Nova Scotia POWER
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March 23, 2012

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

RE: CI# 40103 - U&U Load Control Demonstration Project Update

Dear Ms. McNeil,

Nova Scotia Power Inc. ("NS Power") is currently engaged in a collaborative research project known as PowerShift Atlantic. It is led by New Brunswick Power in partnership with Saint John Energy, Maritime Electric, Nova Scotia Power, New Brunswick System Operator, the University of New Brunswick, Natural Resources Canada ("NRCan"), the Government of New Brunswick and the Government of Prince Edward Island. The focus of the project is to study the effectiveness of load control technologies, and how they can aid in the integration of variable renewable energy sources like wind.

NS Power's participation and associated costs were described in CI# 40103 – U&U Load Control Demonstration, approved by the UARB on November 23, 2010.

In its approval letter, the UARB directed NS Power to provide updates on the progress of the project:

> As NSPI has described this as an innovative project, and to ensure that the benefit of the project continues, the Board requests NSPI to advise it of the progress of the project. In particular, NSPI is to advise if any of the decision points described in the response to IR-16, which would impact the scope or continuation of NSPI's participation, have resulted in a change in NSPI's involvement.

NS Power's response to IR-16 regarding this work order, submitted to the UARB on November 12, 2010, stated:

> Key decision points for the continuation of this project would be the deadline of November 30, 2010 for NSPI to receive approval from the UARB for its capital work order submission, as well as the deadline of December 31, 2011 for NSPI to secure the remaining $2.4M of funding. Securing this 'Other Funding' will ultimately determine the final scale (scope/ size) of the project. (not a go/no go per se, but a key decision point on the final size of the NS project).

As directed, this letter provides revised information regarding the scope and size of the project.

As discussed in IR-16, NS Power anticipated two possibilities for the scope of the Nova Scotia project, a larger project based on the possibility of securing up to $2.4 million from other partners, or a smaller scope if such funding could not be secured. This potential for a smaller scope was therefore built into NS Power's participation agreement.

On November 14, 2011, NS Power provided notice to the project partners that it was not able to secure this $2.4 million, and that it would therefore adjust the scope of the Nova Scotia project accordingly.

Subsequent to NS Power's notice regarding the smaller scope in Nova Scotia, NB Power identified the possibility of increasing their investment level to add more scope in New Brunswick, provided that they could receive the full matching funding from NRCAN. NS Power understands their idea was to take advantage of planned NRCAN matching funds that were "freed up" by the reduction of scope in Nova Scotia. This proposal was accepted by Power Shift Atlantic's Executive Oversight Committee in December 2011. Along with some small increases in the Maritime Electric and Saint John Energy projects, this significant increase by NB Power results in NRCAN continuing to provide up to $16 million in matching, as was contemplated in the original agreements.

The NS Power project team would be pleased to speak with Board staff if they have any further inquiries.

Regards,

Kerry Jennex, CMA
Acting Director, Retail Operations