NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE *PUBLIC UTILITIES ACT*

- and -

IN THE MATTER OF RENEWABLE ENERGY COMMUNITY FEED-IN-TARIFFS (M03632)

REPLY ARGUMENT ON BEHALF OF COMMUNITY WINDS FARMS INC. AND LAHAVE RENEWABLES

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INTRODUCTION

As in the evidence which was presented to the Board, we will restrict our comments to the establishment of a tariff for wind > 50 kW.

We wish to thank Synapse for their engagement of stakeholders and for their considerable efforts in the development of specific proposals for COMFIT rates.

RATE FOR "LARGE WIND"

The rate developed by Synapse for Wind (greater than 50kW) was \$139/MWh and this formed the basis of the COMFIT proceeding.

Having regard for the intent of Government "*to encourage a range of projects widely dispersed throughout the province, this plan establishes a community-based feed-in tariff (COMFIT) for an expected 100 megawatts of renewable electricity projects connected to the grid at the distribution level"* (Evidence B-32, p 4), we would submit that Synapse's general approach of identifying the lowest rates that it believes will result in a reasonable level of development activity is an appropriate approach to the setting of COMFIT rates.

In the Closing Submission of the Consumer Advocate, it is mistakenly asserted on page 7 that rates should not be based on cost recovery. Page 7 of the evidence presented by Synapse (Exhibit B-1) states that:

Q. PLEASE DESCRIBE THE PROJECT TEAM'S OVERALL APPROACH TO THE BALANCING OF COSTS AND POLICY OBJECTIVES?

A. The regulations governing the development of the COMFIT rates clearly call for them to be cost-based. However, the development of such rates requires the exercise of judgment. Our approach has been to balance the impact of the COMFIT program on the cost of electricity against the desire to foster the development of COMFIT projects. To balance the two we have proposed the lowest rates that we believe will result a reasonable level of development activity in each resource class.

In page 7 of his Closing Argument the Consumer Advocate *submits that in carrying out the balancing of considerations the Board should give recognition to the potential for the beneficial characteristics of community organisations by adjusting downwards the recommended tariffs* and that in particular (page 5) *the community .... should be willing to participate in a community project .... for less than market returns*. However, in cross-examination, (transcript of Hearings April 7th, 2011, pages 946-947), the Consumer Advocate was unable to provide any evidence as to the existence of institutions or mechanisms which might provide capital on the scale required for large wind projects at less than market rates. I would assert that in the absence of any mechanism which might provide capital at less than market rates, the rates proposed by Synapse (and supported by their evidence) should be accepted.

In page 5 of his Closing Argument the Consumer Advocate asserts that *a community organisation may have support from reduced property taxes, streamlined permitting, or community labour or in-kind contribution*. No evidence was provided in either the Evidence provided by the Consumer Advocate, the Testimony of the Consumer Advocate at the Hearings or in the Closing Argument that this might significantly reduce either the development costs or ongoing operating costs of a large wind project assumed by Synapse in their Model. I would assert that in the absence of any evidence of such reduced costs, that the rates proposed by Synapse (and supported by their evidence) should be accepted.

In page 10 of his Closing Argument the Consumer Advocate asserts Synapse's estimates for capacity factors should be corrected *by using the capacity factors forecast for new turbines, by developers (including several offering testimony in this proceeding), by NSPI and by Hatch*. A review of the transcript of the testimony offered by developers at the Hearings did not identify any evidence to support this assertion, and I was not aware that the evidence offered by NSPI provided any projections for the capacity factor for COMFIT projects. No evidence was offered to support the assertion that "*new turbines*" would provide a higher capacity factor than that assumed by Synapse. In cross-examination (page 929-937) the Consumer Advocate was unable to provide any evidence that, given the constraint that projects have to be connected to the distribution network and are therefore restricted to areas where such capacity is likely to exist, COMFIT projects were likely to experience, on average, a capacity factor higher than that assumed by Synapse in their calculations.

Respectfully submitted this 6th day of May, 2011.

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