

November 1, 2010

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

Re: Electricity Act, R.S.N.S., amended 2010, c. 14, s. 3;
Proposed Enhancements to NSPI's Net Metering Service, Regulation 3.6

Dear Ms. McNeil:

Please find enclosed an Application, filed on behalf of Nova Scotia Power Inc. (NSPI), to amend NSPI Regulation 3.6, NSPI's Net Metering Service Regulation. By this Application, NSPI proposes an enhanced net metering service, in compliance with recent legislative changes to the *Electricity Act*. This Application is filed pursuant to Section 3A of the *Electricity Act* and Section 65 of the *Public Utilities Act*. The Application includes a proposed amended Regulation 3.6 for Utility and Review Board ("UARB", "Board") approval.

NSPI has offered net metering to its customers since 1989. In 2005, the UARB approved NSPI Regulation 3.6 in its current form. The proposed revisions to the net metering program will provide for expanded customer capacity, aggregated metering, and payment for annual excess self-generation.

Prior to this filing, NSPI engaged stakeholders in a discussion about the Company's proposal for enhanced net metering service. This included discussion with the Nova Scotia Department of Energy (DOE) to review the draft revised Regulation 3.6, as well as a series of one-on-one discussions with several interested stakeholders to review the legislation and NSPI's intended proposal to meet the new statutory provisions. On October 7, 2010, NSPI hosted a broad stakeholder consultation session to discuss the new statutory provisions, NSPI's proposed Regulation 3.6 and to receive feedback on the same. Stakeholder input is reflected in this Application.

NSPI has also contacted its existing net metering customers to advise that it will be filing this Application and provided a contact for any questions. NSPI has copied existing net metering customers on this Application.

Pursuant to its statutory obligation, NSPI herewith submits a revised draft Regulation 3.6 proposing the enhancements to its existing Net Metering service. NSPI submits that

these changes are consistent with the requirements of the *Electricity Act* as it pertains to net metering.

Upon Board approval of a new Regulation 3.6, NSPI requests a 90-day period before the new regulation will become in effect. This will allow NSPI to ensure all necessary administrative processes relating to the application process and billing are in place to give effect to the Board order amending Regulation 3.6.

The Company does not seek a confidentiality order pursuant to Rule 12 of the Board's Regulatory Rules.

NSPI hereby requests approval of the revised Regulation 3.6 as presented with this application, to become effective 90 days after Board approval.

Yours most respectfully,



Nicole Godbout
Regulatory Counsel

Attach.

c: J. René Gallant
S. Bruce Outhouse, Q.C.
NSPI Net Metering Customers

Nova Scotia Utility and Review Board

IN THE MATTER OF *The Public Utilities Act, R.S.N.S. 1989,
c.380, as amended*

- and -

IN THE MATTER OF *Electricity Act, R.S.N.S., amended 2010, c.
14; Proposed Enhancements to NSPI's Net Metering Service,
Regulation 3.6*

Net Metering Service, Regulation 3.6 Evidence

November 2010

NON - CONFIDENTIAL

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1 **EXECUTIVE SUMMARY**

2
3 By this Application, NSPI proposes an enhanced net metering service, in compliance
4 with recent legislative changes to the *Electricity Act*. This Application is filed pursuant
5 to Section 3A of the *Electricity Act* and Section 65 of the *Public Utilities Act*. The
6 Application includes a proposed amended Regulation 3.6 for Utility and Review Board
7 (“UARB”, “Board”) approval.
8

9 NSPI has offered net metering to its customers since 1989. In 2005, the UARB approved
10 NSPI Regulation 3.6 in its current form. Recent amendments to the *Electricity Act*
11 require NSPI to propose enhancements to its net metering program. The proposed
12 revisions to the net metering program will provide for expanded customer capacity,
13 aggregated metering, and payment for annual excess self-generation.
14

15 Prior to this filing, NSPI embarked upon a process for engaging stakeholders around its
16 proposal for the enhanced net metering service. NSPI met with representatives from the
17 Nova Scotia Department of Energy (DOE) to review the draft revised Regulation 3.6, and
18 proceeded with a series of one-on-one discussions with several interested stakeholders to
19 review the legislation and NSPI’s intended proposal to meet the new statutory provisions.
20 On October 7, 2010, NSPI hosted a stakeholder consultation session to discuss the new
21 statutory provisions, NSPI’s proposed Regulation 3.6 and to receive feedback on the
22 same.
23

24 Upon Board approval, NSPI requests a 90-day period before the new regulation will
25 become in effect. This will allow NSPI to ensure all necessary administrative processes
26 relating to the application process and billing are in place to give effect to the Board order
27 amending Regulation 3.6.
28

29 NSPI hereby requests approval of the revised Regulation 3.6 as presented with this
30 application.
31

1 **1.0 STATUTORY REQUIREMENTS**

2
3 On May 11, 2010, *Bill 64, An Act to Amend Chapter 25 of the Acts of 2004, the*
4 *Electricity Act* (the *Amended Electricity Act*) received Royal Assent. On October
5 15, 2010, the bill was proclaimed in force.

6
7 NSPI has offered net metering to its customers since 1989. In 2005, the UARB
8 approved NSPI Regulation 3.6 in its current form. Please see Appendix A for a
9 copy of the current, UARB-approved Regulation for Net Metering Service,
10 Regulation 3.6.

11
12 The effect of the introduction of the *Amended Electricity Act*, will serve to create
13 enhancements to the service already offered by NSPI. The provisions of the
14 *Amended Electricity Act* relevant to net metering are provided below.

15
16 3 Chapter 25 is further amended by adding immediately after
17 Section 3 the following Section:

18 3A (1) A public utility may develop and maintain a program that
19 will permit any customer to generate electricity for the customer's
20 own use and to sell any excess electricity to the public utility at a
21 rate equivalent to the rate paid by the customer for electricity
22 supplied to the customer by the public utility.

23 (2) The program must provide that

24 (a) only electricity generated by a customer that is renewable low-
25 impact electricity qualifies for the program;

26 (b) as a condition of participation, the customer transfer or assign
27 all emission credits or allowances arising from the use of
28 renewable energy sources to the public utility to enable the public
29 utility to comply with the requirements of any enactment
30 regulating emissions, but for no other purpose;

31 (c) the capacity of the customer's generator be sized to meet the
32 expected annual consumption of the customer; and

(d) customers may have multiple meters under one account within a defined distribution zone.

(3) Any program developed and maintained pursuant to subsection (1) must receive the approval of the Board before its implementation by the public utility.

(4) On or before November 1, 2010, Nova Scotia Power Incorporated shall submit to the Board for approval a program as described in subsection (1) that permits customers to generate up to one megawatt of electricity.

In designing an enhanced net metering service, NSPI used the following guiding principles:

1. The service will be compliant with legislation/regulation.
2. The service will offer an option for customers to generate renewable energy for their own use.
3. The service will be a distribution-based service that respects existing rates and tariffs (including OATT).
4. NSPI will seek simplicity and transparency in service design and delivery.
5. The service will promote opportunities for customers to participate.
6. The service will, to the extent possible, be consistent with the current net metering framework.

The proposed revisions to the net metering program will provide for expanded customer capacity, aggregated metering, and payment for annual excess self-generation. Each of these items is further addressed in this Application.

1 **2.0 EXPANDED CUSTOMER CAPACITY**

2
3 Under the existing Regulation 3.6, a customer's generating capacity under net
4 metering was limited to up to 100 kW to offset part or all of the customer's own
5 electrical requirements. The current net metering program has a peak demand
6 capacity limitation of 0.5% of NSPI's historical annual capacity (approximately
7 12 MW), with only approximately 600 kW of that amount currently subscribed.

8
9 Under the proposed regulation, and consistent with the amendments to the
10 *Electricity Act*, maximum net generating capacity is increased to 1 MW. The
11 capacity of the customer's generator may now be sized to meet the annual
12 consumption of the customer, allowing for aggregation of multiple meters under
13 one account within a defined distribution zone. The intention of the enhanced net
14 metering program is still to enable customers to offset part or all of the customer's
15 own electrical requirements. NSPI will work with customers to help ensure their
16 generator is sized to meet the expected annual consumption of the customer, as
17 required by Section 3A(2)(c) of the *Electricity Act*.

18
19 NSPI proposes two classes of service for net metering customers as follows:

- 20
21 Class 1: up to and including 100 kW
22 Class 2: > 100 kW to 1 MW

23
24 As a result of the expanded customer generator capacity, NSPI's existing
25 interconnection processes will need to be engaged, something that was not
26 triggered at the 100 kW limit. NSPI has designed a two class service model to
27 ensure that the smaller generators can continue to proceed with interconnection
28 without being unnecessarily drawn into the more technical requirements
29 associated with connecting larger scale generation to the distribution system.

30
31 All distribution connected generation of 100 kW or greater currently falls into
32 NSPI's distribution interconnection process. As such, net metered generators of

1 this size will similarly undergo assessment, and where applicable, study of system
2 impacts and determination of facility requirements before interconnecting. This is
3 a requirement of the NSPI System Operator to ensure the safe and reliable
4 interconnection of these larger scale generators to the system. The 100 kW
5 threshold is used because it is at this capacity that generators could have potential
6 affects on the system and therefore must be assessed and potentially studied.

7
8 More information on NSPI's current process for interconnecting distributed
9 generation in excess of 100kW is available through the System Operator website,
10 OASIS:

11 <http://oasis.nspower.ca/en/home/default/revisedgenerationinterconnectionprocedures.aspx>.

12
13 NSPI's proposed program establishes a maximum capacity of 20MW,
14 apportioned between the two proposed classes. The intention of allocating 20
15 MW to this program, as allocated between two classes, is to allow for an equitable
16 participation opportunity for customers, regardless of their consumption and zone
17 location. Class 1 is proposed to have a 5 MW system apportionment and Class 2
18 is proposed to have a 15 MW system apportionment, for a total of 20 MW.

19
20 The capacity available to integrate generation on the distribution system is not
21 unlimited and will be sought by independent power producers as well as
22 community feed-in-tariff streamed projects. The system-wide 20 MW allocation
23 for net-metering is subject to any distribution level capacity constraints within a
24 distribution zone and does not provide an absolute guarantee that capacity will be
25 available wherever and whenever requested by a customer.

26
27 The apportionment of 5 MW for the Class 1 smaller projects and 15 MW for the
28 Class 2 projects will provide an opportunity for smaller residential and
29 commercial projects to participate in the net metering program while guarding
30 against larger scale commercial generation using the entire allocation. The 20

1 MW cap is intended to be revisited in future, once experience has been gained
2 with the enhanced program.

3

4 The existence of an enhanced net metering program does not mean that NSPI's
5 distribution system can be used for free, or that NSPI can forfeit recovery of
6 distribution-related fixed costs.

7

8 The uptake of the net metering service will lead to a reduction in NSPI's kWh
9 sales without a parallel reduction in the total amount of non-fuel related costs
10 (that is, fixed costs) to be recovered by the utility. Its short-term effect will be an
11 under-recovery of fixed costs by the utility while its long-term effect, after rates
12 are re-calculated through a general rate case application, may be an increase in the
13 amount of unit fixed costs charged to all customers. Allocating 20 MW to this
14 enhanced program will allow NSPI to monitor and evaluate the program's cost
15 recovery implications for the utility and its customers.

16

1 **3.0 AGGREGATED METERING**

2
3 Under existing Regulation 3.6, meter aggregation is limited to one parcel of land.
4 If a customer wishes to net-meter more than one of its metered electric service
5 accounts, each account must be located on the same parcel of land as the
6 customer's generator.

7
8 Under the proposed regulation, and consistent with the amended *Electricity Act*,
9 meter aggregation is now expanded to a Distribution Zone. A single customer
10 may net-meter more than one electric service account against its generator, if
11 those metered accounts are owned by the same customer, and if the metered
12 accounts and the generator are connected to NSPI distribution feeders emanating
13 from a single distribution supply transformer within a substation (i.e. a
14 Distribution Zone).

15
16 This enhancement is consistent with the statutory language which requires that a
17 customer's generated electricity be for his/her own use and that aggregation be
18 limited to a distribution zone. The amended *Electricity Act* does not define
19 'distribution zone'. NSPI has proposed a definition that balances the objective of
20 enhancing the opportunity for net metering projects, by allowing as broad meter
21 aggregation as possible, with an equitable allocation of geographically dispersed
22 net metering opportunities that protects the economic integrity of alternate market
23 arrangements under OATT.

24
25 Net metering, as a netting billing service, is not cost based. In order to ensure that
26 the cost-based OATT services are not in direct competition with net metering
27 NSPI drew on the Cost of Service concept of the functional breakdown between
28 the areas of transmission and distribution in setting boundaries for the distribution
29 zone. Under the proposed aggregation rule customer generation and consumption
30 must be confined within an interconnected subsystem of the wires network that
31 does not include any transmission assets. Thus wholesale municipal customers of

1 NSPI seeking alternate sources of generation which would require usage of
2 transmission assets can continue to rely on OATT services as designed in the
3 absence of direct competition from net metering.

4

5 Appendix B contains the proposed amended Regulation 3.6. NSPI has also
6 provided a 'red-lined' version of the proposed amended Regulation 3.6 at
7 Appendix C, tracking changes against existing Regulation 3.6.

8

4.0 PAYMENT FOR ANNUAL EXCESS SELF-GENERATION

Under existing Regulation 3.6, excess generation over a customer's own-consumption is banked as energy credits each billing period and is applied against future bills for a period not to exceed 12 months. After 12 months, any unused "banked" credits are set to zero, without compensation to the customer. An energy credit balance on a customer-generator's account does not have any cash value and cannot be converted to cash.

Under the proposed regulation, and consistent with the amended *Electricity Act*, customers will now receive cash payment for any banked excess self-generation at the end of a 12 month period priced at an appropriate retail rate. Where the customer rate structure includes only one energy charge, the surplus credit will be priced at that energy charge. Where the customer rate structure includes declining block energy charges, the surplus energy will be priced only at the energy charge applicable to the additional kilowatt hours.

No Demand Side Cost Recovery Rider (DCRR) charge is proposed by NSPI to be included in the compensation for surplus generation as it reflects the costs of an independent DSM service provider, Efficiency Nova Scotia. By design, a customer's generation is not to exceed its consumption and therefore surplus generation will not be an explicit factor in determination of DCRR class charges

For accounts billed under domestic time-of-day service, NSPI will measure and bank self generation sold to the grid by distinct time-of-use periods for billing purposes. Any surplus generation remaining at the time of the annual anniversary date or at the time the service is discontinued will be compensated in accordance with the distinct time-of-use period when it was generated at the associated time-of-use energy charges.

1 **5.0 STAKEHOLDER ENGAGEMENT**

2
3 Prior to this filing, NSPI embarked upon a process for engaging stakeholders
4 around its proposal for the enhanced net metering service.

5
6 NSPI met with representatives from the Nova Scotia Department of Energy
7 (DOE) to review the draft revised Regulation 3.6. DOE confirmed to NSPI in that
8 meeting that the proposed revised Regulation was consistent with the provisions
9 of the *Amended Electricity Act*.

10
11 NSPI then proceeded with a series of one-on-one discussions with several
12 interested stakeholders to review the legislation and NSPI's intended proposal to
13 meet the new statutory provisions.

14
15 On October 7, 2010, NSPI hosted a stakeholder consultation session to discuss the
16 new statutory provisions, NSPI's proposed Regulation 3.6 and to receive feedback
17 on the same. NSPI issued an invitation to those interested parties to its regulatory
18 proceedings, as well as to parties that NSPI understood to have an interest in net
19 metering, including participants in the DOE Wind Advisory Committee, and a
20 number of individuals who have previously contacted NSPI expressing an interest
21 in net metering. Both Bill 64 and NSPI's proposed enhancements to Regulation
22 3.6 were reviewed.

23
24 NSPI requested written feedback on its proposed enhancements from the
25 attendees of the stakeholder consultation session by October 15, 2010 so that it
26 could be considered in advance of NSPI's filing. NSPI also requested that the
27 NSDOE circulate NSPI's proposed enhancements of Regulation 3.6 to interested
28 individuals who participated in the stakeholder consultations conducted by
29 NDSOE on the draft Renewable Electricity Plan and draft Regulations during the
30 Spring of 2010.

1 Comments were requested by October 19, 2010. NSPI received written
2 comments from eight stakeholders: Appleseed Energy, Minas Basis Pulp &
3 Power, Municipality of the District of Chester, Municipality of the District of
4 Shelburne, Nova Scotia Federation of Agriculture, NRCan, Seaforth Energy, and
5 Tom Taggart, District Councillor for Colchester County as well as oral comments
6 from the Municipal Electric Utilities of Nova Scotia Cooperative (MEUNSC).
7 Appendix D contains the communications received from these stakeholders.
8 Appendix E contains a summary chart of stakeholder feedback received and
9 NSPI's response to the points received. NSPI has also fielded inquiries from
10 interested stakeholders requesting further information or clarification on items
11 related to the proposed Regulation 3.6.

12
13 NSPI has also contacted its existing net metering customers to advise that it will
14 be filing the herein application and provided a contact for any questions. NSPI
15 has copied existing net metering customers on this application.

1 **6.0 CONCLUSION**

2
3 Pursuant to its statutory obligation, NSPI herewith submits a revised draft
4 Regulation 3.6 proposing the enhancements to its existing Net Metering service.
5 NSPI submits that these changes are consistent with the requirements of the
6 *Amended Electricity Act* as it pertains to net metering.

7
8 This application is driven by changes in legislation which requires certain
9 amendments to an existing UARB-approved regulation. In advance of filing,
10 NSPI has engaged in stakeholder consultation and has considered all feedback in
11 preparing this filing. In consideration of these factors, NSPI submits that a paper
12 hearing process is appropriate.

13
14 Upon Board approval, NSPI requests a 90-day period before the new regulation
15 will become in effect. This will allow NSPI to ensure all necessary administrative
16 processes relating to the application process and billing are in place to give effect
17 to the Board order amending Regulation 3.6.

18
19 NSPI hereby requests approval of the revised Regulation 3.6 as presented with
20 this application.

Appendix A

REGULATION

3.6 NET METERING SERVICE

3.6.1 Definition

Net metering service is a metering and billing practice that efficiently enables electricity consumers with small, privately-owned generators to offset part or all of their own electrical requirements by utilizing their own generation. Excess self-generation, over own-consumption needs, is credited against purchased energy for billing purposes over a limited period of time. Customers taking this service will be referred to as “customer-generators”.

3.6.2 Availability

- a) Net Metering Service is available to all NSPI customers who are served from NSPI’s Distribution system (ie: 24,940 volts or less), who are billed under one of NSPI’s metered service rates, and who install a qualifying generator of less than 100kW. Net Metering is not applicable for Unmetered services.
- b) The customer must utilize qualifying generating equipment of up to 100 kW capacity, which meets the requirements as stipulated in the Special Conditions section of this regulation.
- c) The customer must provide a written request to take the net metering service.
- d) The service is available on a first-come, first-serve basis. The total rated generation of all subscribed customers is limited to 0.5% of NSPI’s historical annual peak demand.

3.6.3 Applicability

The service is applicable to any accounts which are located on the same parcel of land as the generator, and which are owned by the same single customer.

3.6.4 Billing

- a) Customer-generators will be billed under the otherwise-applicable metered tariff schedules.

REGULATION

3.6 NET METERING SERVICE

- b) If in a given billing period the electricity supplied to NSPI's grid by the customer-generator exceeds that supplied to the customer by NSPI, the customer shall be billed only for the applicable non-KWh monthly charges and shall have the excess self-generation "banked" as energy credits to be applied against future bills over a period not exceeding 12 calendar months..

Banked Excess Self-generation = Self-generation supplied to NSPI - Purchased energy from NSPI.

- c) If in a given billing period the combined total of the electricity supplied to NSPI's grid by the customer-generator and the "banked" energy credits from the previous billing periods is less than the electricity supplied to the customer by NSPI, NSPI will bill the customer for the Net Purchased Energy Requirement and for the applicable non-KWh monthly charges.

Net Purchased Energy Requirement = Purchased energy from NSPI – (Self-generation supplied to NSPI + "Banked" energy credits).

- d) "Banked" excess self-generation will be returned to the customer-generator in the form of an energy credit and will carry over until the customer's anniversary date at which time the credit will be set to zero without compensation to the customer-generator. The customer-generator will set a permanent anniversary date at the time of subscription to the net metering service. No changes to the anniversary date will be permitted once set. If service is discontinued bank credits are forfeited.
- e) In no case will any energy credit balance on a customer-generator's account have any cash value or be convertible to cash.
- f) Should a customer-generator own and operate more than one facility (billed under more than one electric account) located on the same parcel of land as the generator, the customer will nominate the fraction of excess generation to be apportioned to each account for billing purposes. Such nomination will be approved upon the subscription to the net metering service and will stay in effect until such a time when customer submits a written request for change. NSPI may, at its sole discretion, approve such changes provided they remain in place for a minimum of 12 months.
- g) For accounts billed under domestic time-of-day service, NSPI will measure self-generation sold to the grid by discrete time-of-use periods for billing purposes.

REGULATION

3.6 *NET METERING SERVICE*

- h) NSPI will be the sole beneficiary of any emission credits or allowances arising from the use of renewable energy sources to generate power in connection with a net metering installation.

3.6.5 **Metering**

- a) Net energy metering shall ordinarily be accomplished using a single meter capable of registering the flow of electricity in two directions as approved by Measurement Canada. If the eligible customer-generator's existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for incremental meter costs and any other related costs.
- b) If NSPI determines that the flow of electricity in both directions cannot be reliably or safely determined through use of a single meter, NSPI may require that separate meters be installed. Such metering will be at the customer's cost.

3.6.6 **Special Conditions**

- a) Special conditions in this regulation do not supersede, modify or nullify special conditions accompanying the otherwise-applicable metered tariff schedules.
- b) Qualifying generating equipment must meet the following requirements:
 - i) Utilizes a renewable source of energy: wind, solar, small hydro, fuel cell, geothermal, biomass, tidal or other as approved by NSPI.
 - ii) Has a manufacturer's nameplate rating of not more than 100 Kilowatts, which NSPI has the right to verify through inspection or testing.
 - iii) Is owned by the customer and is located on the same parcel of land as the customer's premises for which NSPI is providing electric services.
 - iv) Subject to special condition b) iii), at the discretion of the customer, the generator may be connected to the grid either at any of the existing points of delivery of purchased power from NSPI or at a separate point if approved by NSPI. If a separate point of delivery is used, all additional costs will be the responsibility of the customer-generator.
 - v) Net metering facility shall meet all applicable safety and performance standards established by Measurement Canada, the Canadian Electrical Code, and NSPI's guidelines.
 - vi) The customer-generator is responsible for all costs associated with its facility.

REGULATION

3.6 *NET METERING SERVICE*

- c) To receive the net metering service the customer must submit an Application and execute the “Net Metering Interconnection Agreement” with NSPI.
- d) The generating facility and all wiring, equipment and devices forming part of it, shall conform to NSPI’s “Interconnection Guideline”.
- e) If customer-generator voluntarily terminates the net metering service, the service may not be renewed for a period of 12 months from the date of termination.

Appendix B

REGULATIONS

3.6 *NET METERING SERVICE*

3.6.1 **Definition**

Net Metering service is a metering and billing practice that enables electricity consumers to generate electricity from renewable, low-impact, generators to offset part or all of their own electrical requirements. Excess self-generation, over a customer's own-consumption needs, is credited against purchased energy for billing purposes over a period of one year. Any surplus generation remaining at the end of a one year period will be purchased by the utility at the appropriate retail rate. Customers taking this service will be referred to as "customer-generators".

3.6.2 **Availability**

- a) Net Metering Service is available to all NSPI customers who are served from NSPI's Distribution system (ie: 24,940 volts or less), who are billed under NSPI's metered service rates, who install a qualifying generating facility, as defined under item b) in the Special Conditions Section 3.6.6. The maximum capacity of the customer's generating facility will be sized to meet the expected annual consumption of the customer and will fall into one of two classes of service.
 - i. Class 1 Net Metering Service means a generating facility of aggregate nameplate capacity of up to 100 kW
 - ii. Class 2 Net Metering Service means a generating facility of aggregate nameplate capacity of more than 100 kW but less than or equal to 1000 kW.
- b) Net Metering is not applicable for Unmetered services.
- c) The customer must provide a written request to take the Net Metering service.
- d) The service is subject to a subscription limit of 20 MW of total installed rated generator capacity which NSPI will apportion as follows:
 - i. Class 1 Net Metering Service - 5 MW
 - ii. Class 2 Net Metering Service - 15 MW

The service is available on a first-come, first-serve basis.

3.6.3 **Applicability**

The service is applicable to any metered electric service accounts which are electrically connected to the same NSPI Distribution Zone as the generator, and which are owned by the same customer.

EFFECTIVE:

REGULATIONS

3.6 NET METERING SERVICE

3.6.3.1 Distribution Zone

The Distribution Zone is defined as all NSPI distribution feeders emanating from a single distribution supply transformer within a substation. The Company reserves the right to broaden this definition if in the opinion of the Company this is justified by a customer-specific circumstance and is consistent with the spirit of the intent of this regulation.

3.6.3.2 Customer

For the purpose of the Net Metering regulation “customer” is defined as a single legal entity.

3.6.4 Billing

- a) Customer-generators will be billed under the otherwise-applicable metered rate schedules.
- b) If in a given billing period the electricity supplied to NSPI’s grid by the customer-generator exceeds that supplied to the customer by NSPI, the customer shall be billed only for the applicable non-KWh monthly charges and shall have the excess self-generation “banked” as energy credits to be applied against future bills over a period not exceeding 12 calendar months..

Banked Excess Self-generation = Self-generation supplied to NSPI - Purchased energy from NSPI.

- c) If in a given billing period the combined total of the electricity supplied to NSPI’s grid by the customer-generator and the “banked” energy credits from the previous billing periods is less than the electricity supplied to the customer by NSPI, NSPI will bill the customer for the Net Purchased Energy Requirement and for the applicable non-KWh monthly charges.

Net Purchased Energy Requirement = Purchased energy from NSPI – (Self-generation supplied to NSPI + “Banked” energy credits).

- d) “Banked” excess self-generation will create an energy credit to be held by the customer-generator and will carry over until the customer’s annual anniversary date at which time the energy credit will be set to zero with compensation to the customer-generator priced at the appropriate retail rate. Where the customer rate structure includes only one energy charge, the surplus credit will be priced at that energy charge. Where the customer rate structure declining block energy charges, the surplus energy will be priced at the energy charge applicable to the additional kilowatt hours. Compensation will be exclusive of any amount representing

EFFECTIVE:

REGULATIONS

3.6 *NET METERING SERVICE*

Demand Side Cost Recovery Rider charges. The customer-generator will set a permanent annual anniversary date at the time of subscription to the Net Metering service. No changes to the annual anniversary date will be permitted once set. If service is discontinued, any outstanding banked energy credits will be priced in the same manner as those at the time of the annual anniversary date and paid back to the customer-generator. .

- e) Any interim energy credit balances on a customer-generator's account other than those covered under item d) will not have any cash value or be convertible to cash.
- f) Should a customer-generator be billed under more than one electric account connected to the same Distribution Zone as the generating facility, the customer will propose a method to apportion its surplus generation against its consumption under multiple accounts for billing purposes. The customer will either designate the order in which the apportionment of surplus generation is to be applied to individual accounts or nominate the fraction of surplus generation to be apportioned to each account or choose a combination of both approaches. Should a customer generator subscribe to more than one net metering application within the same Distribution Zone, each account will have only one generating facility assigned to it for billing purposes. The proposed method of surplus allocation and the account assignment to generating facilities will be approved upon the subscription to the Net Metering service and will stay in effect until such a time when customer submits a written request for change. NSPI may, at its sole discretion, approve such changes provided they remain in place for a minimum of 12 months
- g) For Accounts billed under domestic time-of-day service, NSPI will measure and bank self-generation sold to the grid by distinct time-of-use periods for billing purposes. Any surplus generation remaining at the time of the annual anniversary date or at the time the service is discontinued will be compensated by distinct time-of-use period at the appropriate time-of-use energy charges.
- h) Any environmental credits which may be created through the generation of energy through Net Metering will be held by NSPI.

3.6.5 **Metering**

- a) Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions as approved by Measurement Canada. If the eligible customer-generator's existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for incremental meter costs and any other related costs.

EFFECTIVE:

REGULATIONS

3.6 NET METERING SERVICE

- i. If NSPI determines that the flow of electricity in both directions cannot be reliably or safely determined through use of a single meter, NSPI may require that separate meters be installed. Such metering will be at the customer's cost.
- b) In addition to a), for Class 2, Net Metering an additional metering system dedicated exclusively to measuring the generator's output is required.

3.6.6 Special Conditions

- a) Special conditions in this regulation do not supersede, modify or nullify special conditions accompanying the otherwise-applicable metered rate schedules.
- b) A Qualifying generating facility must meet the following requirements:
 - i) Utilizes only a renewable, low-impact source of energy as defined in the Renewable Electricity Regulation for the purposes of section 3A of Chapter 25 of the *Electricity Act*.
 - ii) Has a manufacturer's nameplate rating of not more than 1,000 Kilowatts, which NSPI has the right to verify through inspection or testing.
 - iii) Is located within the same Distribution Zone as all of the customer's premise(s) for which the customer is requesting Net Metering electric service in conjunction with this facility.
 - iv) Subject to special condition b) iii), at the discretion of the customer, the generator may be connected to the grid either at any of the existing points of delivery of purchased power from NSPI or at a separate point if approved by NSPI. If a separate point of delivery is used, all additional costs will be the responsibility of the customer-generator.
 - v) Net Metering facility shall meet all applicable safety and performance standards established by Measurement Canada, the Canadian Electrical Code, and NSPI's guidelines.
 - vi) The customer-generator is responsible for all costs associated with its facility.
- c) To receive the Net Metering service the customer must submit an Application and execute the applicable "Net Metering Interconnection Agreement" with NSPI. Any net metering customers who have taken net metering service under the predecessor Regulation 3.6 to this regulation, will be grandfathered onto the new service.
- d) The generating facility and all wiring, equipment and devices forming part of it, shall conform to the Canadian Electrical Code.

EFFECTIVE:

REGULATIONS

3.6 *NET METERING SERVICE*

- e) The customer-generator is responsible for all costs of upgrades and/or additions to the NSPI electric system required to interconnect the customer's generating equipment.
- f) If customer-generator voluntarily terminates the Net Metering service, the service may not be renewed for a period of 12 months from the date of termination.

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Appendix C

REGULATIONS

3.6 NET METERING SERVICE

3.6.1 Definition

Net Metering service is a metering and billing practice that enables electricity consumers to generate electricity from renewable, low-impact generators to offset part or all of their own electrical requirements. Excess self-generation, over a customer's own-consumption needs, is credited against purchased energy for billing purposes over a period of one year. Any surplus generation remaining at the end of a one year period will be purchased by the utility at the appropriate retail rate. Customers taking this service will be referred to as "customer-generators".

3.6.2 Availability

a) Net Metering Service is available to all NSPI customers who are served from NSPI's Distribution system (ie: 24,940 volts or less), who are billed under NSPI's metered service rates, who install a qualifying generating facility, as defined under item b) in the Special Conditions Section 3.6.6. The maximum capacity of the customer's generating facility will be sized to meet the expected annual consumption of the customer and will fall into one of two classes of service.

- i. Class 1 Net Metering Service means a generating facility of aggregate nameplate capacity of up to 100 kW
- ii. Class 2 Net Metering Service means a generating facility of aggregate nameplate capacity of more than 100 kW but less than or equal to 1000 kW.

b) Net Metering is not applicable for Unmetered services.

c) The customer must provide a written request to take the Net Metering service.

d) The service is subject to a subscription limit of 20 MW of total installed rated generator capacity which NSPI will apportion as follows:

- i. Class 1 Net Metering Service - 5 MW
- ii. Class 2 Net Metering Service - 15 MW

The service is available on a first-come, first-serve basis.

3.6.3 Applicability

The service is applicable to any metered electric service accounts which are electrically connected to the same NSPI Distribution Zone as the generator, and which are owned by the same customer.

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¶ The customer must utilize qualifying generating equipment of up to 100 kW capacity, which meets the requirements... as stipulated...efined und ... [4]
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REGULATIONS

3.6 NET METERING SERVICE

3.6.3.1 Distribution Zone

The Distribution Zone is defined as all NSPI distribution feeders emanating from a single distribution supply transformer within a substation. The Company reserves the right to broaden this definition if in the opinion of the Company this is justified by a customer-specific circumstance and is consistent with the spirit of the intent of this regulation.

3.6.3.2 Customer

For the purpose of the Net Metering regulation “customer” is defined as a single legal entity.

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3.6.4 Billing

- a) Customer-generators will be billed under the otherwise-applicable metered rate schedules.
- b) If in a given billing period the electricity supplied to NSPI’s grid by the customer-generator exceeds that supplied to the customer by NSPI, the customer shall be billed only for the applicable non-KWh monthly charges and shall have the excess self-generation “banked” as energy credits to be applied against future bills over a period not exceeding 12 calendar months..

Banked Excess Self-generation = Self-generation supplied to NSPI - Purchased energy from NSPI.

- c) If in a given billing period the combined total of the electricity supplied to NSPI’s grid by the customer-generator and the “banked” energy credits from the previous billing periods is less than the electricity supplied to the customer by NSPI, NSPI will bill the customer for the Net Purchased Energy Requirement and for the applicable non-KWh monthly charges.

Net Purchased Energy Requirement = Purchased energy from NSPI – (Self-generation supplied to NSPI + “Banked” energy credits).

- d) “Banked” excess self-generation will create an energy credit to be held by the customer-generator and will carry over until the customer’s annual anniversary date at which time the energy credit will be set to zero with compensation to the customer-generator priced at the appropriate retail rate. Where the customer rate structure includes only one energy charge, the surplus credit will be priced at that energy charge. Where the customer rate structure declining block energy charges, the surplus energy will be priced at the energy charge applicable to the additional kilowatt hours. Compensation will be exclusive of any amount representing

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REGULATIONS

3.6 NET METERING SERVICE

~~Demand Side Cost Recover Rider charges.~~ The customer-generator will set a permanent ~~annual~~ anniversary date at the time of subscription to the ~~Net Metering~~ service. No changes to the ~~annual~~ anniversary date will be permitted once set. If service is discontinued, ~~any outstanding banked energy credits will be priced in the same manner as those at the time of the annual anniversary date and paid back to the customer-generator.~~

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- e) ~~Any interim~~ energy credit balances on a customer-generator's account ~~other than those covered under item d) will not~~ have any cash value or be convertible to cash.

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- f) ~~Should a customer-generator be billed under more than one electric account connected to the same Distribution Zone as the generating facility, the customer will propose a method to apportion its surplus generation against its consumption under multiple accounts for billing purposes. The customer will either designate the order in which the apportionment of surplus generation is to be applied to individual accounts or nominate the fraction of surplus generation to be apportioned to each account or choose a combination of both approaches. Should a customer generator subscribe to more than one net metering application within the same Distribution Zone, each account will have only one generating facility assigned to it for billing purposes. The proposed method of surplus allocation and the account assignment to generating facilities will be approved upon the subscription to the Net Metering service and will stay in effect until such a time when customer submits a written request for change. NSPI may, at its sole discretion, approve such changes provided they remain in place for a minimum of 12 months~~

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- g) ~~For Accounts billed under domestic time-of-day service, NSPI will measure and bank self-generation sold to the grid by distinct time-of-use periods for billing purposes. Any surplus generation remaining at the time of the annual anniversary date or at the time the service is discontinued will be compensated by distinct time-of-use period at the appropriate time-of-use energy charges.~~

- h) ~~Any environmental credits which may be created through the generation of energy through Net Metering will be held by NSPI~~

3.6.5 Metering

- a) ~~Net~~ energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions as approved by Measurement Canada. If the eligible customer-generator's existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for incremental meter costs and any other related costs.

EFFECTIVE:

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3.6 NET METERING SERVICE

- i. If NSPI determines that the flow of electricity in both directions cannot be reliably or safely determined through use of a single meter, NSPI may require that separate meters be installed. Such metering will be at the customer's cost.

- b) In addition to a), for Class 2, Net Metering an additional metering system dedicated exclusively to measuring the generator's output is required.

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3.6.6 Special Conditions

- a) Special conditions in this regulation do not supersede, modify or nullify special conditions accompanying the otherwise-applicable metered rate schedules.

- b) A Qualifying generating facility must meet the following requirements:

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- i) Utilizes only a renewable, low-impact source of energy as defined in the Renewable Electricity Regulation for the purposes of section 3A of Chapter 25 of the Electricity Act.

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- ii) Has a manufacturer's nameplate rating of not more than 1,000 Kilowatts, which NSPI has the right to verify through inspection or testing.

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- iii) Is located within the same Distribution Zone as all of the customer's premise(s) for which the customer is requesting Net Metering electric service in conjunction with this facility.

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- iv) Subject to special condition b) iii), at the discretion of the customer, the generator may be connected to the grid either at any of the existing points of delivery of purchased power from NSPI or at a separate point if approved by NSPI. If a separate point of delivery is used, all additional costs will be the responsibility of the customer-generator.

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- v) Net Metering facility shall meet all applicable safety and performance standards established by Measurement Canada, the Canadian Electrical Code, and NSPI's guidelines.

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- vi) The customer-generator is responsible for all costs associated with its facility.

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- c) To receive the Net Metering service the customer must submit an Application and execute the applicable "Net Metering Interconnection Agreement" with NSPI. Any net metering customers who have taken net metering service under the predecessor Regulation 3.6 to this regulation, will be grandfathered onto the new service.

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3.6 NET METERING SERVICE

- d) The generating facility and all wiring, equipment and devices forming part of it, shall conform to the Canadian Electrical Code.
- e) The customer-generator is responsible for all costs of upgrades and/or additions to the NSPI electric system required to interconnect the customer's generating equipment.
- f) If customer-generator voluntarily terminates the Net Metering service, the service may not be renewed for a period of 12 months from the date of termination.

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of less than 100kW. Net Metering is not applicable for Unmetered services.

The customer must utilize qualifying generating equipment of up to 100 kW capacity, which meets the requirements

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of less than 100kW. Net Metering is not applicable for Unmetered services.

The customer must utilize qualifying generating equipment of up to 100 kW capacity, which meets the requirements

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of less than 100kW. Net Metering is not applicable for Unmetered services.

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0.5% of NSPI's historical annual peak demand.20 MW 20 MW of generation capacity have been reserved (subject to local system availability) for Net-Metering servicea, and will be apportioned among the three classes of services in the following manner

Class 1 Net Metering Service - 1 MW

Class 2 Net Metering Service - 4 MW

Class 3 Net Metering Service - 15 MW

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Appendix D

Comments Received from Appleseed Energy

-----Original Message-----

From: brian [<mailto:brian@appleseedenergy.com>]

Sent: Friday, October 15, 2010 11:41 AM

To: OBERMAEA@gov.ns.ca

Cc: Ross & Gail; Dana Morin

Subject: Appleseed Energy

Hello,

I have a business in southern Cape Breton called Appleseed Energy. We install small wind turbines and solar systems that are net-metered. I have been to several meetings which have had presentations on the proposed changes to the net-metering program and have read the Renewable Electricity Plan.

We are happy with some aspects of the proposed changes such as the ability to apply credit to other meters and the compensation for surplus credits. I would like to ask what the limits or restrictions on the compensation would be as it was unclear from the presentations.

Our main concern is that with the cost of purchasing and installing small-scale power production equipment, the existing as well as the proposed net-metering program is not effective in promoting growth in this sector. There is tremendous interest in small-scale production which could collectively lead to a sizable chunk of the guidelines set out for green energy in Nova Scotia. Net metering in either form does not solve the problem of small-scale production which is return on investment. It was too expensive before and the enhanced net-metering has not addressed this issue. It may be the policy of NSPI not to promote growth in small-scale production, but there is an opportunity in this sector as yet untapped which could help meet your stated goals. Many other utilities and governments have seen the benefits of promoting small-scale production and have taken steps such as micro-feed in tariffs and incentive packages to make this happen.

Net-metering is a critical piece of the framework necessary for small-scale production and this may be what it was designed to accomplish. The proposed changes will move the policy in a positive way, but if NSPI would like to see more customers take advantage of this program in an effort to meet their green energy goals, more must be done.

I would be happy to discuss this more and you can contact me at any time.

Thanks,

Comments received from Minas Basin Pulp & Power

From: ALong@minas.ns.ca [mailto:ALong@minas.ns.ca]
Sent: Thursday, October 14, 2010 9:41 AM
To: GILLAN, ALISON
Cc: jwoods@minas.ns.ca; MYATT, LANA; WOOD, TIM
Subject: Re: Enhanced Net Metering - your comments welcome

Alison,

We're delighted that you have requested our input. NSPI has done a good job on designing the Net Metering regulation in an overall sense, but Minas Basin has the following three comments/suggestions to make:

As mentioned during our face-to-face meeting, Section 3.6.2(a) forces a customer to size the capacity of the low-impact, renewable generator such that it generates an amount equal to his/her total annual consumption. This places an unnecessary restriction in that it prevents customers from installing low-impact, renewable generation to meet a part of his/her total consumption. Minas Basin believes that there is no physical, electrical or financial reasoning behind the all-or-nothing requirement, and requests that your regulation explicitly state that partial service will be available, despite the wording of the Act.

Minas Basin also believes that green electricity has a value that exceeds the value of conventional electricity, but the Net Metering program only pays for this green electricity at conventional electricity rates. Minas also understands that this is the definition provided in the Act, meaning NSPI has little opportunity to re-define the price. Minas Basin will offer the comment that the Net Metering program will observe little take-up, as even utility-sized renewable energy generation facilities require a premium to the conventional value for electricity. With higher per kW installation costs, and lower prices paid for the electricity produced, smaller projects accommodated by the Net Metering program simply do not make any money. The evidence to support this position currently exists in the low take-up of the existing Net Metering program.

Finally, Minas Basin believes that the Act specifies that the "electricity" from the low-impact, renewable generators will be netted at the existing rate for that customer. The definition of electricity comprises both energy and demand, which means the value of electricity should include both the value of the energy, and the value of the demand, yet your program only compensates the generators at the energy charge. Minas Basin would like to suggest that a demand value be added at the customer's demand rate, multiplied by the IRP assumed capacity factor of roughly 30%. This is standard practise for estimating the value of the demand supplied by non-dispatchable wind. Without this fair value, the economics of Net Metering projects is further degraded.

Again, thanks for the opportunity to comment, and we wish you success in your program.
 Regards,

Aaron Long
 Minas Basin Pulp & Power
 along@minas.ns.ca
 902 684 2400

From: "GILLAN, ALISON" <Alison.Gillan@nspower.ca>
 To: <ALong@minas.ns.ca>, <jwoods@minas.ns.ca>
 Cc: "WOOD, TIM" <Tim.Wood@nspower.ca>, "MYATT, LANA" <Lana.Myatt@nspower.ca>
 Date: 08/10/2010 11:18 AM
 Subject: Enhanced Net Metering - your comments welcome

Yesterday (Oct 7) we held an information session on NSPI's proposed Enhanced Net Metering program where we presented the information that Tim and I discussed with you earlier. At the end of the session we asked participants to provide any specific feedback to us in writing by October 15. We also provided a paper copy of the draft revised Regulation 3.6 (NSPI's existing Net Metering regulation, with the changes that would be made to make it compliant with the Amended Electricity Act.)

We wanted to offer you the same opportunity to provide us with written feedback so I am attaching a copy of the draft revised Regulation 3.6. It is a redline version so you can see the differences between the existing and the proposed text.

If you have any questions, or would like to provide us with comments please send them to me, or to Lana Myatt (lane.myatt@nspower.ca). It is our intention to include any written comments that we receive as part of our filing to the UARB.

We would appreciate receiving your comments by October 15 since our filing is required to be sent to the UARB by November 1.

I look forward to hearing from you.

Alison

Alison Gillan
Manager, Open Access Transmission
Control Centre Operations
Nova Scotia Power
(902) 428-7719
alison.gillan@nspower.ca

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[attachment "Handout 2 - Net Metering Regulation 3 6 Bluelined Current sept 23 - red.pdf" deleted by Aaron Long/minas]

Comments received from Municipality of the District of Chester

-----Original Message-----

From: Erin Beaudin [<mailto:ebeaudin@chester.ca>]

Sent: Monday, October 18, 2010 1:36 PM

To: GILLAN, ALISON

Subject: Net metering

Hi Alison,

I am responding on behalf of the Municipality of the District of Chester regarding feedback/questions sought on the Enhanced Net Metering initiative.

The one comment we would like to make is that we would like to see the program flexible enough to allow the Municipality to include other non-municipal buildings/stakeholders that we service (ie libraries, arenas, a local business park) to be included under our umbrella as a single customer for net metering purposes if we so chose. Has consideration been given to what defines a single customer and any limitations for including others under the umbrella of a single customer such as a municipality?

Thank you so much. We are excited and very supportive of this initiative.

Erin

ERIN BEAUDIN, MPA, MAES, BAH
Chief Administrative Officer
Municipality of the District of Chester
151 King Street
P.O. Box 369
Chester, Nova Scotia
B0J 1J0
Phone - (902) 275-3554
Cell - (902) 277-1718
Fax - (902) 275-4771

Comments received from Municipality of the District of Shelburne

From: Emily Tipton [mailto:etipton@municipalityofshelburne.ca]
Sent: Monday, October 18, 2010 3:52 PM
To: GILLAN, ALISON
Subject: RE: net metering service changes

Hi Alison,

I would like to submit the following comments/questions about the proposed changes to the net metering program:

1. It is not clear to me whether the generator must be located on land owned by the customer-generator. For example, could a business locate a generator on land owned by the municipality for the purposes of net metering as long as it was located in the same distribution zone? (This is something we would support)
2. I realize that this is not something that has changed in the regulations, but we would support some kind of benefit sharing of the carbon credits from net metering, rather than having NSPI be the sole beneficiary.
3. Is the defined limit on the capacity of the generator the average annual consumption of the customer-generator or will it be permissible to over-size a generator within limits. I did not see this covered anywhere but may have missed it.

Thank you very much for the opportunity to review and comment on these documents. We welcome the proposed changes and look forward to seeing our businesses and residents take advantage of them.

Kind regards,

Emily

Emily Tipton, P.Eng.

Sustainable Development Coordinator/Municipal Engineer
Municipality of the District of Shelburne
etipton@municipalityofshelburne.ca
(902) 875-3489

From: GILLAN, ALISON [mailto:Alison.Gillan@nspower.ca]
Sent: Thursday, October 14, 2010 11:36 AM
To: Emily Tipton
Cc: MYATT, LANA
Subject: RE: net metering service changes

Emily:

Thanks for contacting me. If you have read the existing Regulation 3.6 and the Amended Electricity Act that Elisa sent out with her note you will already have a good sense of what NSPI is required to address in its November 1 filing with the UARB.

To help you provide feedback I am attaching two additional documents. The first is a summary of the proposed changes to the net metering program and the second is a redline version of a DRAFT Regulation 3.6 showing how the actual revised wording could look.

Once you've had an opportunity to review these I would welcome the opportunity to discuss them with you and to receive your comments. Please note that it is our intention to include any written comments that we receive as part of our filing to the UARB. If at all possible I'd like to hear back from you by October 19 so that we can consider your comments before we submit our filing.

Alison

Alison Gillan
Manager, Open Access Transmission
Control Centre Operations
Nova Scotia Power
(902) 428-7719
alison.gillan@nspower.ca

From: Emily Tipton [mailto:etipton@municipalityofshelburne.ca]
Sent: Thursday, October 14, 2010 11:07 AM
To: GILLAN, ALISON
Subject: net metering service changes

Hi Allison,

I am interested in receiving information about the proposed changes to the Net metering service to align with the amended Electricity Act.

Kind regards,
Emily

Emily Tipton, P.Eng.

Sustainable Development Coordinator/Municipal Engineer
Municipality of the District of Shelburne
etipton@municipalityofshelburne.ca
(902) 875-3489

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Comments Received from Nova Scotia Federation of Agriculture



Nova Scotia Federation of Agriculture

October 28, 2010

Elisa Obermann
Policy Analyst
Nova Scotia Department of Energy
Suite 400, Bank of Montreal Bldg.
5151 George Street
P.O. Box 2664
Halifax, NS B3J 3P7

Dear Ms. Obermann:

Re: **Comments regarding the Proposed Changes to Regulation 3.6
“Net Metering Service”**

On farm energy use in Nova Scotia is a significant factor in operational costs on the majority of Nova Scotia farms. The ability to generate sufficient electricity to meet the needs of an individual operation provides a great opportunity for this industry. Net metering is an essential component to renewable energy generation, particularly in the case of wind where variability of supply is a key factor.

The existing net metering service has hindered the uptake and implementation of renewable energy on farms. We recognize that the proposed changes to the existing net metering service offer some benefits.

The following points are welcome improvements:

1. The ability to receive payment for excess or surplus electricity generated during a fiscal period may encourage the installation of larger and more efficient generators.

2. The ability to aggregate meters under one account is a positive aspect. Farmers typically have distributed energy requirements around a single farmstead by incorporating a number of meters located on individual buildings. This proposed change provides the benefit of maximizing the combined load against generation capacity.

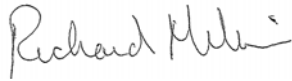
There are, however, some points which may be worthy of further consideration:

1. Limiting the size of generator nameplate rating to the estimated annual electricity consumption may delay investments that improve energy efficiency. Farm Energy Nova Scotia have been providing energy audits to farmers and making recommendations on equipment and practices that will improve energy efficiency, improvements that are currently supported financially through the Farm Investment Fund (provided by the NS Department of Agriculture). Perhaps annual generation could be estimated on an average energy use over a number of previous years. Annual estimated energy consumption should also allow for inclusion of expected increases in energy consumption due to expansion of operations.
2. The assignment of generating capacity eligible for net metering seems on the low side. The apportionment of classes, of 5MW for class 1 (up to 100kW) and 15MW for class 2 (100kW to 1MW) does not permit any significant number of installations.

Dairy farms in Nova Scotia use an average 85,000 kWh / year of electricity, equating to an approximate generating capacity from a wind turbine of 40 kW to 50 kW in a reasonable wind regime. This would mean that only 100, 50 kW turbines would reach the maximum subscription limit in class 1 and 150, 100 kW turbines in class 2. That is only a total of 250 installations, 20 MW with an estimated power generation capacity of 40 GWh, around 2% of the provincial target of 1800 GWh by 2015. As this program is offered on a first come, first served basis it seems that many individuals, businesses and small industries will not be able to participate and as such it would seem that the proposed net metering service still falls far short of really contributing to the provincial renewable energy target.

The Nova Scotia Federation of Agriculture would appreciate the opportunity to meet with you to more fully review how the agricultural industry can adapt to become a significant contributor to the production of renewable energy in this province.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Richard Melvin".

Richard Melvin
President

Comments Received from NRCan

From: Wilkens, Larry [mailto:Larry.Wilkens@NRCan-RNCan.gc.ca]
Sent: Thursday, October 21, 2010 12:34 PM
To: GILLAN, ALISON
Subject: RE: NSPI's net metering program

Hi Alison,

My only comment about this proposal is why 1MW is the limitation for a wind turbine when most turbine manufacturers are building a 1.5MW unit. The 1MW limitation will severely limit the number of manufacturers available to supply a turbine. It is especially important to have a reliable supplier able to service a single turbine and this can be more easily performed when a wind farm with multiple turbines is nearby.

Larry

Larry Wilkens P.Eng.
Natural Resources Canada
Energy Technology Applications Group
613-947-3519

From: GILLAN, ALISON [mailto:Alison.Gillan@nspower.ca]
Sent: October 20, 2010 12:09
To: Wilkens, Larry
Cc: MYATT, LANA; GODBOUT, NICOLE
Subject: NSPI's net metering program

Larry:

Based on our discussion I'm sending you three documents regarding the proposed changes to NSPI's net metering program. They are the Amended Electricity Act (where section 3 identifies the required changes for enhanced net metering), the summary document of the changes we are proposing, and the redline text of NSPI's existing Regulation with changes to the program as noted for compliance.

We are required to file the enhanced net metering program with the UARB by November 1, but we don't yet know what regulatory process the Board will require or when they might rule on our filing. I understand you aren't planning to offer written comments as part of our upcoming regulatory filing, but if you have any questions as you read through these please don't hesitate to contact me again.

Alison

Alison Gillan
Manager, Open Access Transmission
Control Centre Operations
Nova Scotia Power
(902) 428-7719
alison.gillan@nspower.ca

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Comments received from Seaforth Energy, Seaforth Engineering, Eon Wind Electric

-----Original Message-----

From: Jonathan Barry [<mailto:jbarry@seaforthenergy.com>]

Sent: Wednesday, October 13, 2010 4:15 PM

To: GILLAN, ALISON

Cc: ppynn@eonwind.com; 'dlombardi'; MYATT, LANA

Subject: RE: NSPI's Enhanced Net Metering - seeking your input

Hi Alison,

Please find below a summary of the submission we made to the renewable regulations feedback regarding Enhanced Net Metering. We have read and understood the amendment to the act and before that, the current net metering. Our suggestions below reflect what we believe is needed to promote reasonable adoption of the Enhanced Net Metering program. To be clear, the proposed changes definitely improve the existing program. However, we do not believe it will make much of a difference to current adoption based on the many customers we speak with and the business cases they are reviewing. I would be happy to discuss this with you further.

See comments below.

Net Metering Feedback

Distribution zone limit should be removed

- This limit adds confusion and can be a significant hindrance to adoption. What is its real purpose? And how will people readily know what distribution zones they are on?

- What about business customers that are in downtown Halifax (ie. nowhere they can generate renewable electricity) but want to offset their energy footprint with a direct Net Metering project somewhere else (such as wind in Canso)? The Distribution Zone limit seems like it will restrict project viability considerably.

The sizing limit should at a minimum include ALL meters/accounts that a customer has with NS Power

- not only the usage at the meter where the renewable energy is deployed/generated

- Frankly, the limit for sizing renewable generation to a customer's consumption should be removed altogether except for maybe the 1MW limit.

NSPI should be happy to receive renewable generation at the same rate the customer is paying.

The rate paid for net metering should be the top retail price of electricity for all generated electricity and/or should be subject to new FITs

The renewable energy credits should remain with the individual or business that is generating them

Regarding the current BlueLined version of the amendment, section 3.6.3.2 Customer, is too narrow a definition. There are likely many

related companies where this definition will limit their ability to participate.

Why not allow related companies to pool their energy to see if they can make a business case work? It is hard enough to make a business case as it is without further limits like this.

Section 3.6 f) The last sentence should be deleted. Why is there a need for a time limit for a customer to request changes to the allocations? This is another hindrance to the program with no apparent rationale.

Section 3.6.6 f) Another term that doesn't seem to have rationale? Why have this limit?

Jonathan Barry
President

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www.seafortheenergy.com

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Comments received from Tom Taggart, District Councillor, Colchester County

From: Tom Taggart [mailto:CouncillorDistrict10@colchester.ca]

Sent: Friday, October 15, 2010 3:45 PM

To: GILLAN, ALISON

Subject:

I think this enhanced net metering is a great improvement, now that we can get credit toward any meters the county of colchester has within our sub station or sub district it is my intention to lobby my fellow councillors to erect a wind turbine at our balefill site at kemptown.

Yours Truly Tom Taggart Councillor District 10 Colchester County.

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Appendix E

Enhanced Net Metering Regulation 3.6
NSPI Responses to Stakeholder Input on draft Regulation 3.6
November 1, 2010

1	Stakeholder	Appleseed Energy
	Suggestions/Comments	I would like to ask what the limits or restrictions on the compensation would be as it was unclear from the presentations. Our main concern is that with the cost of purchasing and installing small-scale power production equipment, the existing as well as the proposed net-metering program is not effective in promoting growth in this sector. There is tremendous interest in small-scale production which could collectively lead to a sizable chunk of the guidelines set out for green energy in Nova Scotia. Net metering in either form does not solve the problem of small-scale production which is return on investment. It was too expensive before and the enhanced net-metering has not addressed this issue. It may be the policy of NSPI not to promote growth in small-scale production, but there is an opportunity in this sector as yet untapped which could help meet your stated goals. Many other utilities and governments have seen the benefits of promoting small-scale production and have taken steps such as micro- feed in tariffs and incentive packages to make this happen.
	NSPI Response	The <i>Electricity Act</i> states that the compensation for surplus is to be at the rate paid for consumption of electricity. The proposed enhancements to Regulation 3.6 as set out in this application are consistent with the statutory requirements. The intention of net metering is to offset one's own consumption. A micro-feed in tariff or incentive packages are beyond the scope of Regulation 3.6.
2	Stakeholder	Minas Basin Pulp & Power
	Suggestions/Comments	Section 3.6.2(a) forces a customer to size the capacity of the low-impact, renewable generator such that it generates an amount equal to his/her <u>total</u> annual consumption. This places an unnecessary restriction in that it prevents customers from installing low-impact, renewable generation to meet a <u>part</u> of his/her total consumption. Minas Basin believes that there is no physical, electrical or financial reasoning behind the all-or-nothing requirement, and requests that your regulation

explicitly state that partial service will be available, despite the wording of the Act.

NSPI Response The intention of net metering is to offset one's own consumption.

Over-sizing of a generator will not be permitted under Regulation 3.6, however customers wishing to size their generators for only partial consumption offsetting are not prevented from doing so.

3 Stakeholder Minas Basin Pulp & Power

Suggestions/Comments Green electricity has a value that exceeds the value of conventional electricity, but the Net Metering program only pays for this green electricity at conventional electricity rates. Minas understands that this is the definition provided in the Act, meaning NSPI has little opportunity to re-define the price. Minas Basin will offer the comment that the Net Metering program will observe little take-up, as even utility-sized renewable energy generation facilities require a premium to the conventional value for electricity. With higher per kW installation costs, and lower prices paid for the electricity produced, smaller projects accommodated by the Net Metering program simply do not make any money. The evidence to support this position currently exists in the low take-up of the existing Net Metering program.

NSPI Response As acknowledged by Minas in its comments, the rate to be paid by NSPI for surplus energy is proscribed by the *Amended Electricity Act*.

The intention of net metering is to permit offsetting of one's own consumption. While Minas references limited opportunities to make money under net metering, this is not the purpose of the service. Entities looking to profit from sale of electricity to NSPI have other opportunities such as participating in RFPs and the NSDOE Community Feed-In-Tariff program.

4 Stakeholder Minas Basin Pulp & Power

Suggestions/Comments The definition of electricity comprises both energy and demand, which means the value of electricity should include both the value of the energy, and the value of the demand, yet the program only compensates the generators at the energy charge. Minas Basin suggests that a demand value be added at

the customer's demand rate, multiplied by the IRP assumed capacity factor of roughly 30%. This is standard practice for estimating the value of the demand supplied by non-dispatchable wind.

NSPI Response

Net metering service is a netting billing service whereby the customer-generator gets to see the benefits of reduction in its bill due to changes in its billing determinants of demand and energy as caused by self-generation and reflected in the registered readings on customer's bi-directional meter. Net metering is not a commercial service subject to pricing at a separate cost-based rate. Even though, there may be present system benefits related to the installed generator capacity, there also may be present additional costs associated with compensating net metering customers for their intermittent energy-only service at a full bundled rate leading to the forgone recovery of fixed costs.

5 Stakeholder

Municipal Electric Utilities of Nova Scotia Cooperative (MEUSNC) – provided verbally

Suggestions/Comments

Compensation for surplus generation should include an amount reflective of Demand Side Recovery Rider (DCRR) charges.

NSPI Response

DCRR charges reflect costs collected from customers by NSPI which are payable to a third party service provider, Efficiency Nova Scotia Cooperation. These are not funds available to NSPI to use towards payment of net metering customers for surplus generation.

6 Stakeholder

Municipality of the District of Chester

Suggestions/Comments

Would like to see the program flexible enough to allow the Municipality to include other non-municipal buildings/stakeholders that it services, such as libraries, arenas, or a local business park, to be included under the umbrella of a single customer for net metering purposes. Has consideration been given to what defines a single customer and any limitations for including others under the umbrella of a single customer such as a municipality?

NSPI Response

A customer is defined in the proposed Regulation 3.6 as a single legal entitled designated by the same customer number as recorded in NSPI's Customer Information System.

A customer may have several accounts/meters eligible for net metering and which may be aggregated against a single net

metered generator.

The intention of net metering is to offset one's own consumption. The service is not designed to permit several separate legal entities to offset their consumption using another customer's generator.

- | | | |
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| 7 | Stakeholder | Municipality of the District of Shelburne |
| | Suggestions/Comments | Could a business locate a generator on land owned by the municipality for the purposes of net metering as long as it was located in the same distribution zone? |
| | NSPI Response | <p>There is nothing in the proposed Regulation 3.6 which requires a customer-generator to own the land on which it sites its generator.</p> <p>Customers will need to be able to provide an acceptable powerline easement to NSPI to enable interconnection as required by "NSPI Regulation 2.6 – Overhead Line and Service Extensions".</p> |
| 8 | Stakeholder | Municipality of the District of Shelburne |
| | Suggestions/Comments | Would support some kind of benefit sharing of the carbon credits from net metering, rather than NSPI be the sole beneficiary. |
| | NSPI Response | <p>The <i>Amended Electricity Act</i> provides that as a condition of participation, the customer transfer or assign all emission credits or allowances arising from the use of renewable energy sources to the public utility to enable the public utility to comply with the requirements of any enactment regulating emissions, but for no other purpose.</p> <p>This requirement is already found in NSPI's existing Regulation 3.6 and does not represent a change in the service.</p> |
| 9 | Stakeholder | Municipality of the District of Shelburne |
| | Suggestions/Comments | Is the defined limit on the capacity of the generator the average annual consumption of the customer-generator or will it be permissible to over-size a generator within limits? |
| | NSPI Response | <p>The intention of net metering is to offset one's own consumption.</p> <p>At the time of an application for net metering, NSPI will</p> |

assess the application to determine if the generator is right-sized to the consumption of the customer. NSPI will work with a customer to determine if the generator they are considering is right-sized for consumption.

This will involve a consideration of consumption history (where available).

10	Stakeholder	Nova Scotia Federation of Agriculture
	Suggestions/Comments	The ability to receive payment for excess or surplus electricity generated during a fiscal period may encourage the installation of larger and more efficient generators.
	NSPI Response	N/A
11	Stakeholder	Nova Scotia Federation of Agriculture
	Suggestions/Comments	The ability to aggregate meters under one account is a positive aspect. Farmers typically have distributed energy requirements around a single farmstead by incorporating a number of meters located on individual buildings. This proposed change provides the benefit of maximizing the combined load against generation capacity.
	NSPI Response	N/A
12	Stakeholder	Nova Scotia Federation of Agriculture
	Suggestions/Comments	Limiting the size of generator nameplate rating to the estimated annual electricity consumption may delay investments that improve energy efficiency. Farm Energy Nova Scotia have been providing energy audits to farmers and making recommendations on equipment and practices that will improve energy efficiency, improvements that are currently supported financially through the Farm Investment Fund (provided by the NS Department of Agriculture). Perhaps annual generation could be estimated on an average energy use over a number of previous years. Annual estimated energy consumption should also allow for inclusion of expected increases in energy consumption due to expansion of operations.
	NSPI Response	The intention of net metering is to offset one's own consumption. At the time of an application for net metering, NSPI will

assess the application to determine if the generator is right-sized to the consumption of the customer. NSPI will work with a customer to determine if the generator they are considering is right-sized for consumption.

This will involve a consideration of consumption history (where available).

- | | | |
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| 13 | Stakeholder | Nova Scotia Federation of Agriculture |
| | Suggestions/Comments | The assignment of generating capacity eligible for net metering seems on the low side. The apportionment of classes, of 5MW for class 1 (up to 100KW) and 15MW for class 2 (100kW to 1MW) does not permit any significant number of installations. |
| | NSPI Response | <p>The capacity available to integrate generation on the distribution system is not unlimited and will be sought by independent power producers as well as community feed-in-tariff streamed projects. The system-wide 20 MW allocation for net-metering is subject to any distribution level capacity constraints within a distribution zone and does not provide an absolute guarantee that capacity will be available wherever and whenever requested by a customer.</p> <p>The 20 MW cap is intended to be revisited in future, once experience has been gained with the enhanced program.</p> |
| 14 | Stakeholder | NRCan |
| | Suggestions/Comments | Why is there a 1 MW limitation on generators? |
| | NSPI Response | The <i>Amended Electricity Act</i> permits customers to generate up to one megawatt of electricity under the net metering service. |
| 15 | Stakeholder | Seaforth Energy, Seaforth Engineering, Eon WindElectric |
| | Suggestions/Comments | Distribution zone limit should be removed |
| | NSPI Response | <p>The requirement that net metering be limit to a distribution zone is a requirement of the <i>Amended Electricity Act</i>.</p> <p>NSPI created a definition of distribution zone that allows for the widest interpretation of the term without impacting on the transmission system.</p> |
| 16 | Stakeholder | Seaforth Energy, Seaforth Engineering, Eon WindElectric |

	Suggestions/Comments	The sizing limit should include all meters/accounts that a customer has with NSPI not only the usage at the meter where the renewable energy is deployed/generated. The sizing limit should be removed altogether except for the 1MW limit
	NSPI Response	The requirement that a customer's generator be sized to its consumption is a requirement of the <i>Amended Electricity Act</i> . A customer can aggregate as many meters as it has within a distribution zone.
17	Stakeholder	Seaforth Energy, Seaforth Engineering, Eon WindElectric
	Suggestions/Comments	The rate paid for net metering should be the top retail price of electricity for all generated electricity and/or should be subject to new FITs.
	NSPI Response	Per the <i>Amended Electricity Act</i> the rate paid for surplus generation is to be a rate equivalent to that paid by the customer for electricity supplied to the customer by NSPI. A customer who has multiple accounts, which fall into different customer class rates, will determine which accounts they wish to net-meter and in which proportion. The enhanced Regulation 3.6 proposes that they be paid for any surplus in accordance with this proportioning.
18	Stakeholder	Seaforth Energy, Seaforth Engineering, Eon WindElectric
	Suggestions/Comments	The renewable energy credits should remain with the individual or business that is generating them.
	NSPI Response	The <i>Amended Electricity Act</i> provides that as a condition of participation, the customer transfer or assign all emission credits or allowances arising from the use of renewable energy sources to the public utility to enable the public utility to comply with the requirements of any enactment regulating emissions, but for no other purpose. This requirement is already found in NSPI's existing Regulation 3.6 and does not represent a change in the service.
19	Stakeholder	Seaforth Energy, Seaforth Engineering, Eon WindElectric
	Suggestions/Comments	The definition of customer is too narrow. Related companies should be allowed to pool their energy to make a business case work.
	NSPI Response	The intention of net metering is to offset one's own

consumption.

The relationship between related companies is subject to constant evolution. NSPI's customer is the legal entity with whom it has a contract for the sale of electricity. Any accounts owned by that customer can be offset by that customer's net-metered generation.

20 Stakeholder

Seaforth Energy, Seaforth Engineering, Eon WindElectric

Suggestions/Comments

Delete the last sentence of section 3.6.4 f) which reads:

"NSPI may in its sole discretion, approve such changes provide they remain in place for a minimum of 12 months."

NSPI Response

The sentence refers to a customer's ability to change its method of allocating surplus generation among its accounts and assigning accounts to specific generating facilities. Such nomination is to be approved upon the subscription to the Net Metering service and will stay in effect until such time as the customer submits a written request for change, subject to the requirement that the changes remain in place for 12 months.

This is not a newly proposed component to the Net Metering service, but rather is part of the existing Regulation 3.6. Net metering is a billing service. It requires a 12 month cycle to determine the net billing effect. To allow changes to be made to the customer's apportionment of generation among its accounts at any time, will permit abuse of the service and will not reflect a true netting of the generation against consumption. Also it will not be cost effective to make such changes partway through the 12 month period as some of them will be fairly complex and thus burdensome to bring about for the administration staff.

21 Stakeholder

Seaforth Energy, Seaforth Engineering, Eon WindElectric

Suggestions/Comments

Delete the last sentence of section 3.6.6 f) which reads:

"If a customer-generator voluntarily terminates the Net-Metering service, the service may not be renewed for a period of 12 months from the date of termination."

NSPI Response

This is not a newly proposed component to the Net Metering service, but rather is part of the existing Regulation 3.6.

The service is designed around a 12 month billing period. This provision is consistent with the 12 month requirement. It

also prevents potential abuse of the service and unnecessary administrative burden.

22	Stakeholder	Tom Taggart, District Councillor, Colchester County
	Suggestions/Comments	Enhanced service is a great improvement
	NSPI Response	N/A