August 17, 2011

VIA EMAIL

Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
3rd Floor 1601 Lower Water Street
Halifax Nova Scotia B3J 3S3

Dear Ms. McNeil:

Re: Renewable Energy Community Feed-In Tariffs – BRD-E-R-10/ Matter No: M03632

Thank you for the opportunity to make submissions with respect to the Community Feed-In Tariff (COMFIT) compliance filing. Minas Basin Pulp and Power respectfully offers two comments. First, we submit that the draft COMFIT terms and conditions be slightly revised with regards to the diesel indexing methodology associated with the biomass fuel escalator. The methodology as proposed considers only January 1st as a point of reference. We believe that a more robust methodology would consider multiple points in time to smooth out the volatility of diesel pricing and more accurately capture the market dynamics associated with the year-round delivery of the biomass fuel.

Secondly, we submit that the draft COMFIT terms be revised with regards to the fourth condition of Availability for the biomass tariff, so that the Tariff aligns itself entirely with government policy. The intent of the government policy is to ensure that COMFIT projects generate electricity that remains on the electrical distribution system. The current draft COMFIT terms and conditions address this issue for projects that generate power *independently* of the demand on the local distribution circuit; however, these same conditions rule out projects that generate power in amounts that exceed the absolute minimum loading on the circuit, even if the produced power is less than the concurrent loading on the distribution circuit.

To better explain this scenario, consider the example where a COMFIT-eligible entity has a 3MW back-pressure biomass combined heat and power project and has an independent electrical demand associated with its manufacturing process of 13MW. The back-pressure turbine only generates the 3MW of power when the steam host consumes the exhaust steam, and the steam host only consumes the exhaust steam when the manufacturing process is running and drawing 13MW from the local distribution circuit. For each hour that the biomass combined heat and power facility generates electricity, the manufacturing process consumes a greater amount of electricity, thus ensuring that the generated power remains on the distribution circuit. The current draft COMFIT terms and conditions would not enable this project to sell its power under a COMFIT contract, despite the project fully meeting the intent of the government policy.

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In order to reflect the basis of the review, Minas Basin Pulp and Power recommends the revised language in the draft Tariff as per the attached redline version.

Respectfully submitted,

Aaron Long

Aaron Long
Manager of Energy Resources
Minas Basin Pulp and Power Co. Ltd.

Enclosure

cc: Interveners
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 in 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 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~~ between January 1st ~~one~~ two years prior to the adjustment year and 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 between January 1st one year prior to the adjustment year and ~~on~~ January 1st of the adjustment year.

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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. 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) can ensure to the satisfaction of the Minister of Energy that the electricity generated will remain on the local distribution circuit~~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.