

Our File: 100384
May 9, 2014

Ms. Nicole Godbout
Regulatory Counsel
Nova Scotia Power
P.O. Box 910
Halifax, NS B3J 2W5

Dear Ms. Godbout:

Re: Integrated Resource Plan (IRP) 2014 – Matter M05522/P-884.14

On May 1, 2014, Nova Scotia Power Inc. (“NSPI”) circulated its proposed assumptions with respect to its “Variable Generation Integration Costs”, or costs that the utility is expected to incur due to the addition of variable energy sources to its electrical system. Please accept the following comments on behalf of Port Hawkesbury Paper LP (“PHP”).

In its executive summary (slide 2), NSPI states that the addition of variable generation (wind and solar) introduces additional costs associated with unit dispatch and commitment, system reserves and capital investments. NSPI’s analysis indicates that the existing and committed 550-600 MW of wind generation and any further increases will increase operational reserve requirements.

NSPI also assumes that in order to maintain system reliability, new capital investments will be necessary to integrate more variable generation on the system past 600 MW. NSPI states on slide 2 that such capital investments “...will address needed requirements for fast-acting firm capacity, system inertia, reactive power support, primary and secondary frequency response and other system reliability requirements.”

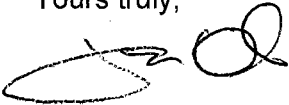
As parties are aware, the IRP terms of reference were explicitly revised to consider the potential utilization of load as a resource. As referenced in NSPI’s responses to Stakeholder Comments on the IRP Assumptions (Item 93), NSPI has been meeting with PHP to assess the options for demand response. PHP continues to believe that there are options available to use load as a resource (including the PHP load, industrial load, and other demand response initiatives) to address numerous system issues including system reliability issues in the context of increasing variable generation on the system. PHP believes that this use of load as a resource may be able to offset or defer the requirement for new capital investments.

On slide 14, NSPI states that “...it will first analyze the system with anticipated incremental flexibility available from the Maritime Link, possible incremental hydro improvements, **demand response resources**, and internal transmission improvements.”

PHP submits that other wind balancing resources that could be available to defer the need for new capital projects need to be closely analyzed. PHP will continue to make itself and its consultants available as part of this process to assist in ensuring that use of load as a resource can be appropriately modeled as part of the overall process, including with respect to modelling variable generation integration costs.

In this regard, PHP agrees with the comments of the Industrial Group at page 3 of its May 7, submission, where it states that it presumes that NSPI would tender for 10-minute reserve additions before it incurs the high capital costs of building its own new generation and that alternatives would be considered.

Yours truly,



f : David S. MacDougall

cc: Interested Parties