Nova Scotia Utility and Review Board

IN THE MATTER OF *the Electricity Act*, 2004 c. 25, s.1, as amended by 2010, c.2

- and -

IN THE MATTER OF a hearing to determine Renewable Energy Community Based Feed-in Tariffs

Reply Submission

May 6, 2011

Please accept this submission on behalf of Nova Scotia Power Inc. with respect to the Utility and Review Board's proceeding to set community feed-in tariffs (COMFIT) pursuant to the *Renewable Electricity Regulation*s and the recently amended *Electricity Act*.

Nova Scotia Power has appreciated the opportunity to participate in the Board's consultation process as well as the formal proceeding as an interested party. Electricity purchased by Nova Scotia Power from qualifying renewable COMFIT generators under the tariffs set by the UARB will count towards Nova Scotia Power's Renewable Electricity Standard (RES) requirements and plays an important part in the province's Renewable Electricity Plan.

Closing submissions were submitted to the Board on April 28, 2011. Reply to those submissions is required by May 6, 2011. By this submission, Nova Scotia Power provides a brief Reply to two the suggestions made to the UARB by the Ecology Action Centre (EAC). In particular, under the subheading Recommendations at pdf pages 9 and 10 of the EAC's closing submission, it states:

> Recommendations:
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> 1. Based on the Board's own consideration of distribution zone constraints in the Net Metering decision earlier this year (EAC Exhibit A), The Board should consider distribution zone availability and capacity issues as unresolved, as such, the EAC suggests the following:
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>   a. As soon as possible, a distribution grid assessment must be provided by NSPI, and the Board should direct NSPI-SO to provide this information in a transparent and accessible manner,
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>   b. An access guarantee requirement is introduced that NSPI connect a certain MW capacity of COMFIT projects by 2015, with grid upgrade costs following on NSPI,

2. These issues of grid access must be shown to be resolved by Government and NSPI through the implementation of, for example, a transparent and accessible grid information resource, perhaps in the form of perhaps an Online Mapping Tool showing the available distribution zone capacity levels throughout the Province of Nova Scotia (as has been done in other successful FIT programs in other jurisdictions)

3. This should be required before a rate is set for COMFIT in the province of Nova Scotia to boost investor confidence, invigorate community stakeholders renewable development interest and support collaborative and technologically suitable COMFIT projects.

4. Such a level of informational transparency will support investor confidence and thus investment through CEDIFs and other equity raising and debt-lending mechanisms that are absolutely required to financially support eligible stakeholders in cost-effectively developing COMFIT projects in Nova Scotia, as was intended to be the case through the COMFIT policy and amendments to the Electricity Act.[1]

EAC's reference to the distribution capacity issue in the net metering decision is to the UARB's decision to decline Nova Scotia Power's request for an initial 20 MW capacity limit on the enhanced net metering program proposed by the Company. As noted by the Chair in the COMFIT hearing[2], the reason for the requested 20 MW capacity limit was not because of a capacity constraint issue (as was suggested by EAC and the Nova Scotia Sustainable Electricity Alliance through their joint pre-filed evidence and cross examinations) but rather because of a desire to have a trigger for a review process to review the impact of uptake on the program on costs to other customers. The Board determined that it did not need to impose a 20 MW limitation to trigger such a review as the Company can initiate a request for a review of these issues at any time.

[1] Ecology Action Centre Closing Submission, April 28, 2011, pdf pages 9 and 10.
[2] COMFIT Hearing Transcript, NSUARB BRD-E-R.10April 5, 2011, pages 620-621, lines 15-22 and lines 1-4.

NSPI provided evidence in the enhanced net metering proceeding in answer to the specific question of why it was proposing a 20 MW limitation in HRWC IR-4. The answer as filed is reproduced below:

> The 20 MW cap is intended as a more suitable replacement of the current cap as set at 0.5 percent of NSPI's historical peak demand. It represents a near 100 percent increase in the enrolment limit. Its purpose remains essentially the same. It is intended as a regulatory mechanism that will trigger a review of the cost implications of the net metering service on the utility and non-participating customers when service uptake approaches the established enrolment limit.
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> The selection of 20 MW is motivated by the perceived needs of two distinct customer classes. Class 1 Net Metering Service, designed to cater to the needs of the currently eligible customers, is allocated a 5 MW limit which is approximately ten times the current enrolment level. Class 2, designed to serve larger applications not eligible under the current service offering, is allocated a 3 times higher limit of 15 MW in reflection of the anticipated better economics of these larger applications.[3]

There is no evidence before the Board in the COMFIT proceeding, nor was there in the enhanced net metering proceeding, to suggest that the government's statements about the overall capacity of Nova Scotia Power's distribution system, as provided in the Renewable Electricity Plan, are unreasonable. Nova Scotia Power is committed to working with the government and potential developers under the COMFIT towards meeting the government's intentions for the overall size of the COMFIT program.

The Nova Scotia Power System Operator has been working directly with potential COMFIT developers to provide them with timely, transparent and current information about the distribution system in relation to their specific intended projects, and with consideration to the size and type of generator and intended location. It will continue to do so. There is no evidence before the Board indicating any issues with this process which could support EAC's recommendation in this regard and the Board should decline to accept this recommendation.

[3] Proposed Enhancements to Regulation 3.6 – Net Metering; NSUARB P-188, NSPI(HRWC) IR-4.

Further, EAC recommends that the UARB direct Nova Scotia Power to be mandated to connect a specific (though unstated) level of MW of COMFIT projects by 2015. As a part of this request, EAC appears to request a directive that Nova Scotia Power incur capital costs on behalf of all customers to upgrade the distribution grid to accommodate such a requirement. With respect, this request falls outside of the authority of the UARB. Pursuant to its obligations under the *Electricity Act*, NSPI will connect eligible COMFIT projects and pay them the Board-approved tariff. NSPI already has a RES requirement for 2015 and expects COMFIT electricity to play a role in meeting that requirement. This proceeding is established to set tariffs for community renewable energy only. There is no evidence before the Board that would support EAC's recommendation in this regard and the Board should decline to accept this recommendation.

Nova Scotia Power appreciates the opportunity to participate in this proceeding and looks forward to the Board's decision and the establishment of the tariffs.