

Stephen T. McGrath
Team Lead

Via EMAIL: nicole.godbout@nspower.ca

October 7, 2014

Nicole Godbout, Regulatory Counsel
Nova Scotia Power Incorporated
1223 Lower Water Street,
Halifax, NS B3J 3S8

Dear Ms. Godbout:

RE: M05522 - 2014 Integrated Resource Plan – NS Power Draft Report

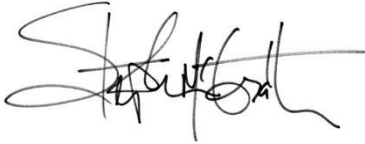
After reviewing the *2014 Integrated Resource Plan – Draft Report* provided by Nova Scotia Power (“NSPI”), the Department of Energy (“the Department”) would like to offer the following comments:

1. The Department acknowledges that stakeholders involved in the Integrated Resource Plan (IRP) process have expressed diverging positions related to some of the draft action items that have been presented, the most notable being the level of Demand Side Management.
2. The Department respectfully suggests that the plans associated with the IRP should represent a balance of affordability and long term planning criteria and considerations through further/refined consideration of Demand Side Management (DSM). More specifically, it is the Department’s view that, it would be in the best interest of rate-payers for NSPI to further consider the outputs from additional DSM alternatives (DSM scenarios in between the Base Case and the Low Case)
3. The Department also recommends that in future applications where the results of the current IRP analysis might be applied (e.g. such as, during the upcoming contract negotiations between Efficiency Nova Scotia and NSPI), NSPI should incorporate, in addition to long term NPV value, a decision matrix that provides a relative ranking of options based on the evaluation criteria below. The Board should then be able to assign a weighting to the evaluation criteria based on input from stakeholders.

October 7, 2014

- a. Long term NPV
- b. Affordability
- c. Risk
- d. Flexibility
- e. Robustness
- f. Future regulatory emissions outlook (both federal and provincial)

Respectfully,

A handwritten signature in black ink, appearing to read "S. McGrath", with a long horizontal flourish extending to the right.

Stephen T. McGrath