Blackburn Law

VIA EMAIL

February 14, 2020

Linda Lefler
Nova Scotia Power

Dear Ms. Lefler,

Re: M08929 – IRP Assumptions Comments

The Small Business Advocate (SBA) attended the IRP Stakeholder meeting on January 27, 2020 and our expert, Jeff Bower, participated in the conference call on February 7, 2020. Below are some questions and comments from the SBA for consideration at the next stakeholder meeting scheduled for February 27, 2020.

Demand Side Management (DSM):

NSPI noted during the February 7, 2020 stakeholder discussion that DSM is going to be considered as a load modifier in the IRP analysis, and will only be considered as scenarios (Low, Base, Mid, Max Achievable). This appears to be treating DSM as an exogenous factor rather than integrated resource options.

This seems to suggest that the selection of DSM program implementation efforts will not be an output of the IRP portfolio optimization process, but rather the DSM scenarios that change the load that will be used as inputs to the model used to develop the portfolios. The concern of using this approach is that:

1. It does not test the economics of the different amounts of DSM;
2. It does not look at the potential focus differences among DSM options such as peak reducing versus energy reducing (which affects environmental emissions reduction benefits) or Summer versus winter peak targeting;
3. It does not capture the dynamic effects between DSM penetration and avoided cost (with avoided costs varying by scenario assumptions and between resource portfolios being evaluated).

NSP needs to discuss how it will choose which bundle of DSM is incorporated into specific scenarios. This should be analytically consistent and not random sensitivities.

Further, if the DSM adoption scenarios rely on the comparison of program cost to avoided cost, a methodology which uses the DSM adoption scenarios as an input does not recognize the fact that the avoided cost changes with the supply-side resource buildout.

In addition, some energy efficiency measures may encourage electrification, and thus could increase electric load. It is not clear if this effect is captured in NSPI's methodology.

There needs to be specificity as to how the revenue requirements will be determined for annual expenditures, ie multi-year amortization. A question that then arises is whether it is a variable.

The SBA believes that the incorporation of DSM is an important issue and requires further discussion. We suggest that there be a specific meeting on DSM assumptions and integration into the scenarios and portfolio evaluations, or at a minimum this should be addressed at the February 27th meeting.

Distributed Generation:

During the February 7th call it was mentioned that distributed generation, such as Behind the Meter Solar, will not be included as an Option since it would not be selected by the model due to cost. In a long range planning exercise such as an IRP this seems like a significant short-coming. There needs to be a recognition of the existence of Renewable to Retail Sales in the modeling and portfolio strategies recognizing different economic signals.

As well, it should be understood that behind the meter generation is installed based upon customer economics of avoiding or being compensated at retail rates, not solely a generation savings. This needs to be modeled consistently, perhaps crediting savings against rates inside the model. The various solar ratemaking and net metering policies should be tested as well.

The SBA would like confirmation about what analysis will be used to vary DER penetration across scenarios and portfolios.

As referenced above with respect to DSM, additional time needs to be provided to discuss DER more fully, including time for open for dialogue and input from stakeholders.

Sustaining Capital Forecast:

The original set of draft IRP assumptions (dated January 20, 2020) was revised on February 3, 2020. The revised assumptions included significant changes to the sustaining capital forecast for coal, CT, and small hydro units.

NSPI should provide the original and revised data in tabular form so stakeholders can better compare the two forecasts. NSPI should also provide a detailed explanation for the source of the modifications, and any supporting studies from which the sustaining capital forecasts were derived.

Please let me know if you have any questions or require any clarification.

Yours truly,

BLACKBURN LAW

Melissa P. MacAdam
for
E.A. Nelson Blackburn, Q.C.
Small Business Advocate