

1 **Question:** It is stated "running [IOC's] heavy oil generators will impose costs on the range of
2 40,000\$ per day on its Labrador operations."
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4 Please provide a breakdown of the underlying component costs comprising the
5 estimated \$40,000 per day cost of IOC running its heavy oil generators.
6

7 **Reference:** Evidence of IOC, §31
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9 **Response:** IOC's heavy oil boiler burns approximately 110 litres per MWh of electricity generated.
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11 Should IOC generate 25 MW, an amount within the normal operating parameters of
12 the generators, it would cost IOC:
13
14 **25 MW x 24 hours x 110 litres x 60¢ per litre = \$39,600 \$ per day**
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16 The price of Bunker C varies. It is currently around 50¢ per litre but is predicted to
17 increase.
18
19 The projected short term marginal cost likely underestimates the total cost to IOC as it
20 does not include depreciation, operation and maintenance, cost of GHG or other
21 emissions, or taxes.
22
23 The cost of carbon alone can significantly increase this amount. At 20 \$/t CO₂-eq, the
24 additional cost would be 4 000 \$ per day. Longer term, at the Canadian target price of
25 50 \$/t CO₂-eq, the cost to IOC would increase by 10 000 \$ per day.