficiency?  
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9 A. This response has been provided by JT Browne Consulting.  
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11 The above question reflects a misreading of Mr. Browne’s evidence. The evidence  
12 states that the increase in rates due to the Off-Island Purchases Deferral Account  
13 (OPDA) prior to the commissioning of the Muskrat Falls Project “*will help to smooth*  
14 *out the increases necessary to accommodate the MFP.*” (page 15). The period to  
15 “*accommodate the MFP*” would not end with the commissioning of the Muskrat  
16 Falls Project.  
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18 With regards to marginal cost pricing and economic efficiency, please refer to  
19 Hydro’s response to CA-NLH-233.