Nova Scotia Utility and Review Board

Renewable Energy Community Feed-In Tariffs

BRD-E-R-10

LETTERS OF COMMENT

1	Paul Pynn, President Eon WindElectric Inc.
2	Jean Melanson, Warden Municipality of Clare, council@municipality.clare.ns.ca
3	Cassie Turple, Wood Product Manufacturers Association of Nova Scotia, cassie@ledwidge.ns.ca

March 22, 2011

Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
3rd Floor, Summit Place
1601 Lower Water Street
Halifax, Nova Scotia B3J 3P6

Geoff Keith
Synapse Energy Economics, Inc.
22 Pearl Street
Cambridge, MA 02139

Re: BRD-E-R-10 Renewable Energy Community Feed-in Tariffs

Dear Ms. McNeil and Mr. Keith:

By way of background, Eon WindElectric is the project manager for the Watts Wind Project and is additionally a founding shareholder. Eon has been involved in over 200MW of wind turbine installations in Atlantic Canada. Watts Wind Energy Inc is the community economic development corporation constructing the 1.5MW Watt Section, Sheet Harbour project which was erected last week and which we expect to commission this week. Watts Wind Energy includes a highly experienced team of wind engineers, an energy and securities lawyer and a capital markets professional.

We are currently in the process of securing senior debt to replace our temporary and very expensive construction financing.

We believe that Synapse's approach has been robust and appropriate. However, Watts Wind Energy and Seaforth Power find serious fault with the following four items in Synapse's testimony, based on our experience with the Watt Section project and other projects:

1. <u>Loan Amortization Period</u> – *10 years is 'market' in NS*

The Synapse testimony cites that "we also heard from lenders that a 15-year amortization was possible…". The testimony should properly reflect what is probable and not that which is said to be "possible" by lenders as so doing would leave open the question as to what concessions would be necessary to enable that 'possible' term. Our actual experience on the Watt Section project, after in-depth discussions with multiple lenders is that there is almost no appetite to lend to projects such as these. The senior debt we are currently awaiting approval on includes a ten year amortization period. Unless Synapse can cite another more generous offer having been extended to a similar project in Nova Scotia, than this ten year period is the appropriate one to use in the model.

2. <u>Interest During Construction</u> – *20% is 'market' in NS*

The Synapse evidence on interest during construction is based on their own assumptions and does not cite any consultation with experienced providers of construction financing. Our experience with the Watt Section project has been very real. In spite of a PPA with NSPI and a very credible and experienced team, we were unable to secure any construction financing from traditional, senior Canadian lenders. Our need to rely on a non-traditional lender for the construction financing resulted in a rate of interest more than twice that assumed by Synapse. The market for construction financing in Nova Scotia for single turbine, large wind projects has been an interest rate of 20% and therefore that rate should be used by Synapse in their model.

3. <u>Cost of Equity</u> – *Start-up projects require rates of return >20%*

Equating the cost of equity for a single turbine, 1.5MW wind project backed by a community group to that of Heritage Gas is inappropriate. The latter has the scale and resources to employ full-time, highly experienced professionals and directors, and can draw on the resources of its parent, AltaGas. The former is more akin to a start-up venture for which returns in excess of 20-30% are expected. This has been 'market' in Nova Scotia, as informed by our Watt Section project.

4. <u>Installed Cost</u> <u>*– The experience has been $4.2 million*</u>

On page 22 of the testimony, from line 21, nine entities are cited as having been consulted in order to inform Synapse's assumption of a $3.7 million total project cost. The only community economic development corporation to have actually developed a single turbine, 1.5MW wind project, however, is Watts Wind Energy and Eon Windelectric, our partner on the Watt Section project. The experience of Eon and Watts Wind Energy has been the $4.2 million project cost mentioned in the testimony. Given Eon's exclusive experience in this area among the nine entities consulted, and the actual real-life costs incurred by Watts Wind Energy, a heavier weighting should be used on their actual, recent experience.

Many thanks for your consideration to these points and please contact us if you have any questions.

Sincerely,

Paul Pynn
President
Eon WindElectric Inc.

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Nova Scotia
Utility and Review Board

March 17, 2011

Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
3rd Floor, Summit Place
1601 Lower Water Street
Halifax, Nova Scotia B3J 3P6

Re: NSUARB-BRD-E-R-10 Renewable Energy Community Feed-in Tariffs

Dear Ms. McNeil:

In response to the evidence submissions on the BIOMASS CHP COMFIT, the Municipality of Clare is pleased to provide the following feedback:

Proposed BIOMASS CHP tariff

We would like to see an increase in the proposed rate that reflects the high labor cost associated with boiler engineers. We would like to see the proposed rate for CHP (combined heat and power) biomass generators increased by at least 2 cents/KWh to compensate for the increased labor costs associated with the legislated requirement of having boiler engineers on site 24/7.

Please contact us if you have any questions.

Sincerely,

Jean Melanson

Jean Melanson
Warden
Municipality of Clare

Wood Product Manufacturers Association of Nova Scotia

PO Box 1303, Truro, Nova Scotia B2N 5N2

Nova Scotia Utility and Review Board
3rd Floor 1601 Lower Water St.
PO Box 1692 Unit M
Halifax, NS B3J 3S3

Re: Community Feed-In Tariffs

March 28, 2011

To Whom It May Concern:

The Wood Product Manufacturers Association of Nova Scotia (WPMANS) is comprised of independent forestry-related businesses residing in Nova Scotia. Its history spans over the past 30 years. Many of our businesses are family-owned and operated (now within management of third or fourth generations) with long histories of operation within the province of Nova Scotia.

The "Alliance of Nova Scotia Sawmillers"; of which Mr. Fenton Travis of Marwood Ltd. will be presenting evidence on behalf of in the matter of Nova Scotia's Community Feed-in Tariff (COMFIT) process; has the full support of WPMANS.

Sincerely,

C. Turple

Cassie Turple
President