

December 13, 2010

Nancy McNeil,  
Regulatory Affairs Officer/Clerk  
Nova Scotia Utility and Review Board  
1601 Lower Water Street, 3<sup>rd</sup> Floor  
PO Box 1692, Unit "M"  
Halifax, NS B3J 3S3

**Re: Nova Scotia Power Inc. – 2009 IRP Update – Action Plan Status Report; P-884/Matter No. M03441**

Dear Ms. McNeil,

In the Utility and Review Board's (UARB) letter of November 26, 2010, the UARB directed that:

Each Action Plan Status Report will identify the instances in which demand or supply side resources have deviated from those included in Plan A. In each instance the reasons for the deviation and its effects will be explained.

The Board further indicated that this information was required from NSPI with respect to the August 4, 2010 Action Plan Status report by December 13, 2010.

Please accept this correspondence in response to the Board's directive.

All plans produced as a result of an IRP are based upon a set of basic assumptions which were estimates and forecasts related to demand, supply resource availability and cost, and anticipated constraints. The Basic Assumptions for the 2009 IRP were set as of June 11, 2009. Plan A was identified as the Reference Plan in the 2009 IRP Update because it was the low cost plan. A Reference Plan is not a proscriptive plan, nor a plan that NSPI must follow in terms of each element and the timing thereof.

A close comparison of Plan A to the actual actions taken and results obtained may not provide the Board with much value, since there would have been no expectation by IRP participants that the June 11, 2009 Basic Assumptions would unfold exactly as established, without variance for circumstances over time.

As articulated by the Board's Consultants, Plan A identifies a strategy. Essentially the same strategy was called for in the 2007 IRP and is called for other plans highlighted by the 2009 IRP Update:

Plan A, the Reference Plan which emerged from the IRP Update, established a clear strategy for meeting the Company's future resource needs. The strategy calls for significant investment in DSM programs and new renewable generation as well as upgrades to NSPI's existing generation fleet. As NSPI noted in its report, the results from other plans, particularly B and E, support this strategy. The strategy is broadly the same as that identified in the 2007 IRP Report. The UARB Consultants support adoption of this strategy for meeting NSPI's future resource needs.<sup>1</sup>

NSPI's August Action Plan Update Report confirms that the IRP strategy, as referenced in the above quote, is being followed.

Please see below a table providing Plan A, with status of supply side items as of December, 13, 2010, identification of any differences, and reasons for the differences and their effects. To the extent that it has only been one year since the IRP Update, the majority of the line items do not have status updates to report.

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<sup>1</sup> 2009 IRP Update Report, November 30, 2009, Appendix B, Statement concerning IRP Update Development, Results and Recommendations, page 2 of 3.

| Year | NSR<br>(GWh) | Plan A                                                                                         | As of December 13,<br>2010                                                                                                                              | Differences from<br>Plan A | Reason for<br>Differences | Effect of<br>Differences |
|------|--------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------|--------------------------|
| 2010 | 12,398       | TUC 6 (Nov)                                                                                    | Scheduled to be complete Q1 2011.                                                                                                                       | N/A                        | N/A                       | N/A                      |
|      |              | Activated CI (7 PC units)                                                                      | Complete                                                                                                                                                | N/A                        | N/A                       | N/A                      |
|      |              | LS, Low BTWU Coal Burn (Lin 1-4/Tup)                                                           | Completed in late 2009. See Action Plan Status Report dated August 4, 2010.                                                                             | N/A                        | N/A                       | N/A                      |
| 2011 | 12,320       | Contract Wind 308MW (100MW Firm)<br><i>(Plus transmission and load following requirements)</i> | Scheduled to be online in 2011. See also Action Plan Status Report dated August 4, 2010.                                                                | N/A                        | N/A                       | N/A                      |
|      |              | Marshall Hydro (4.2MW)                                                                         | Proceeding with preliminary engineering in preparation for advanced engineering and cost estimates. See Action Plan Status Report dated August 4, 2010. | N/A                        | N/A                       | N/A                      |

| Year | NSR<br>(GWh) | Plan A                           | As of December 13,<br>2010                                | Differences from<br>Plan A                  | Reason for<br>Differences                                                                                                                                                                                                                                                  | Effect of<br>Differences                                                                                                                                     |
|------|--------------|----------------------------------|-----------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2012 | 12,225       | Biomass co-fire<br>(4 units)     | See Action Plan<br>Status Report dated<br>August 4, 2010. | N/A<br><br>Port Hawkesbury<br>Biomass Plant | N/A<br><br>The justification for<br>this project was<br>provided in capital<br>work order<br>CI#39029.<br>The UARB<br>approved the<br>capital work order<br>on October 14,<br>2010. The project<br>schedule anticipates<br>this plant to be in<br>service by late<br>2012. | N/A<br><br>The project is<br>consistent with<br>the strategy<br>confirmed<br>through the IRP<br>Update. It will<br>assist in meeting<br>RES<br>requirements. |
| 2013 | 12,016       | Coal uprate + 15<br>MW (2 units) | See Action Plan<br>Status Report dated<br>August 4, 2010. | N/A                                         | N/A                                                                                                                                                                                                                                                                        | N/A                                                                                                                                                          |
| 2014 | 11,837       |                                  |                                                           |                                             |                                                                                                                                                                                                                                                                            |                                                                                                                                                              |
| 2015 | 11,651       |                                  |                                                           |                                             |                                                                                                                                                                                                                                                                            |                                                                                                                                                              |
| 2016 | 11,449       |                                  |                                                           |                                             |                                                                                                                                                                                                                                                                            |                                                                                                                                                              |
| 2017 | 11,256       |                                  |                                                           |                                             |                                                                                                                                                                                                                                                                            |                                                                                                                                                              |

| Year                                               | NSR<br>(GWh) | Plan A                                                                | As of December 13,<br>2010 | Differences from<br>Plan A | Reason for<br>Differences | Effect of<br>Differences |
|----------------------------------------------------|--------------|-----------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|--------------------------|
| 2018                                               | 11,079       | Biomass co-fire<br>(1 unit)<br>Baghouse (2<br>units)<br>FGD (2 units) |                            |                            |                           |                          |
| 2019                                               | 10,909       | Biomass co-fire<br>(1 unit)                                           |                            |                            |                           |                          |
| 2020                                               | 10,734       | Biomass co-fire<br>(2 units)                                          |                            |                            |                           |                          |
| 2021                                               | 10,559       |                                                                       |                            |                            |                           |                          |
| 2022                                               | 10,398       |                                                                       |                            |                            |                           |                          |
| 2023                                               | 10,236       |                                                                       |                            |                            |                           |                          |
| 2024                                               | 10,077       |                                                                       |                            |                            |                           |                          |
| 2025                                               | 9,913        |                                                                       |                            |                            |                           |                          |
| 2026                                               | 9,759        |                                                                       |                            |                            |                           |                          |
| 2027                                               | 9,607        |                                                                       |                            |                            |                           |                          |
| 2028                                               | 9,457        |                                                                       |                            |                            |                           |                          |
| 2029                                               | 9,310        |                                                                       |                            |                            |                           |                          |
| 2030                                               | 9,165        |                                                                       |                            |                            |                           |                          |
| 2031                                               | 9,023        |                                                                       |                            |                            |                           |                          |
| 2032                                               | 8,882        |                                                                       |                            |                            |                           |                          |
| NPV 2008-<br>2032<br>(M\$)                         |              | 10,007                                                                |                            |                            |                           |                          |
| Study<br>Period (M\$)<br>(Includes<br>End Effects) |              | 13,335                                                                |                            |                            |                           |                          |

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In addition, the Board's above directive requests an update on demand side resources and to identify any differences. The August 4, 2010 Action Plan Status Report reported on the Board Evaluation and Verification results from 2008/2009, which was also part of the evidence in the 2011 DSM proceeding. The 2010 results will not be available until year end, but will be a part of the 2012 DSM filing made by Efficiency Nova Scotia Corporation in February 2011.

The 2008/2009 verified results were as follows:

**2008/2009 Results**

|              | <b>GWh<br/>Target</b> | <b>GWh<br/>Result</b> | <b>MW<br/>Target</b> | <b>MW<br/>Result</b> | <b>Evaluated</b> | <b>Verified</b> |
|--------------|-----------------------|-----------------------|----------------------|----------------------|------------------|-----------------|
| <b>2008</b>  | 16.06                 | 21.41                 | 2.09                 | 4.68                 | ✓                | ✓               |
| <b>2009</b>  | 50.26                 | 64.37                 | 6.76                 | 10.26                | ✓                | ✓               |
| <b>Total</b> | 66.32                 | 85.78                 | 8.85                 | 14.94                | ✓                | ✓               |

The reason for the difference is simply that the DSM programs have been more successful than the targets set to date. The effect is very difficult to measure at this early stage. It will be more important to consider the long-term success of DSM rather than the effect of exceeding targets in early years.

NSPI respectfully requests that the Board advise whether it continues to require this information as a part of future Action Plan Status Reports on a go forward basis.

Yours truly,



Nicole Godbout  
Regulatory Counsel

c: S. Bruce Outhouse, Q.C.  
J. René Gallant  
Mike Sampson  
2009 IRP Update Participants