

August 10, 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: M08059 - Generation Utilization and Optimization Process

Dear Ms. Friis:

On July 7, 2017, the Utility and Review Board (UARB, Board) circulated draft Proposed Terms of Reference (TOR) from Synapse Energy Economic Inc. (Synapse) and invited comments from Nova Scotia Power Inc. (NS Power) and interested parties. On July 17, 2017, NS Power, the Consumer Advocate (CA), the Small Business Advocate (SBA), the Industrial Group (IG) and Port Hawkesbury Paper (PHP) provided comments to the Board respecting the Synapse Proposed TOR. On August 1, 2017, Synapse filed its "Response to Stakeholder Comments on Proposed Terms of Reference" with its Amended Proposed TOR. On August 3, 2017, the UARB advised that before the amended TOR are considered by the Board panel for approval, the stakeholders may file further comments with the Board, if any, by August 10, 2017.

NS Power thanks the Board for the opportunity to provide these further comments.

NS Power notes that Synapse has taken into consideration the request that a number of parties made respecting the need for consultation to be built into the process. Synapse now proposes that interested parties will be permitted to receive and have the opportunity to comment upon its Input Assumptions Memo and Modeling Plan. Further, Synapse has added the potential for additional modeling to be done after presentation of their draft report. With respect to other comments filed by interested parties, Synapse provided the following general response:

The overall timeframe for the analysis and the intended purpose – to broadly identify the extent of cost-effectiveness of thermal fleet retention – prevents Synapse from running all potential resource configurations. We also note that this is a planning exercise, not an operational assessment; we will not be able to prospectively account for every operational detail that may be required to run a future power system with a given set of resources. We will use NSPI's input parameters to ensure that major constraints on power system operation – such as adequate reserve margin, adherence to major transmission transfer limitations, and provision of sufficient ancillary service support (e.g., capacity for regulation and operating reserves) – are respected.

NS Power's comments filed on July 17, 2017, provided comments on three main areas: 1. Objective/Purpose; 2. Process/Timeline; and 3. Technical Clarity.

The CA expressed that the parameters set by Synapse may not address all relevant issues and decisions. The SBA expressed that it believed it was important for all stakeholders to agree on the role of the study and provided comments on four main areas: Objectives; Metrics; Modeling and Analysis, and Resource Options. Counsel for the IG provided comments respecting specific considerations for the modeling plan runs and scope of work and milestones. Finally, PHP's comments focused on opportunities for stakeholder input.

While Synapse has adjusted the timeline to allow for engagement with interested parties, the detailed comments submitted by interested parties were not specifically responded to by Synapse. While NS Power expects that there will now be an opportunity through the assumptions and modeling plan review process to provide specific input to Synapse on technical aspects, NS Power is concerned that there continues to be uncertainty respecting how the work will be undertaken, the measures for evaluation and the purpose for which it will be used. It is also not clear how comments, when received by Synapse will be addressed, if at all.

NS Power believes that a robust long term plan will provide for an orderly transition from reliance on coal for firm capacity to other solutions over a timeframe that respects reliable and cost-effective grid operations. In summary, a successful process will provide an outcome that is:

- (1) Transparent to all interested parties, based upon clearly defined, pre-established evaluation metrics and clarity of modeling inputs and methodologies used;
- (2) Technically achievable, respecting system reliability and the obligation to serve while seeking economic opportunities through emerging technologies;
- (3) In the best interest of customers and balances near term-affordability with long-term cost avoidance.

NS Power refers to its original comments on the draft Terms of Reference which were filed with UARB on July 17, 2017, and respectfully submits that before the work commences, it is critical to have a clearly defined scope and objective criteria for measurement and evaluation against which Synapse, all interested parties, and the Board can assess the any recommendations about the best use of NS Power generation assets and other potential capacity options for Nova Scotia customers that are expected to come from this important work.

Yours truly,



Judith Ferguson
Executive Vice President
Regulatory, Legal and Business Planning