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1 **Request IR-1:**

2  
3 **NSPI explains it has used the 2014 revenue requirement as the starting point of the cost of**  
4 **service assigned to determine these rates. Please:**

5  
6 **(a) Explain how NSPI proposes to align the overearnings and future rate cases that**  
7 **result from deviations from the projected revenue requirement.**

8  
9 **(b) How will NSPI track and present revenue collected from or assigned to the RtR**  
10 **market in future rate cases?**

11  
12 **(c) What costs does NSPI believe will create adjustments to the Annually Adjusted**  
13 **rates?**

14  
15 **(d) If the annually adjusted RtR rates are changing, where does the offsetting**  
16 **adjustment occur?**

17  
18 **Response IR-1:**

19  
20 **(a) For general rate-setting purposes, the RtR market take-up will be forecast and the sales**  
21 **applied as a reduction to the Company's load. Forecast RtR tariff revenue will be treated**  
22 **as an offset to the Company's revenue requirement. NS Power does not anticipate true-**  
23 **ups of RtR revenues compared to forecast or adjustment for over-earnings to apply to this**  
24 **market.**

25  
26 **(b) The Company proposes that the RtR rates be determined on a prospective basis only in**  
27 **General Rate Applications, as is the case with bundled service rates. The Company does**  
28 **not propose cost true-up mechanisms for RtR services. Please refer to part (a) of**  
29 **Multeese DR-35 (Appendix 13 pages 124-125) for more details on the proposed**  
30 **treatment of RtR revenues and costs in the Cost of Service Studies and Proof of Revenue.**

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1  
2 (c) NS Power proposes that fuel and administrative-related costs of the Energy Balancing  
3 Service (EBS) and Standby Service (SS) services be adjusted annually. Cost mitigation  
4 components of Annually Adjusted Energy Savings Credit and Annually Adjusted  
5 Demand Savings Credit, included in the RTT, are also proposed to be updated on an  
6 annual basis. For more details, please refer to Section 9 of the **Application**.

7  
8 (d) The proposed ratemaking treatment of AAR components of the EBS, SS and RTT tariffs  
9 is the same as with the currently approved Annually Adjusted tariffs:

- 10
- 11 • Wholesale Market Backup/Top-Up Service Tariff
  - 12 • Wholesale Market Non-dispatchable Supplier Spill Tariff
  - 13 • Generation Replacement and Load Following Tariff
  - 14 • Shore Power Tariff
  - 15 • One Part Distribution Voltage Real Time Pricing Tariff
  - 16 • One Part High Voltage Real Time Pricing Tariff
  - 17 • One Part Extra High Voltage Real Time Pricing Tariff

18  
19 Adjustments to general above-the-line rates are incorporated within the Company's  
20 General Rate Applications as applicable. The shared fixed cost components of all of  
21 these rates are subject to changes only in those years which see changes in base cost rates  
22 as a result of GRA Decisions. They are determined jointly in the Cost of Service studies  
23 filed in GRAs. In those years which do not see changes in base cost rates there is no need  
24 for offsetting adjustments to occur because in those years only the incremental fuel and  
25 administrative cost components are subject to change. All of these costs can be  
26 determined as incurred directly in serving load billed under the AAR tariffs.

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1 **Request IR-2:**

2  
3 **To further understand the theory behind the transition tariff outlined in Figure 6:**

4  
5 **(a) Please explain why the energy charge of 3.309 cents/kWh is a repeat of the fixed cost**  
6 **adder portion of the EBS tariff. Does NSPI anticipate charging any one LRS and/or**  
7 **customer both the 3.309 cents/kWh in the EBS and RTT?**

8  
9 **(b) Please explain why the demand charge of 5.370 cents/kWh is a repeat of the demand**  
10 **charge in the SS tariff. Does NSPI anticipate charging any one LRS and/or**  
11 **customer both the 5.370 cents/kWh in the SST and RTT?**

12  
13 **Response IR-2:**

14  
15 (a) The proposed fixed cost adder of 3.309 cents per kWh is designed to recover embedded  
16 energy-related, fixed generation costs incurred by the Company to serve the RtR  
17 customer. The adder is determined by dividing the total system energy-related fixed  
18 generation costs by the total system energy requirement at the transmission level. The  
19 application of this charge, under the EBS tariff, to the top-up energy provided by the  
20 Company recovers only a portion of the total cost incurred.

21  
22 For the portion of the RtR customer load served through EBS, NS Power proposes to  
23 recover its energy-related, fixed generation costs through the EBS tariff. When the RtR  
24 customer load is being served by a third party, the Company's embedded fixed costs are  
25 proposed to be recovered through the RTT.

26  
27 NS Power anticipates charging any one LRS and/or customer both the 3.309 cents/kWh  
28 in the EBS and RTT.

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1 (b) The proposed demand charge of \$5.370 per kW is designed to recover the embedded,  
2 demand-related, fixed generation costs, other than those of ancillary generation services  
3 already accounted for under the OATT, incurred by the Company to serve the RtR  
4 customer. The charge is determined by dividing the system demand-related fixed  
5 generation costs, net of ancillary generation costs, by average system coincident demand  
6 requirement as measured at the transmission level.<sup>1</sup> The application of this charge, under  
7 the SS tariff, to the customer coincident demand, net of contributed capacity by a third  
8 party supplier, recovers only a portion of the total cost incurred. The application of the  
9 same charge, under the RTT, to the coincident demand met by a third party supplier,  
10 covers the remainder.

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<sup>1</sup> For the monthly pricing purposes of the rate the annual unit cost per kW is divided by twelve.

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1 **Request IR-3:**

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3 **The Board had received numerous comments as it worked through the development of**  
4 **regulations, related to behind the meter scenarios, please clarify:**

5  
6 **(a) What restrictions currently exist with respect to what a customer can do behind the**  
7 **meter?**

8  
9 **(b) Can all customers currently generate behind-the-meter for self provision (i.e. load**  
10 **displacement)? Explain any exceptions.**

11  
12 **(c) Can all customers currently sell excess generation back into the NSPI system?**  
13 **Explain, including any exceptions.**

14  
15 **(d) What restrictions currently exist with respect to what may be generated and sold to**  
16 **any other ratepayer?**

17  
18 **(e) In NSPI's view, why do the RtR Regulations apply to the generation of low-impact**  
19 **renewable energy for self-use or analogous circumstances (e.g., dedicated generation**  
20 **directly connected to a single customer)?**

21  
22 **Response IR-3:**

23  
24 **(a) At present, the following generation is permitted behind the NS Power meter:**

- 25  
26
  - Generators operating under the terms and conditions of the Generation

27 Replacement and Load Following (GRLF) Tariff, with not less than 2000 kW of

28 net continuous capability and connected to the low voltage side of a bulk power

29 transformer.

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- 1           •       Renewable Low-impact generation with a maximum capacity of 1 MW (Net  
2           Metering). The generator may be connected behind the customer meter, or at any  
3           point in the same distribution zone as the customer's account(s). Generation  
4           under this program must be sized so that it meets the expected annual  
5           consumption of the customer load.

6  
7           There are no tariffs in place to recover costs incurred by accommodating the installation  
8           of other behind-the-meter generation (renewable or otherwise) outside of GRLF or Net  
9           Metering - in particular, for balancing and standby services that would be provided to the  
10          customer.

- 11  
12       (b)       Only those customers that qualify for the GRLF tariff or for Net Metering can generate  
13       behind the meter, synchronized with the grid, for self-provision.

- 14  
15       (c)       Only those customers that qualify for the GRLF tariff or for Net Metering can sell excess  
16       generation back into the NS Power system.

- 17  
18       (d)       Prior to the amendment of the Electricity Act that introduced the Renewable to Retail  
19       market opening, there was no provision for a non-utility to sell electricity to the public  
20       within Nova Scotia.

- 21  
22       (e)       The RtR Regulations apply to any Retail Supplier that meets the requirements of Section  
23       3D of the Electricity Act. The Act specifies that any Retail Customer may purchase from  
24       such a Retail Supplier renewable low-impact electricity generated within the Province.

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1 **Request IR-4:**

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3 **NSPI states in Section 9.9 “If a net-metering customer chooses to obtain electricity from a**  
4 **LRS, the net metering arrangement with NS Power will cease.”**

5  
6 **(a) Could such a customer return to net-metering arrangement, assuming it later**  
7 **returned as a bundled customer of NSPI?**

8  
9 **Response IR-4:**

10  
11 (a) The availability of Net Metering service is governed by NS Power Regulation 3.6. In the  
12 Application, in **Appendix 26**, pages 34-35 of 80, NS Power proposed amendments to the  
13 Regulations to clarify that Net Metering Service is available to NS Power bundled service  
14 customers, and not available to a retail customer who is acquiring renewable low-impact  
15 electricity from an LRS.

16  
17 Subject to the Availability conditions and the Regulations, Net Metering service is  
18 available to NS Power bundled service customers. This would include customers who  
19 were previously customers of Licensed Retail Suppliers but are presently taking bundled  
20 service from NS Power.

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1 **Request IR-5:**

2  
3 **With respect to the Principles NSPI has outlined in Section 2.2 of its application,**  
4 **specifically:**

5  
6 **Costs arising from the introduction of this market opening must be borne**  
7 **solely by the LRS and its customers and not NS Power and its remaining**  
8 **customers;**  
9

10 **With respect to the recovery of these costs, NSPI states in Section 6.1:**

11  
12 **In light of the provision in Section 3G(2) of the Act which provides that NS**  
13 **Power customers are not to be negatively affected by this market opening,**  
14 **the Company will defer recognition of the costs incurred by it connection**  
15 **with the development of market design and the regulatory proceeding and**  
16 **recover those costs from Retail Customers at a future date after the RtR**  
17 **market has been established.**  
18

19 **Please explain:**

20  
21 **(a) What costs does NSPI expect to include in this deferral?**

22  
23 **(b) How does NSPI anticipate it will recover the accumulated costs?**

24  
25 **(c) To date, what is the total of such costs that NSPI has accumulated?**

26  
27 **(d) Assuming the process continues through the end of 2016, based on the six months of**  
28 **work related to the Implementation Plan NSPI outlined, please provide a projection**  
29 **of total costs.**

30  
31 **(e) Given deferrals are typically a rate base item, please explain how such a mechanism**  
32 **will be isolated to not impose costs on other NS ratepayers.**  
33



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1 **(f) What does NSPI anticipate it will do with the accumulated costs if there is no**  
2 **market uptake?**

3  
4 Response IR-5:

5  
6 (a) NS Power intends to include in the deferral, direct, incremental costs the Company has  
7 incurred in the development and implementation of the Renewable to Retail Market.  
8 These include, but are not limited to:

- 9  
10 • NS Power external consultant costs  
11 • RtR market process and procedure development costs  
12 • Stakeholder engagement costs  
13 • Billing system development costs  
14 • UARB consulting costs and counsel costs  
15 • Small Business Advocate and Consumer Advocate RtR proceeding engagement  
16 costs  
17 • Financing costs associated with these expenditures

18  
19 (b) The Company anticipates these costs will be amortized over a reasonable period as the  
20 RtR Market begins to develop. The amortization expense will be included in the  
21 Monthly Administration Charges of the Energy Balancing Service and Standby Service  
22 Tariffs. To date the proposed tariffs do not include provision for this recovery as the  
23 deferral amount and the timing and volume of RtR Market development remain  
24 uncertain.

25  
26 (c) To date the Company has accumulated approximately \$400,000 in RtR Market  
27 development costs.

28  
29 (d) The Company has not developed an estimate of the cost of market implementation  
30 through the end of 2016. In large part this is a function of the engagement with

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1 stakeholders through the regulatory proceeding and ultimately the Board's Decision in  
2 this matter. As a rough estimate the Company does not expect these costs to exceed \$1  
3 million.

4  
5 (e) The inclusion of the cost of financing the deferral in the deferral balance, through the  
6 application of the Company's weighted average cost of capital, will offset the cost of  
7 financing this asset, thereby not imposing costs on other NS Power customers.

8  
9 (f) It may be the costs will continue to be deferred over a number of periods due to the  
10 timing and volume of RtR market take-up. If for some reason the Company determined  
11 this asset was not recoverable from market participants, the Company would consider the  
12 appropriate treatment at that time.