

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: THE PUBLIC UTILITIES ACT

- and -

IN THE MATTER OF: AN APPLICATION by Nova Scotia Power Incorporated ("NSPI")
for approval of capital work orders CI# 39323, Digby Wind Project
(\$70,758,698); CI# 39626, Digby Wind Project Substation
(\$4,586,277); CI# 39627, Digby Wind Project Network Upgrades
(\$4,156,325); and CI# 39628, Digby Wind Project Interconnection
(\$3,270,060), for a total cost of \$82,771,360

REDACTED INFORMATION REQUESTS

To: Ms. Nicole Godbout
Regulatory Counsel
Nova Scotia Power Inc.
Email: Nicole.godbout@nspower.ca

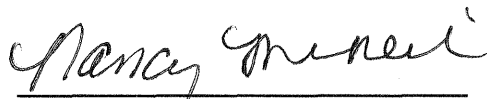
From: Board Staff
Nova Scotia Utility and Review Board

Responses Due: November 3, 2010

Copies: 10

Contact Person: Mr. Ross Young
Senior Advisor
Nova Scotia Utility and Review Board
3rd Floor, 1601 Lower Water Street
Halifax, NS B3J 3S3
Tel: (902) 424-4448
Fax: (902) 424-3919
Email: younghr@gov.ns.ca

Issued at Halifax, Nova Scotia, this 14th day of October, 2010.



Nancy McNeill, Clerk of the Board

1 **GENERAL**

2 **Request IR-1:**

3 Please provide a chronology of major events for this project, starting with the 2007 RFP up to
4 the present. Include in your response the legal entities who participated in this event, e.g. NSPI,
5 NSPI affiliates, third parties, etc.
6

7 **Request IR-2:**

8 For each of the major events listed in response to IR-1 please provide an explanation of the
9 reasons why this event occurred or was required.
10

11 **Request IR-3:**

12 For each of the major events listed in response to IR-1, please provide a list of the various
13 documents that relate to that event, where they are filed in this application, and an explanation
14 of why each document is required and how it relates to other documents applicable to this file.
15

16 **Request IR-4:**

17 For each of the major events listed in response to IR-1, please provide any additional
18 information that NSPI thinks would assist the Board in understanding all the facts of this
19 application and how they interact.
20

21 **Request IR-5:**

22 **Reference, Application**

- 23 a. Page 4, line 11, where and how will the ecoENERGY benefit be credited?
24 b. Page 4, line 14, on what basis does the Company state that "The Project will qualify for
25 inclusion in the Company's 2013 RES portfolio."?
26 c. Page 4, line 16-17, please provide clarification of the net present value of \$4.9M. What
27 will be the net present value without the ecoENERGY benefit?
28 d. Page 9, NSPI states that when it acquired the project "construction plans had been
29 committed, contracts awarded in most cases...". Was there a construction contract
30 entered into by any party for this project prior to the contract in Appendix 10? If so,
31 please provide a copy of such construction contract.
32 e. Page 19, have all leases been obtained for the 31 properties? If not, what is the status
33 of the leases? Please provide copies of all relevant leases.

- 1 f. Have all easements or licenses for access to the 56 properties been obtained? If not,
2 what is the status of access? Please provide copies of all relevant easement
3 agreements or licenses.
- 4 g. Page 10, line 5, please explain why PPA security is not being transferred to NSPI.
- 5 h. Page 11, lines 8-13, is it true that NSPI is licensing the project back to the affiliate to
6 meet 2011 RES requirements?
- 7 i. Page 13, line 22, please explain how the price from EUS is superior to other offered
8 prices.
- 9 j. Page 16 of 26, notes work required to connect the Digby Wind Project to the system. Is
10 the cost of these works included in the project cost? If so, please identify the amount and
11 location of these costs.
- 12 k. Pages 21 and 22, are these works in addition to the EUS contract? If so, what is the
13 cost? Is the cost included in the total project cost of \$82.8 M?
14

15 **Request IR-6:**

16 Reference Appendix 4, Asset Purchase Agreement

17 a. Page 8 of 50, Section 4.1 Valuation

- 18 i. Please provide the fair market value of the assets as determined by the parties.
19 Include any adjustments to valuation as covered by section 4.2.
- 20 ii. Please provide further details on the process used to determine the fair market
21 value. Include in your response copies of all documents, (e.g. correspondence,
22 internal analysis, meeting notes, etc) used by each party in its determination of fair
23 market value.
- 24 iii. Did NSPI use an independent party to provide it with an estimate of the fair market
25 value? If so, please provide a copy of all estimates, backup, etc received from this
26 independent party. If no independent party was used, please explain why not.

27 b. Page 2 of 50, Development Costs

- 28 i. Please provide the amount of Development Costs (adjusted as per Section 3.5) paid
29 by NSPI.
- 30 ii. Please provide complete details on the calculation of these Development Costs.
- 31 iii. Please provide details on the process used by NSPI to ensure that the price paid by
32 NSPI represents the fair market value.

- 1 iv. Did NSPI use an independent party to provide it with an estimate of the fair market
2 value? If so, please provide a copy of all estimates, backup, etc received from this
3 independent party. If no independent party was used, please explain why not.
- 4 c. Page 7 of 50, Section 3.4, Consideration
- 5 i. Please provide details on how NSPI financed the acquisition of this project. Include
6 full details of the amounts covered under each of the sub headings of Section 3.4
7 and how each was determined.
- 8 ii. Please provide the total of the amounts provided in response to part i.
- 9 iii. [REDACTED]
10 [REDACTED].
- 11 iv. Please confirm, or explain why not, the total amount shown in the response to part ii
12 is the amount that NSPI proposes to include in rate base.
- 13 d. Page 3 of 50, Excluded Assets
- 14 i. [REDACTED]
15 [REDACTED].
- 16 e. Page 3 of 50, GE Contract
- 17 i. Please provide a copy of the GE Contract, complete with all amendments.
- 18 ii. Does this contract include the Operating and Maintenance Agreement mentioned on
19 lines 13-15 of Page 17 of 26 of the Application? If not, please provide this Operating
20 and Maintenance Agreement.
- 21 f. Page 5 of 50, Power Purchase Agreement
- 22 i. Please provide a copy of the Assignment Agreement dated December 23, 2009,
23 referred to in Article 1, Section 1.1 (aa)
- 24 g. Page 8 of 50, Harmonized Sales Tax
- 25 i. Please explain the term "part of the same closely related group" and its significance
26 to this project.
- 27 ii. Are both parties to this agreement HST registrants and "part of the same closely
28 related group"?
- 29 iii. If the answer to part ii is yes, then there does not appear to be any situation when
30 the parties will actually pay HST. Please confirm or provide an explanation of why
31 NSPI cannot confirm this statement.
- 32 h. Page 30 of 50, Nova Scotia Environment Environmental Assessment Approval.
- 33 i. Please provide a copy of this approval dated August 24, 2009.
- 34 i. Page 12 of 50, Employment Matters

- i. The statement is made that “The Company has no employees and has never had any employees”. Please explain how the company operates on a daily basis and what human resources the Company has used to cover items such as Development Costs, assignment of contracts and negotiating a contract with Emera Utility Services, etc. Include in your response what company these human resources work for and whether or not the company is an affiliate of NSPI.
- ii. For any “employees” of NSPI or an affiliate of NSPI that the Company has used, please provide the hourly charge rate for each employee and justify that this rate is a “fair market value”.
- iii. Please provide specific details on the human resources who negotiated the Emera Utility Services Contract, e.g. who they work for, and if this is NSPI or a NSPI affiliate, their hourly rate, justification for that hourly rate, etc.

Request IR-7:

Reference Appendix 4 (clause 5.1), Asset Purchase Agreement

Does this mean that NSPI may declare a different amount for tax purposes than the amount paid by it to purchase these assets and or the Board approved amount? If yes, why?

Request IR-8:

Reference Appendix 4, Asset Purchase Agreement

Schedule A, Page 24 of 50 lists an Agreement dated December, 2009 between Scotian Windfields Inc. and 3240384 Nova Scotia Limited. Please provide a copy of the Agreement.

Request IR-9:

Reference Appendix 5, Power Purchase Agreement

- a. Page 12 of 57 defines a term Project Description. This Project Description is to be attached to and be incorporated into the PPA. Appendix A to the PPA is a blank page. Please provide a copy of the Project Description as attached to the PPA.
- b. Page 11 of 57 defines Point of Isolation. Where is the Point of Isolation for this project, and is it the same as the Point of Interconnection?

Request IR-10:

Reference Appendix 6, License to Use Assets and Option Agreement

- 1 a. Please provide a full explanation (in layman's terms) of the purpose of this document
2 and how it fits into the overall project. Include in your response an explanation of the
3 license term, the Section 6 option, the Section 6.7 "put" option, the status of the PPA
4 under each of the possible conditions outlined under this Appendix 6, and any payments
5 that may be made under Section 3.5. Also, include in your response a clear explanation
6 of how this Appendix is expected to operate should the Board approve the present NSPI
7 application.
- 8 b. Please provide responses to the following: (or indicate where they are covered in the
9 response to part a)
- 10 i. Reference Page 2 of 34, "Licensed Assets"
- 11 (1) The definition of the above term includes the words "Assets necessary for the
12 operation of the Project after the Commercial Operation Date". Does this mean
13 that NSPI's affiliate 3240384 Nova Scotia Limited will be operating the plant for
14 NSPI?
- 15 (2) If the answer to part 1 is yes, please provide a copy of any operating agreement
16 between NSPI and 3240384 Nova Scotia Limited.
- 17 (3) Please provide full documentation to prove that this operating agreement meets
18 the Code of Conduct and in particular represents the fair market value for these
19 services. If this agreement does not yet exist, please explain why not and the
20 timetable for finalizing an operating agreement and filing it as part of this project
21 application.
- 22 ii. Reference page 4 of 34, Section 3.5, License Payments
- 23 (1) This section refers to a payment from the Licensee (3240384 Nova Scotia
24 Limited) to the Licensor (NSPI) a fee equal to the sales revenue received by the
25 Licensee under the PPA. It therefore appears that the PPA is still operational
26 after NSPI assumes ownership of the project is this correct?
- 27 (2) Please explain clearly what part the PPA plays in this project after NSPI assumes
28 ownership.
- 29 (3) Please provide details of any estimates of the "revenue" referred to in the above
30 section 3.5.
- 31 (4) Please explain what amounts of this "revenue" are ultimately passed through to
32 rate payers as part of the cost of this project.
- 33 (5) Where and how will the license fee described in Article 3, Section 3.5, page 4 of
34 be credited by NSPI? Will it be part of the FAM?

1 iii. As the performance security under the PPA is defined as an Excluded Asset under
2 the Asset Purchase Agreement, how can and why should NSPI as Licensor return
3 the performance security to 3240384 Nova Scotia Limited as Licensee pursuant to
4 Article 6, Section 6.5, page 8 of 34?

5 iv. [REDACTED]
6 [REDACTED]
7 [REDACTED].

8 v. Who is 3244096 Nova Scotia Limited referred to on page 11 of 34?
9

10 **Request IR- 11:**

11 Reference Appendix 8 – Assignment and Assumption of Leases Agreement

- 12 a. Reference page 1 of 7, the second “whereas” recital. Should the term “Assignee” used
13 in this whereas be “Assignor”. If not, why not?
14

15 **Request IR-12:**

16 Reference Appendix 10, Digby Wind Farm Construction Contract

- 17 a. **IR-12 a. (i. to vii) is confidential.**
18

19 b. Reference page 21 of 54, Article GC 13 CHANGES

- 20 i. Have any Change Orders been issued for this project?
21 ii. If the answer to part i is yes, please provide details including the impact on the total
22 project costs to be paid to the Contractor and on the project’s construction schedule
23 and completion date.

24 iii. [REDACTED]
25 [REDACTED].

26 iv. [REDACTED]
27 [REDACTED].
28

- 29 c. **IR-12c. (i.) is confidential.**
30

31 d. Reference page 24 of 54, Article 18.1

- 32 i. Please provide an update on the status of all permits, licensed, certificates and such
33 other authorizations required for this project. In your response identify those permits,
34 etc that are the Contractor’s responsibility and those that are the Developer’s.

1 ii. Has the obtaining of any permits, etc had an impact on the project schedule? If so,
2 please provide details. In your response identify those permits, etc that are the
3 Contractor's responsibility and those that are the Developer's.

4
5 e. Reference page 29 of 54, Articles 26.9 and 26.10

6 i. Please provide a copy of the latest project Schedule.

7
8 f. Reference page 37 of 54, Article 39.1

9 i. Please provide a copy of the latest Contractor monthly report.

10
11 g. Reference page 44 of 54, Schedule B

12 i. Please provide a copy of all of the documents listed in Schedule B that have been
13 designated with the word "(Attached)". If the document is already part of this filing,
14 simply indicate where it can be found in the filing.

15 ii. The Federal EA Report is listed as "in progress". Has this report been completed? If
16 so, please provide a copy.

17 iii. The Environmental Protection Plan and the Copy of Building Permits are listed as "to
18 be attached". Have these reports been completed? If so, please provide a copy.

19
20 h. Reference page 45 of 54, Schedule B1

21 i. Please provide a copy of the latest version of the following documents from the
22 Schedule B1 list:

23 (1) Overall Schedule;

24 (2) Cost Estimates;

25 (3) Design Criteria Specification;

26 (4) Electrical Schematics, Cable Schedules, Single Line Diagrams;

27 (5) Civil Drawings, General Arrangements, footings and foundations;

28 (6) Works Commissioning Plan.

29
30 i. Reference page 51 of 54, Schedule B3

31 i. Please provide a copy of the latest site layout.

32
33 j. **IR-12 j. (i. to ii.) is confidential.**

1 **Request IR-13:**

2 Reference Appendix 11, Garrad Hassan Report

3 a. **IR-13 a. (i. to iii.) is confidential.**

4
5 b. Reference page 14 of 99, Section 5.2

6 i. Please confirm, or explain why not, the NSPI supplied layout for the wind farm is the
7 latest layout. If not the latest layout, will the new layout have any impact on the
8 estimated wind farm energy production?

9 ii. The second paragraph and the fourth paragraph recommend an approach to the
10 turbine manufacturer, has this been done? If so, what was the result? If not, why
11 not?

12 iii. In the third paragraph, GH expresses concerns about additional losses due to wind
13 management. Has the energy output been reduced due to additional losses due to
14 wind sector management?

15
16 c. Reference page 61 of 99, Wake Effect, last paragraph

17 i. Does this mean that GH has used a conservative approach to compute the net
18 energy output, i.e. it could be greater? If not, please explain why not.

19 ii. What, in GH's estimation, is the impact on the 0.932 factor in the table on page 60 of
20 99, i.e. if the conservative approach was not used how would this factor change?

21
22 d. Reference page 62 of 99, Turbine Availability

23 i. Out of the data base of 25 wind farms, how many of them are located in similar
24 climates to the Digby wind farm?

25 ii. If only the wind farms in a similar climate were used, what would the turbine
26 availability factor be?

27 iii. In NSPI's opinion, based on the operating experience of existing Nova Scotia wind
28 farms, is the GH assumed factor reasonable? If not, what would NSPI recommend
29 as a more reasonable number?

30
31 e. Reference page 63 of 99, Grid Availability

32 i. Is the assumed factor based on GH's experience or is it based on grid availability at
33 the interconnection point to the NSPI grid?

- 1 ii. If the grid availability is based on GH's experience, please supply the NSPI grid
- 2 availability at the Digby project interconnection point to the NSPI grid.
- 3 iii. The last sentence of the 2c paragraph is exactly the same as that of paragraph 2a.
- 4 Is this an error?
- 5
- 6 f. Reference page 60 of 99, Net Energy Output
- 7 i. Where is the Net Energy Output measured, i.e. at the Point of Change of Ownership,
- 8 the Point of Interconnection or elsewhere? Note: these points are as defined in
- 9 Appendix 12, page 111 of 179.
- 10 ii. If the Net Energy Output is not computed at the Point of Interconnection, please
- 11 explain why not and provide the Net Energy Output at the Point of Interconnection.
- 12
- 13 g. Reference page 66 of 99, sections 5b and 5c
- 14 i. Is the percentage degradation due to icing based on GH's data base for wind farms
- 15 or on icing degradation for climatic conditions similar to that expected for the Digby
- 16 wind farm?
- 17 ii. In NSPI's opinion, based on the operating experience of existing Nova Scotia wind
- 18 farms, is the GH assumed factor reasonable? If not, what would NSPI recommend
- 19 as a more reasonable number?
- 20

21 **Request IR-14:**

22 Reference Appendix 12, General Interconnection Agreement

- 23 a. Page 70 of 179, Section 11.5, Provision of Security. Please provide details on the
- 24 security provided from the date of the initial RFP response up to the present time and
- 25 how this may change with NSPI assuming ownership. Include in your response the
- 26 name of the interconnection customer who provided the security and how the provider of
- 27 the security changed when the project was sold to another entity.
- 28 b. There is no date on page 8 of 179 of Appendix 12. However, the signature page 110 of
- 29 179 shows February 4, 2010. Why is this not filled in on page 8?
- 30 c. Page 117 of 179, section 3, refers to a system impact study dated 2008-12-17. Please
- 31 provide a copy of this study. If not part of the system impact study, please provide a
- 32 copy of the project developer's interconnection request and the date of such request.

- 1 d. Page 117 of 179, please provide a single line diagram of the NSPI system showing how
2 the substations affected by this project, e.g. Conway, Gulch, Paradise, Tremont, Tusket,
3 etc, are interconnected.
- 4 e. Page 117 of 179, please explain why a metering upgrade is required on L-5531 and L-
5 5533 at Gulch.
- 6 f. Page 117 of 179, under Revenue Metering, it states that: "Metered quantities to be
7 compensated to the point of delivery at the 77V Conway Substation." Where is the point
8 of delivery defined? Is it the same as the Point of Interconnection? If not, please explain.
- 9 g. [REDACTED]
10 [REDACTED].
- 11 h. [REDACTED]
12 [REDACTED]
13 [REDACTED].
- 14 i. [REDACTED]
15 [REDACTED]
16 [REDACTED].
- 17 j. [REDACTED]
18 [REDACTED].
- 19 k. Page 130 of 179, Section 2.1. This states that Appendix D contains the One line
20 containing the System changes required at various substation. Please indicate clearly
21 on the one line diagrams what changes are required compared to the present
22 configuration.
- 23 l. Page 131 of 179, the second paragraph mentions that a more detailed estimate of the
24 transmission line can be prepared once the final route is established. Has the final route
25 been established, and if so, is the final detailed estimate available? If so, please provide
26 with appropriate backup.
- 27 m. Page 151 of 179
- 28 (1) This single line diagram for the Conway substation shows the interconnection of
29 the 69 KV line from the Digby wind farm to the 69 KV bus. This line termination
30 contains only one 69 KV circuit breaker. Please confirm or explain why it cannot
31 confirm.
- 32 (2) In at least two earlier applications to the Board, a wind farm interconnection
33 required a three breaker ring bus at the interconnection point to the NSPI system.
34 Please explain why a three breaker ring bus is not required for this project.

- 1 n. The GIA attached is with the NSPI affiliate. Was there a GIA with SKYPOWER? If yes,
2 please provide a copy.
- 3 o. Appendix A, page 113 of 179, describes other network upgrades.
- 4 (1) What is the cost of these network upgrades?
- 5 (2) Is this cost included in this project cost?
- 6 (3) The Board has received separate applications for approval of work order
7 numbers CI#38819, CI#33525 and CI#11004, for Caanan Road/Tremont Area.
8 Are any of these network upgrades part of the above work orders? If yes,
9 please identify these with cost estimates.

10 **Request IR-15:**

11 Reference Appendix 13, Assignment and Assumption of Contracts Agreement

- 12 a. Reference page 1 of 7, the second “whereas” recital. Should the term “Assignee” used
13 in this whereas be “Assignor”. If not, why not?
- 14 b. Please provide a copy of the Purchase Order with Magna Electric Corporation listed as
15 item 5 on Schedule A, Page 6 of 6.

16

17 **Request IR-16:**

18 **IR-16, in its entirety, is confidential.**

19

20 **Request IR-17:**

21 **IR-17, in its entirety, is confidential.**

22