



Blackburn Law

April 27, 2017

VIA EMAIL

Ms. Doreen Friis
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax NS B3J 3S3

Dear Ms. Friis:

**Re: M07540 – Nova Scotia Power Inc. 2016 10-Year System Outlook Report
Comments from Thermal Generation and Tuft's Cove Technical Conference**

Please accept the following comments from the Small Business Advocate (SBA) relating to the Technical Conference held on April 13, 2017, addressing Thermal Generation and Tuft's Cove.

As discussed in NS Power's presentation, many of its coal units are no longer providing baseload service, but act as peaking plants needed only to serve load in the hours of highest electrical demand in Nova Scotia. These hours are typically in the winter season, when natural gas prices are high due to gas pipeline constraints. NS Power argues keeping these coal plants to serve as peaking units is more economic than other alternatives. The only coal unit it has committed to retire is Lingan 2 after Maritime Link is operational.

Keeping coal plants in the fleet may frustrate some environmental advocates and policy makers, and the federal government, which is actively seeking coal retirements. From an environmental perspective, changing a coal plant from baseload service to peaking service reduces the amount of coal burned, which provides an environmental benefit. But keeping the plants still has negative environmental consequences, not only from the albeit more limited coal burning, but also from the need to keep a coal pile, control coal dust, and provide ash handling. Older coal plants will also need capital investment to keep them running reliably and running a peaking duty cycle these plants were not designed for.

NS Power has expressed reluctance to study coal retirements until carbon emissions targets are more precisely known. However, a study may still be helpful. Instead of asking the question, "What plants are economic to retire?" NS Power and the Board should consider analyzing "At what carbon price would the following resource options be economic compared to keeping old coal generators online?"

1. Expanding natural gas fuel supply, either from expanded pipeline capacity or LNG, and building new gas units or repowering coal units to run on gas.
2. Building new transmission interconnections with New England to import New England surplus capacity in winter and export Nova Scotia surplus capacity in summer.

3. Expand hydro imports from other Canadian provinces.
4. Build Li-ion battery or other storage facilities to store renewable energy for dispatch when most needed.

This would help inform policy making, exposing the cost-benefit trade-offs of coal retirements at this time. NS Power could also update this analysis once a year to track increases or decreases in the estimated cost of retaining coal plants and cost decreases for emerging technology options, such as energy storage.

Yours very truly,

A handwritten signature in dark ink, appearing to read 'Melissa P. MacAdam', with a stylized flourish at the end.

Melissa P. MacAdam

for

E. Nelson Blackburn, Q.C.

Small Business Advocate