Nova Scotia POWER
An Emera Company
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April 27, 2017

Doreen Friis
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: M07540 - Nova Scotia Power Inc. 2016 10-Year System Outlook Report (P-194)**

Dear Ms. Friis:

On December 21, 2016, the UARB issued its written Decision on the 2014-2015 FAM Audit approving the Consensus Agreement and deferred further direction on the content of a Tufts Cove Technical Conference through to the 10-Year System Outlook Report matter. On February 9, 2017, the UARB directed NS Power to proceed, including thermal fleet analysis in addition to what was in the Consensus Agreement:

> In order to facilitate greater effectiveness of the upcoming Technical Conference, NSPI is directed to incorporate into the Conference all the issues included above in this letter, and to provide participants with supporting data, analysis and conclusions no later than two weeks prior to the conference date so that a meaningful and informed interaction can take place.
>
> Following the Technical Conference if interested parties have any comments they wish to share with the Board on these issues they may do so within two weeks of the Technical Conference.[1]

On April 13, NS Power hosted a Technical Conference to address the issues raised through the Settlement and by the UARB. During the Technical Conference, NS Power discussed its intention to improve its engagement process.

[1] NSUARB Letter, 10-Year System Outlook Report, February 9, 2017, M07540.

Stakeholders brought to the Company's attention more specific details about areas that would benefit from NS Power providing additional information and analysis in support of its thermal unit utilization and investment strategy. NS Power heard the perspectives of the UARB's consultants and stakeholders and would like to continue to engage customers on the following topics:

- NS Power reserve margin requirements;
- The implications of the new Federal coal legislation on coal units retirements in Nova Scotia and other jurisdictions;
- The outlook for gas consumption in the northeast;
- The potential implications of expanded regional transmission interconnections; and
- Other matters that may be raised by the parties through their submissions to the Board.

In broader terms, the Technical Conference discussion confirmed that stakeholders want more information on resource adequacy planning and whether NS Power should maintain its existing investment strategy for the thermal fleet, or pursue alternatives, including advanced closure of fossil fuel units. The timing and magnitude of investments in coal units are important commitments with broad implications for the Company and its customers. NS Power recognizes that its unit utilization and retirement strategy is complex and influenced by many factors, including environmental compliance.

NS Power and stakeholders have shown an ability to come together and reach common ground in some initially divisive areas when we use a consensus building approach. We have experienced this in the 2013 Cost of Service Proceeding, the 2015-2016 Renewable to Retail Proceeding and in recent Annual Capital Expenditure Plan proceedings.

The Company proposes to begin this same type of collaboration by working with stakeholders to establish an engagement process, including an approach, timeline and deliverables.

Proceeding in this manner will increase the knowledge-base of the utility and utility stakeholders on resource adequacy planning matters as well as clarify issues and assumptions to be addressed if common ground cannot be found after the Company has provided additional analysis requested by stakeholders.

This approach could also lay the foundation for the establishment of an effective, sustainable and collaborative long-term stakeholder framework for resource planning in Nova Scotia. It would also contribute significantly to our shared success in meeting the desires of NS Power customers and contributing positively to the economy of our province, while effectively and efficiently overcoming the challenges of an industry in transition.

NS Power looks forward to the opportunity for additional analysis on the future of its thermal fleet by working with stakeholders to establish an engagement process, including the approach, timeline and deliverables.

Yours truly,

Tim Wood
Director, Regulatory Affairs