


BLACKBURN ENGLISH

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OUR FILE:

Nicole Godbout
Regulatory Counsel
Nova Scotia Power Inc.
1223 Lower Water Street
Halifax, NS B3J 2W5

Dear Ms. Godbout:

RE: M005522 – IRP Comments

The following are the IRP comments of the Small Business Advocate.

I. Introduction

The Office of the Small Business Advocate (“SBA”) is pleased with the opportunity to participate as an active stakeholder in the NSPI 2014 IRP. The SBA views this IRP as important planning exercise which will influence electric costs over the next 25 years and beyond. The SBA and its consultant have reviewed the draft Assumptions Presentation Materials provided by NSPI, met with NSPI staff and actively participated in the Technical Conferences.

The SBA stated in prior comments that we believe that an ‘Objectives and Metrics / Stakeholder’ step is missing. The SBA believes NSPI should review exact objectives and even solicit additional objectives from the stakeholder group to assure a comprehensive actionable IRP is developed. The SBA offers these comments as its next step in participation throughout the 2014 IRP.

II. Overview of SBA Comments

The SBA believes that NSPI is conducting a comprehensive and insightful IRP process in 2014. Our comments all focus on the decision framework employed by NSPI.

The SBA has concerns that too much time could be spent on analyzing extreme environmental scenarios as discussed by a stakeholder at the Technical Conference. The SBA recognizes the need to focus analysis on developing information to understand NSPI's strategy for resource development over the next five years. The longer term aspect of the Plan chosen provides context over the next few years for planning resources, but is certain to change as the energy world evolves.

III. General Comments – Decision Framework

The SBA stated in its prior comments that it is important for the stakeholders to come to agreements on the objectives of the IRP. The SBA does not see where this has occurred, nor is it apparent as to how this will happen during the IRP project prior to a draft report being issued in September, 2014. This would include establishing metrics NSPI intends to look at to determine the best resource plan or even the good resource plans. This would also include discussion of policy objectives that are implicitly and explicitly going to factor into the analysis and the ultimate decisions and report.

The objectives should be made up of goals and metrics. The Terms of Reference under Deliverables Item 1 defines the primary objective of minimizing electric costs, but clearly states that the criteria should include other aspects similar to what we have listed below. While there has been some discussion again throughout the June 25th Technical Conference on the other objectives, goals and metrics other than the Strategist cost output have not been established. The process still does not seem to include the briefing of and receiving input from the stakeholders in this all important area. The SBA has a strong desire to be involved at the level of establishing metrics and goals.

Goals & Metrics

- 1. Revenue Requirement Minimization - Primary**
- 2. Acceptable Price of Electricity paths, specifically the average price of electricity in 2020, and 2025.**
The price of electricity in the relatively near term is perhaps the important result to the small businesses trying to survive in today's economic climate.
- 3. Plan Robustness and Flexibility still needs definition as others questioned during the Technical Conference**
- 4. Environmental / Emissions Outlook need specific metrics. We must be able to show the true cost of a minimize emissions plan versus a meet emissions targets (such as CO2, NOx, Sox, Mercury etc.) plan.**
- 5. Reliability & Energy Security – the levels of which alternative resource plans provide for Nova Scotia.**
The process has to provide metrics that allow decision makers to understand any differences in reliability of the plans and resource options.

A good IRP analyzes plans in a way that develops metrics relevant to all stakeholder objectives and then at the end will be able to articulate the proper weight or priority given to some objectives over others given the results. **The SBA recommends that a workshop be held with stakeholders to take input on a decision framework.**

IV. Finalized Assumptions

The following comments are specific topics of discussion from the June 25th Technical Conference. The comments below represent SBA and its consultants view on each topic.

A. Finalized Environmental & Emissions Assumptions

- There was considerable discussion as to whether NSPI should model scenarios that quickly lead the NSPI system to **zero carbon**. The SBA believes this is premature for the 2014 IRP. The SBA believes that a zero carbon or ultralow carbon future for Nova Scotia is a multi-sector question that needs analysis of the electric system, transportation system, industrialization and other fuel uses such as heating. Any analysis of the electric system at such a low or no carbon emissions level would not capture the interaction of the sectors and thus the results are not meaningful information for any strategic direction that would be set from the 2014 IRP.
- The NSPI scenarios of various RES requirements are adequate.

B. Final Future Supply Side Options Assumptions

- The supply side option information does not show how the costs of future options vary. For example, are certain technologies such as PV Solar or Wind, declining on a real dollar basis while others are not?
- The assumptions for technology improvement over time are not apparent, such as heat rate of combined cycles.

C. Final Existing Supply Assumptions

- It is critical that variation in the amount of energy delivered through the PPAs from New Brunswick and the Maritime Link be evaluated to determine the value of existing resource, and the timing of additional resource requirements.

D. Final Power Plant Life Assumptions

- The SBA believes that NSPI is making reasonable efforts to gain valuable information on the economics involving the existing coal fleet. One of the most important pieces of information that should result from this 2014 IRP is how should investments in the remaining life of the coal fleet be managed.
- The Sustaining Capital estimated from the ACE program data is a good starting point for IRP.

E. Final Fuel Price Forecast Assumptions

- No comments from the SBA at this time

F. Candidate Resource Plans

- The SBA requests that NSPI in its future technical conferences and in its report provide information and specific examples as to how some plans did not make operational or economic sense in its development of the Candidate Resource Plans. This screening logic is critical to stakeholders developing confidence in the NSPI process. (Slide 34)
- There must be discussion of the logic behind the DSM scenario choices, including helping the stakeholders understand the use of the DSM potential study.
- NSPI has stated that Strategist will provide lots of information including the cost and environmental data from the lowest cost version of a Candidate Resource Plan and other versions modeled. This data must be consolidated into visible metrics. Metrics such as emissions at future years and carbon emissions over the study period need to be developed from the data. Fuel mix metrics are also valuable. The amount of reliance on imported energy is also important. The total NSPI capital investments over the next 10 or 20 years is another metric that needs to be produced.
- There are many trade-offs to determine which Candidate Resource Plan is favored (better) than the other plans. The metrics used must be visible.

G. Strategist Resource Optimization Model & Preliminary Results

- The SBA hopes that NSPI analytical efforts are not deployed on differentiating between the types of resource deployed in 15 years when we will have many IRP efforts before that commitment needs to be made. It appeared that the discussion was driving to far too specific questions on model decisions that do not affect strategies developed today.
- The use of Strategist and Plexos needs to be presented with more concrete examples to gain support of the stakeholders. While a formal protocol may not be possible to establish up front, a 'de facto' protocol should be explained in the IRP report and future Technical Conferences.

H. Next Steps

a. Finalizing CRPs Process and Sensitivities

- This process must recognize that a strategy is multi-faceted, requiring flexibility and decision signposts that determine the actual use of resources, including DSM, Renewables, existing Coal and Imports.
- The IRP analysis should discuss the lead times on specific resources and how that contributes to flexibility.

b. Customer Engagement Sessions

- Did these include Small Business Customers? If so how many?

I. Avoided Costs of DSM

- The SBA wants avoided costs for DSM to be based on the differential of Revenue Requirements and not based on factors or costs external to the electric system.

V. Summary

The SBA has expressed comments above that center around the decision process, specifically the metrics that will be used. There are specific suggestions within some comments sections. The decision framework is what is most lacking in the NSPI process as it has been articulated within Technical Conferences. The SBA and its consultant are willing to work closely with NSPI and other stakeholders to develop a decision framework and specific metrics that will be produced as the results of each Plan evaluated.

Yours truly,

BLACKBURN ENGLISH


E.A. Nelson Blackburn, Q.C.
SMALL BUSINESS ADVOCATE

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