NON-CONFIDENTIAL

Undertaking U-1:

At the time that EUS established their price, were they aware of the RFP prices and the CBCL engineering evaluation? What information was available to EUS before it submitted its bid?

Response U-1:

At the time EUS established its price, 324 NSL owned the project and all of the information prepared by or on behalf of SkyPower. While it was the corporate objective that the project be owned by NSPI for the benefit of customers, compliance with the law indicated that at the time EUS established its price, the project would need to be owned independently of NSPI in order to contribute to 2011 RES compliance. Like any other non-regulated private company, 324 NSL was under no obligation to undertake a competitive solicitation, particularly in circumstances where such a process would delay construction and put the federal incentive in jeopardy. 324 NSL needed to complete the project in time to obtain the ecoEnergy incentive. 324 NSL also needed to complete the project at the lowest reasonable cost in order to deliver value under the PPA either within 324 NSL or to enable a possible sale to an independent third party. With this in mind, 324 NSL requested EUS to construct the project.

NSPI concludes that, at the time of 324 NSL's decision to retain EUS, the interests of 324 NSL were therefore aligned with those of NSPI and NSPI's customers to construct the project on a tight schedule at the lowest reasonable cost.

NON-CONFIDENTIAL

Response U-1: (cont'd)

EUS has advised NSPI that it was aware of the pricing information received under the solicitation conducted by SkyPower and the CBCL pricing summary, which were based upon the original design and layout for the project as tendered by SkyPower. 324 NSL requested EUS to provide a proposal for a full EPC contract to detail engineer, procure, construct and project manage the new layout specified by 324 NSL. EUS has also advised NSPI that the following materials were made available to it prior to establishing its price:

- Existing building permits
- General project overview
- Preliminary project schedule from 2009
- Preliminary design engineering drawings from 2009
- Geotechnical study data from 2009
- Preliminary transmission route from 2009
- Topographical survey of turbine sites and access roads from 2009
- Value engineering options proposed to Skypower by potential contractors in 2009
- Revised turbine location layout drawing
- Revised scope description of 'Balance of Plant' construction requirements
- Federal and Provincial environmental assessments
- Interconnection studies
- Sketch showing revised access road route
- Revised substation location
- GE technical specifications for foundation design
- GE technical specifications for electrical system requirements
- GE equipment installation manual
- GE road design requirements

NON-CONFIDENTIAL

Response U-1: (cont'd)

NSPI undertook due diligence on the project construction and other matters prior to determining that the project should be transferred into NSPI. NSPI concluded, based on its due diligence, that the EUS EPC contract price was approximately $4 million lower than the scope-adjusted lowest tender package received from the SkyPower solicitation. Please refer to CA IR-3.

NON-CONFIDENTIAL

Undertaking U-2:

Inquire whether the cost of work performed by subcontractors was subject to a mark-up by EUS.

Response U-2:

NSPI has been advised that EUS did not mark-up specific subcontracts. EUS' overall price reflects the risk and effort associated with engaging and managing subcontractors.

NON-CONFIDENTIAL

Undertaking U-3:

Inquire whether NSL, Emera, or anyone followed up on the suggestion referenced in CA IR 3, CONFIDENTIAL Attachment 1 that doing a comprehensive value engineering analysis would likely result in a significant reduction of the project construction costs and, if so, what was done.

Response U-3:

NSPI has been advised that there was follow up by 324 NSL on the suggestion in the referenced email. A comprehensive engineering analysis was performed by CBCL for 324 NSL which did result in construction costs that were significantly lower than the original tender responses to SkyPower. Please refer to to the response to CA IR-3 as well as CA IR-3 CONFIDENTIAL Attachment 3.

REDACTED

Undertaking U-4:

(a) Provide the bonus clauses from other contracts referred to in UARB IR-12 response and

(b) Provide if bonus provisions were made in PPAs.

Response U-4:

(a) The Contract between NSPI and [redacted] for Trenton 5 Generator Replacement Supply, page 23, item 40A - Bonus for Early Completion states the following:

[redacted]

[redacted]

[redacted]

REDACTED

Response U-4: (cont'd)

[redacted]

[redacted]

This contract is dated November 6, 2007 and is in the amount of [redacted].

The Contract between NSPI and [redacted] for Trenton 5 Generator Replacement Engineering Services, page 20, Schedule B – Fee for Engineer's Services states the following:

[redacted]

This contract is dated April 25, 2008 and is separated into two pieces, a Design Services component in the amount of [redacted] and a Construction Services component in the amount of [redacted].

REDACTED

Response U-4: (cont'd)

(b) While there are no specific bonus clauses in existing PPAs, the PPAs have an inherent incentive in them; in that, if a project delivers energy in advance of the contractually established scheduled Commercial Operations Date (COD), NSPI purchases the energy as it becomes available. Each PPA may include different energy purchase terms; for example, pre-COD at marginal cost for NSPI and post COD at the long term PPA rate.

REDACTED

Undertaking U-5:

Inquire as to how the bonus provision made its way into the EUS contract and how it was arrived at.

Response U-5:

NSPI has been advised that the incentive amount was determined during the contract negotiations. The original all-in contract price was [redacted] for December 31, 2010 completion. 324 NSL sought to assign certain risk to EUS by reducing the contract amount and making an equivalent incentive available. The distribution of that risk across contract components is provided in the following table.

Incentive Calculation:

	Initial Price ($)	**Final Contract Price ($)**	**At Risk / Incentive ($)**
[redacted]	[redacted]	[redacted]	[redacted]
Balance of EPC Contract	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]

The total contract had to be complete by December 20, 2010 to earn the lump sum incentive.

NON-CONFIDENTIAL

Undertaking U-6:

Inquire as to the timeframe of the negotiation between EUS and 324 NSL.

Response U-6:

NSPI has been advised that discussions began in early January 2010 and the contract was executed on February 9, 2010.

NON-CONFIDENTIAL

Undertaking U-7:

Provide the date that the contract with GE was concluded; and provide a copy of the contract.

Response U-7:

The contract was signed on November 18, 2010. Please refer to Confidential Attachment 1.

NON-CONFIDENTIAL

Undertaking U-8:

Provide a comparison of the achieved cost in the O&M contract with the embedded cost in the financial model and advise if it affects the application in any way.

Response U-8:

Please refer to Confidential Attachment 1 for a comparison of the GE Operating Support Agreement (service contract) as originally filed and as updated for the agreement signed on November 18, 2010. The recently signed contract costs are lower than what was forecast when NSPI filed its Application. This increases the NPV of the project by $1.5 million. The revised levelized cost is decreased by $1.79/MWh.

NON-CONFIDENTIAL

Undertaking U-9:

Advise if any of the contractors used to do the EUS contract were affiliates of EUS or Emera.

Response U-9:

No contractors hired by EUS were Emera affiliated companies.

NON-CONFIDENTIAL

Undertaking U-10:

If there is an interest cost associated with the GIA related deposits paid by 324 NSL to NSPI, quantify it.

Response U-10:

There was no interest cost associated with the GIA security deposits from 324 NSL. NSPI has the discretion to determine the appropriate form of security provided under the GIA. Letters of authorization were provided by 324 NSL confirming that NSPI was authorized to debit 324 NSL accounts in the amounts of the deposits required. NSPI held those authorizations as security. 324 NSL was released from its authorizations when it was determined that the security was no longer needed.

Undertaking U-11:

Provide the specific clause in the lease respecting land use.

Response U-11:

Below is the standard wording found in the turbine land leases, confirming that land owners will not interfere with the operation of the wind farm.

10. PROPERTY OWNER'S USE OF PROPERTY

(1) 3240384 confirms that the intent of this Agreement is to ensure, subject to 3240384's Uses and its other rights under this Agreement, that the Property Owner may continue his or her use and occupancy of the Leased Land. 3240384 therefore expressly grants to the Property Owner a license (the "License") to use and access the Leased Land for any purposes (including, without limitation, agriculture, ranching and mineral development), and to sub-license the Leased Land to other persons and entities for such purposes, and any income derived by the Property Owner from such use shall belong entirely to the Property Owner; provided, however, that in exercising such rights, the Property Owner shall not interfere with 3240384's Use or its enjoyment of the rights hereby granted; and provided further that any such sub-license shall expressly provide that it is subject and subordinate in all respects to this Agreement and to the rights of 3240384 herein.

(2) Subject to Section 15 hereof and the rights of 3240384 under this Agreement, the Property Owner and any agricultural or forestry sub-licensee may use, without charge, any all-weather roads constructed on the Leased Land by 3240384. However, 3240384 may require any other third parties to execute satisfactory road maintenance agreements before they may use any such roads.

(3) Once constructed, 3240384 agrees to maintain and repair all roads constructed by 3240384 on the Leased Land throughout the Term.

Response U-11: (cont'd)

15. NO INTERFERENCE

(1) 3240384 shall have quiet possession of the Leased Land throughout the Lease Term, subject only to the Property Owner's ongoing rights under the License. 3240384, in performing and observing the covenants and conditions contained in this Agreement, shall peacefully hold and enjoy the rights hereby granted without hindrance, molestation or interruption on the part of the Property Owner, or of any person claiming by, through, under or in trust for the Property Owner.

(2) (a) Neither the Property Owner's activities nor the exercise of any rights given or granted by the Property Owner to any other person or entity (whether exercised on the Property, the Leased Land or elsewhere), shall, currently or prospectively, materially interfere with

(i) 3240384's access to the Leased Land or the Other Project Lands;

(ii) the Use of the Leased Land or the Other Project Lands by 3240384;

(iii) the exercise of3240384's rights under this Agreement, or

(iv) the undertaking of any other activities permitted hereunder.

(b) Without limiting the generality of the foregoing, throughout the Term, the Property Owner shall not do or permit to be done anything on the Property (including the Leased Land) which may interfere with or reduce the effectiveness or the safe operation of the Works, or anything that may interfere with or alter the wind speed or wind direction across or over the Leased Land or otherwise cause a decrease in the output or efficiency of the Works.

Response U-11: (cont'd)

(c) Notwithstanding the foregoing sentence, the Property Owner may construct buildings or other structures and plant trees on the Property (including the Leased Land) provided that it first obtains 3240384's written consent. 3240384 will not withhold its consent, unless in its reasonable judgment the proposed buildings, structures or trees would conflict with the Property Owner's obligations under Sections l5(2)(a) or (b).

28. FURTHER ASSURANCES

(2) The Property Owner shall fully support and cooperate with (and shall cause any other person or entity with any other right, title or interest in the Leased Land to fully support and cooperate with) 3240384 in the Operation of the Works and in otherwise giving effect to the purpose and intent of this Agreement, including, without limitation, in 3240384's efforts to obtain from any governmental authority or any other person or entity any environmental impact review, permit, entitlement, approval, authorization or other rights necessary or convenient in connection with 3240384's Use of the Property.

REDACTED

Undertaking U-12:

IN CAMERA - Redo analysis using [redacted] MWh of annual production and using a midpoint which NSPI can choose.

Response U-12:

In the table below NSPI is providing an update to the economic analysis filing to reflect the updated O&M costs as per the Operations Support Agreement signed with GE after NSPI's Application was filed (see U-8), updated construction costs, and appropriate PPA pricing for the incremental energy rate. As noted at the hearing, construction is complete. It is now certain that costs will be at least $2.0 million lower than anticipated at the time of filing.

MWh (Annual Production)	MWh Profile	Capital ($ Millions)	NPV ($ Millions)	Levelized Cost ($/MWh)	PPA Price Comparison ($/MWh)
110,380	10 year average, ramped	$80.8	$6.6	$83.22	[redacted]

As requested by the UARB, NSPI completed the following sensitivities:

Sensitivity	Adjusted MWh (Annual Production)	MWh Profile	Capital ($ Millions)	NPV ($ Millions)	Levelized Cost ($/MWh)	PPA Price Comparison ($/MWh)
1	85,600	Flat	$82.8	($12.1)	$111.49	$92.00
2	100,000	Flat	$82.8	($2.3)	$95.65	$92.00

Sensitivities 1 and 2 provide the NPV and levelized cost using the [redacted] MWh and 100,000 MWh production values respectively. NSPI assumed a flat production profile through the life of the project. The PPA price remained as originally filed at $92/MWh as the annual production threshold of 102,720 MWh has not been met which would result in the incremental energy rate being applicable.

REDACTED

Response U-12: (cont'd)

In addition, NSPI updated the above sensitivities to reflect the lower construction costs and revised O&M costs noted above. The results are as follows for sensitivities 3 and 4:

Sensitivity	Adjusted MWh (Annual Production)	MWh Profile	Capital ($ Millions)	NPV ($ Millions)	Levelized Cost ($/MWh)	PPA Price Comparison ($/MWh)
3	85,600	Flat	$80.8	($9.3)	$107.17	$92.00
4	100,000	Flat	$80.8	$0.6	$91.86	$92.00

NSPI has also provided below a fifth sensitivity showing production at 120,000 MWh so that the Board can understand the potential upside of increased production from the project over what NSPI estimated in the filed models.

Sensitivity 5 reflects the revised construction costs as noted above, and revised O&M costs to reflect the Operations Support Agreement signed with GE after the original Application was submitted. This sensitivity also includes the appropriate PPA pricing for the incremental energy costs. In this model, NSPI used the average annual marginal cost (base case load) from Strategist for the Port Hawkesbury Biomass Plans as the incremental energy rate. NSPI calculated what the average PPA price would be with the incremental energy rate, to be used as a comparison against the levelized cost, resulting in a comparison PPA price of $[redacted]/MWh.

Sensitivity	Adjusted MWh (Annual Production)	MWh Profile	Capital ($ Millions)	NPV ($ Millions)	Levelized Cost ($/MWh)	PPA Price Comparison ($/MWh)
5	120,000	10 year average, ramped	$80.8	$11.9	$76.55	[redacted]

REDACTED

Response U-12: (cont'd)

NSPI filed the Assessment of the Energy Production of the Proposed Digby Wind Farm as Appendix 11 of the Application because it considers the report a balanced evaluation of the wind regime on the Project site. The GH report indicates that it is 90% likely that the 10-year average will be at least 98.9 GWh (Appendix 11, page 5). The 85.6 GWh sensitivity provided is well outside that band. The 110.4 GWh production value used in NSPI's Application, which is the P50 per the GH report, remains the best estimate of generation from this facility.

REDACTED

Undertaking U-13:

IN CAMERA - Provide what the pricing of the PPA energy would be at the projected incremental rate.

Response U-13:

As requested by the UARB, NSPI adjusted the models as filed by updating the PPA price for the incremental energy rate. The revised NPV is $3.7 million. The levelized cost remains the same at $86.71/MWh because the Levelized Capitalization Model does not use the PPA pricing in the calculation. NSPI also calculated the average PPA price with the incremental pricing in effect, to be used as a comparison against the levelized cost, resulting in a revised PPA price of $[redacted]/MWh. In this model, NSPI used the average annual marginal cost (base case load) from Strategist for the Port Hawkesbury Biomass Plans as the incremental energy rate.

NSPI also updated the models to reflect revised construction costs (referenced in U-12), and O&M costs to reflect the Operations Support Agreement signed with GE after the original application was filed (see U-8). This resulted in an NPV of $6.6 million, and a levelized cost of $83.22/MWh. The comparison PPA price remains the same at $[redacted]/MWh.

REDACTED

Undertaking U-14:

IN CAMERA - Provide a breakdown of all of the amounts paid to Scotian Windfields and what they were paid for.

Response U-14:

The development work undertaken by Scotian Windfields included: prospecting the site, environmental studies, wind studies, payment for and erection of the meteorological towers, negotiation of the PPA with NSPI, preliminary engineering, preliminary geotechnical, project design, community relations, aboriginal studies, managing the interconnection process, and sourcing equipment.

The following table shows a breakdown of amounts paid to date to Scotian Windfields.

Description	Payment Amount ($)	Payment Date
[redacted]		