

File Reference: SM000349-15

August 5, 2011

Nancy G. Rubin
Direct Dial: 902.420.3337
nrubin@stewartmckelvey.com

VIA EMAIL

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

RECEIVED
AUG 05 2011
Nova Scotia
Utility and Review Board

Dear Ms. McNeil:

**Re: Renewable Energy Community Feed-In Tariffs - BRD-E-R-10/Matter No: M03632
Request for Filing Extension and Adjournment of Hearing**

Thank you for the opportunity to make submissions with respect to the Community Feed In Tariff (COMFIT) compliance filing. The Alliance of Nova Scotia Sawmillers (ANSS) respectfully offers two comments. First, we submit that the draft COMFIT terms and conditions should include additional wording to reflect the Board's decision and findings with respect to the fuel escalator in the Tariff for the biomass Combined Heat and Power (CHP) projects.

At paragraph 234 of the Decision, the Board indicated that the index as proposed by Synapse would be the escalator and that the Board would review biomass fuel costs every second year. It further stated that the formula outlined in undertaking U-11, extracted at paragraph 229, will form the basis of the review. The Board observed that it would not be an automatic adjustment and the Board would look at other factors to ensure that the formula is providing an accurate adjustment.

In order to reflect the basis of the review i.e. the formula in Undertaking U-11, as per the Board's Decision, the ANSS recommends additional language in the draft Tariff as per the attached redline version.

Secondly, we believe there was an oversight in the Synapse compliance spreadsheet respecting the biomass CHP. The Board, in its Decision, notes that parasitic power was an issue but accepted that it was *possible* the boiler efficiency captured parasitic power (para. 211). The Synapse panel acknowledged its original spreadsheet did *not* include parasitic power in its spreadsheet and it "should have been included":

MS. RUBIN: Now, you didn't consider parasitic power in your model, did you?

MS. SHAW: No.

...

MS. RUBIN: Why didn't you include the cost of parasitic power?

MS. SHAW: It's clear to me that it should have been included and it's clear to me that it wasn't included. I don't really know if I have an answer for why. (Transcript, p. 158-159)

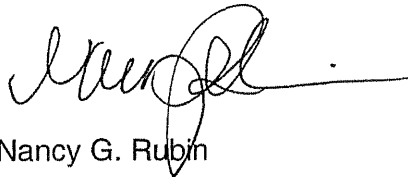
Nancy McNeil
August 5, 2011
Page 2

The spreadsheet submitted as part of undertakings U-6(a) includes a specific line 17F for station use (parasitic load) (as did some but not all of those submitted with U-6). The excel spreadsheet submitted with the compliance filing omits this line item. As acknowledged by Synapse in evidence and accepted by the Board, parasitic load ought to be included. It would be incorrect to imply parasitic power into boiler efficiency as they are two separate concepts.

Accordingly, the ANSS respectfully submits that line 17F ought to be included in the spreadsheet and calculation of the biomass CHP rate.

Respectfully submitted.

Yours truly,

A handwritten signature in black ink, appearing to read "Nancy G. Rubin", with a long horizontal flourish extending to the right.

Nancy G. Rubin

NGR/nem
Enclosure

cc: Intervenor
Bruce Outhouse, Q.C.

RENEWABLE ENERGY COMMUNITY-BASED FEED-IN TARIFF – WIND POWER PROJECTS 50 KW OR LESS

ENERGY PAYMENT

The tariff for wind generators 50 kW or less consists of an energy payment only, undifferentiated by time of generation. The energy payment is \$499 per MWh.

AVAILABILITY

The tariff is available to electricity generating facilities that:

- (1) have been approved by the Nova Scotia Department of Energy as eligible for this tariff;
- (2) are interconnected at distribution voltage level (i.e., less than 69 kV);
- (3) have signed a Power Purchase Agreement (“PPA”) with the utility;
- (4) will not generate more than the minimum load on the substations serving the feeder to which the generators would connect, minus the capacity of the generators already connected to the feeder.

POWER PURCHASE AGREEMENT

The power purchase agreement between the renewable low-impact electricity generator and the utility will have a term of 20 years. The energy rate in the PPA will be the rate in effect at the date the PPA is deemed effective. Generators will only be paid for the energy delivered to the utility system, as measured at the metering point, including any adjustments identified in the PPA.

TARIFF TERM

A generating facility is eligible to receive payments for a period up to 20 years from the date on which the Power Purchase Agreement is deemed effective.

SPECIAL CONDITIONS

This tariff is available to a maximum of 5 MW of generating capacity summed across the province. Once 5 MW of total capacity has been approved for this tariff, it will be available to no other projects.

RENEWABLE ENERGY COMMUNITY-BASED FEED-IN TARIFF – WIND POWER PROJECTS GREATER THAN 50 KW

ENERGY PAYMENT

The tariff for wind generators greater than 50 kW consists of an energy payment only, undifferentiated by time of generation. The energy payment is \$131 per MWh.

AVAILABILITY

The tariff is available to electricity generating facilities that:

- (1) have been approved by the Nova Scotia Department of Energy as eligible for this tariff;
- (2) are interconnected at distribution voltage level (i.e., less than 69 kV);
- (3) have signed a Power Purchase Agreement (“PPA”) with the utility;
- (4) will not generate more than the minimum load on the substations serving the feeder to which the generators would connect, minus the capacity of the generators already connected to the feeder.

POWER PURCHASE AGREEMENT

The power purchase agreement between the renewable low-impact electricity generator and the utility will have a term of 20 years. The energy rate in the PPA will be the rate in effect at the date the PPA is deemed effective. Generators will only be paid for the energy delivered to the utility system, as measured at the metering point, including any adjustments identified in the PPA.

TARIFF TERM

A generating facility is eligible to receive payments for a period up to 20 years from the date on which the Power Purchase Agreement is deemed effective.

RENEWABLE ENERGY COMMUNITY-BASED FEED-IN TARIFF – RUN-OF-RIVER HYDRO PROJECTS

ENERGY PAYMENT

The tariff for run-of-river hydro projects consists of an energy payment only, undifferentiated by time of generation. The energy payment is \$140 per MWh.

AVAILABILITY

The tariff is available to electricity generating facilities that:

- (1) have been approved by the Nova Scotia Department of Energy as eligible for this tariff;
- (2) are interconnected at distribution voltage level (i.e., less than 69 kV);
- (3) have signed a Power Purchase Agreement (“PPA”) with the utility;
- (4) will not generate more than the minimum load on the substations serving the feeder to which the generators would connect, minus the capacity of the generators already connected to the feeder.

POWER PURCHASE AGREEMENT

The power purchase agreement between the renewable low-impact electricity generator and the utility will have a term of 20 years. The energy rate in the PPA will be the rate in effect at the date the PPA is deemed effective. Generators will only be paid for the energy delivered to the utility system, as measured at the metering point, including any adjustments identified in the PPA.

TARIFF TERM

A generating facility is eligible to receive payments for a period up to 20 years from the date on which the Power Purchase Agreement is deemed effective.

RENEWABLE ENERGY COMMUNITY-BASED FEED-IN TARIFF – IN-STREAM TIDAL PROJECTS

ENERGY PAYMENT

The tariff for in-stream tidal projects consists of an energy payment only, undifferentiated by time of generation. The energy payment is \$652 per MWh.

AVAILABILITY

The tariff is available to electricity generating facilities that:

- (1) have been approved by the Nova Scotia Department of Energy as eligible for this tariff;
- (2) are interconnected at distribution voltage level (i.e., less than 69 kV);
- (3) consist of a tidal generating device or devices, each of which is not larger than 0.5 MW;
- (4) have signed a Power Purchase Agreement (“PPA”) with the utility;
- (5) will not generate more than the minimum load on the substations serving the feeder to which the generators would connect, minus the capacity of the generators already connected to the feeder.

POWER PURCHASE AGREEMENT

The power purchase agreement between the renewable low-impact electricity generator and the utility will have a term of 20 years. The energy rate in the PPA will be the rate in effect at the date the PPA is deemed effective. Generators will only be paid for the energy delivered to the utility system, as measured at the metering point, including any adjustments identified in the PPA.

TARIFF TERM

A generating facility is eligible to receive payments for a period up to 20 years from the date on which the Power Purchase Agreement is deemed effective.

RENEWABLE ENERGY COMMUNITY-BASED FEED-IN TARIFF – BIOMASS COMBINED HEAT AND POWER PROJECTS

ENERGY PAYMENT

The tariff for biomass combined heat and power plant projects consists of an energy payment only, undifferentiated by time of generation. The energy payment will be \$175 per MWh from January 1, 2012 through December 31, 2012. This rate consists of a fuel component of \$75 per MWh and a non-fuel component of \$100 per MWh. The rate may change over time pursuant to the following adjustment and review mechanisms.

FUEL ADJUSTMENT

The fuel portion of the rate will be adjusted automatically on January 1 of each year based on a percentage of the change in the Consumer Price Index for Nova Scotia (all items excluding energy) and the full change in the price of diesel fuel over the previous 12 months. The first adjustment will occur on January 1, 2013. The adjustment will be performed using the following formulas.

$$FC_1 = FC_0 * (1+A)$$

$$A = 0.75 * P * ((CPI_1 - CPI_0) / CPI_1) + 0.25 * ((DFP_1 - DFP_0) / DFP_0)$$

Where:

- FC_0 = the fuel component of the biomass rate on January 1st one year ago
- FC_1 = the adjusted fuel component of the biomass rate, applicable for the coming year
- A = the fuel adjustment factor
- P = a productivity factor of 75%
- CPI_0 = the Consumer Price Index for Nova Scotia all items excluding energy on January 1st one year prior to the adjustment year
- CPI_1 = the Consumer Price Index for Nova Scotia all items excluding energy on January 1st of the adjustment year
- DFP_0 = the average of the minimum and maximum self-service pump prices for ultra low-sulfur diesel fuel on January 1st one year prior to the adjustment year
- DFP_1 = the average of the minimum and maximum self-service pump prices for ultra low-sulfur diesel fuel on January 1st of the adjustment year.

FUEL COST REVIEW

In addition to the fuel adjustment outlined above, the Utility and Review Board will review the fuel portion of this tariff every two years and may make additional changes to the fuel component of this tariff. The first review will occur on January 1, 2014. The review will consider, among other things, the adjusted market price of biomass energy delivered to approved biomass CHP plants in the preceding 6 months.

Any changes the Board makes will be prospective only, and between Board reviews the fuel adjustment mechanism will be applied.

AVAILABILITY

The tariff is available to electricity generating facilities that:

- (1) have been approved by the Nova Scotia Department of Energy as eligible for this tariff;
- (2) are interconnected at distribution voltage level (i.e., less than 69 kV);
- (3) have signed a Power Purchase Agreement (“PPA”) with the utility;
- (4) will not generate more than the minimum load on the substations serving the feeder to which the generators would connect, minus the capacity of the generators already connected to the feeder;

POWER PURCHASE AGREEMENT

The power purchase agreement between the renewable low-impact electricity generator and the utility will have a term of 20 years. The energy rate in the PPA will be the rate in effect at the date the PPA is deemed effective. Generators will only be paid for the energy delivered to the utility system, as measured at the metering point, including any adjustments identified in the PPA.

TARIFF TERM

A generating facility is eligible to receive payments for a period up to 20 years from the date on which the Power Purchase Agreement is deemed effective (the date that NSPI places the applicant into the interconnection queue).

SPECIAL CONDITIONS

In order to qualify for this tariff, generating projects must agree to provide to the Utility and Review Board the same information on its biomass fuel costs that a utility regulated by the Board must provide. This condition will be a condition of the tariff and any power purchase agreement approved by the Board.