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File No.: 10-2263

August 19, 2011

VIA EMAIL

Nancy McNeil
Utility and Review Board, NS
3rd Floor - 1601 Lower Water Street
Summit Place
Halifax, NS B3J 3P6

Dear Ms. McNeil:

Re: Community Feed-in-Tariff Hearing 2010 - BRD-E-R-10/Matter No.: M03632

The Nova Scotia Department of Energy ("NSDOE") respectfully offers the following comments regarding the draft terms and conditions.

NSDOE supports the revisions proposed by Minas Basin Pulp and Power Co. Ltd. in its letter dated August 17, 2011, with respect to the use of a revised diesel indexation methodology and with some adjustments, the revisions proposed to the fourth condition of eligibility for the biomass tariff.

The intent of government policy with regards to COMFIT projects is to ensure that electricity generated remains on the distribution system. The case of a backpressure turbine that generates electricity only when the steam host consumes steam and where the electrical consumption load associated with the facility is significantly higher than the output from the generator, meets this policy intent.

However, NSDOE feels that a review mechanism must be put in place to ensure this continues to be the case throughout the duration of the contract. NSDOE therefore proposes the revised language in the draft terms and conditions as per the attached redline version.

Respectfully submitted,

Yours very truly,

Stephen T. McGrath

STM/slc

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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; with the exception of the case when a backpressure turbine is used. In this case, the proponent must provide the COMFIT administrator, as part of the annual reporting requirements, real time metered data indicating that at no time did the capacity of the generator, when in production, exceed the load on the substation serving the feeder to which the generator would connect, minus the capacity of the generators already connected to the feeder. The cost of metering equipment will be at the expense of the proponent.
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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.