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1 **Request IR-1:**

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3 **Re page 29, Lines 11-26, please discuss how NSPI will reflect any RtR development in its**
4 **load forecasting and generation planning, in both the shorter term (1-2 years) and longer**
5 **term (10 year plan).**

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7 Response IR-1:

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9 For long term forecasts the Company anticipates continuing to forecast the energy and capacity
10 needs for the entire province. This is necessary in order to ensure NS Power has sufficient
11 capacity available to serve any and all Renewable to Retail customers should they decide to
12 return to NS Power for their electricity service.

13

14 For short term production and fuel forecasts the Company anticipates the forecast will be
15 adjusted to reflect forecast RtR market take-up.

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1 **Request IR-2:**

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3 **Re the table on page 33 and the six month implementation timeframe on page 34, what**
4 **preliminary work is anticipated in advance of the Board's decision? If none, please discuss**
5 **why this is the case, and whether any preliminary work could be done to reduce the six**
6 **months?**

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8 Response IR-2:

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10 Proceeding with implementation activities in advance of a Board Decision on the design
11 framework in this matter risks rework and cost increases. It may be that as the Company moves
12 through the regulatory process and consensus emerges on certain issues that opportunities to
13 initiate work on certain implementation elements may also emerge. The Company will remain
14 alert for these opportunities. However, it is the Company's view that a 6 month implementation
15 period will be required.

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1 **Request IR-3:**

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3 **Re page 49, Lines 22 - 27, please**

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5 **(a) Explain why a security deposit is necessary.**

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7 **(b) Provide an example showing how the security deposit will be calculated.**

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9 **(c) Explain why such a deposit might be required on a monthly basis.**

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11 **Response IR-3:**

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13 (a) RtR transactions are wholesale market transactions and security deposits are a standard
14 feature of wholesale markets. NS Power notes that there are security deposit
15 requirements embedded within the Open Access Transmission Tariff. For example,
16 Section 11.3 of the OATT provides that the Transmission Provider can require the
17 Transmission Customer to provide and maintain a letter of credit or other form of credit
18 assurance as security for its obligations under the Tariff. Similarly, Section 17.3 of the
19 OATT also provides that an application for Firm Point-To-Point Transmission Service
20 must include a deposit of either one month's charge for Reserved Capacity or the full
21 charge for Reserved Capacity for service requests of less than one month. A security
22 deposit protects NS Power and its customers by reducing the amount of potential bad
23 debt to which the Company will be exposed. As such, it also assists in reducing the
24 negative effects that the introduction of this market may have on NS Power's remaining
25 customers.

26
27 (b) Please refer to **Attachment 1**, also provided electronically.

28
29 (c) Section 18.2 of the LRS Terms & Conditions provides that NS Power cannot request
30 security any more frequently than once per month in an amount equal to 200 per cent of

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1 the forecasted payment for both the LRS Tariffed Services and the distribution charges
2 combined. This provides the Company with the flexibility to request increases in the
3 amount of the security deposit if the amount being held does not adequately cover the
4 actual amount of the charges reflected in the monthly billing cycle.

Example Calculation of the Credit Assurance charges payable by LRS in Renewable to Retail market

Bundled Service Market				RENEWABLE TO RETAIL MARKET																																			
				Distribution		OATT				ENERGY BALANCING SERVICE										STANDBY SERVICE					EMBEDDED COST RECOVERY under RTT				Total Revenue										
Usage		Revenue		Usage		Revenue		Load (MWh)			Spill (MWh)		Revenue					Coincident Firm Demand kW			Revenue		Energy-related		Demand-Related		\$ Amount	Cents/kWh											
Customers	MWh	Amount	Cents/kWh	Customers	MWh	Amount	Cents/kWh	LRS	MWs	MWh	Amount	Cents/kWh	RTR Direct Delivery	Top-up	Total	Total	Net of Top-up	Admin	Top-up	Spill	Credit	Refund for Excess Spill	Total	Cents/kWh	Metered	Contributed Capacity	Net	Admin	Demand	Total	Cents/kWh	Displaced Energy (MWh)	Forgone Energy-related Revenue	Displaced Demand (MW)	Forgone Demand-related Revenue	Total Revenue	Cents/kWh	\$ Amount	Cents/kWh
January	429	7,265	\$802,132	429	7,265	\$67,183	0.9	1	13.2	7,459	\$94,143	1.26	5,627	1,832	7,459	7,176	5,344	\$1,053	\$182,414	-\$378,156	-\$194,689	(2.61)	11,543	6,385	5,159	\$1,053	\$27,703	\$28,756	0.39	5,627	\$186,197	6.4	\$34,286	\$220,483	3.0	\$215,875	2.9		
February	678	7,027	\$805,268	678	7,027	\$76,290	1.1	1	14.2	7,238	\$95,786	1.32	4,931	2,307	7,238	4,125	1,817	\$1,053	\$229,794	-\$217,372	\$13,476	0.19	12,534	6,385	6,150	\$1,053	\$33,023	\$34,076	0.47	4,931	\$163,167	6.4	\$34,286	\$197,453	2.7	\$417,080	5.8		
March	969	8,062	\$908,900	969	8,062	\$88,295	1.1	1	14.7	8,341	\$100,539	1.21	5,295	3,046	8,341	4,201	1,154	\$1,053	\$303,378	-\$221,375	\$83,056	1.00	14,608	6,385	8,224	\$1,053	\$44,161	\$45,214	0.54	5,295	\$175,200	6.4	\$34,286	\$209,486	2.5	\$526,590	6.3		
April	1199	8,058	\$922,884	1,199	8,058	\$93,799	1.2	1	15.5	8,294	\$107,985	1.30	4,939	3,355	8,294	4,671	1,316	\$1,053	\$334,169	-\$246,186	\$89,036	1.07	14,778	6,385	8,393	\$1,053	\$45,073	\$46,126	0.56	4,939	\$163,432	6.4	\$34,286	\$197,717	2.4	\$534,663	6.4		
May	1411	8,597	\$969,658	1,411	8,597	\$97,955	1.1	1	15.6	8,890	\$106,079	1.19	4,048	4,842	8,890	2,910	(1,932)	\$1,053	\$482,208	-\$153,372	\$329,889	3.71	16,373	6,385	9,988	\$1,053	\$53,638	\$54,691	0.62	4,048	\$133,952	6.4	\$34,286	\$168,238	1.9	\$756,852	8.5		
June	1629	8,472	\$978,803	1,629	8,472	\$103,921	1.2	1	16.8	8,661	\$112,329	1.30	3,768	4,893	8,661	522	(4,371)	\$1,053	\$487,284	-\$27,519	\$460,818	5.32	16,358	6,385	9,973	\$1,053	\$53,555	\$54,608	0.63	3,768	\$124,673	6.4	\$34,286	\$158,959	1.8	\$890,635	10.3		
July	1926	9,576	\$1,094,816	1,926	9,576	\$116,035	1.2	1	18.0	9,799	\$118,974	1.21	5,874	3,925	9,799	4,803	879	\$1,053	\$390,848	-\$253,143	\$138,759	1.42	17,280	14,695	2,585	\$1,053	\$13,882	\$14,935	0.15	5,874	\$194,371	14.7	\$78,913	\$273,284	2.8	\$661,987	6.8		
August	2144	10,091	\$1,156,840	2,144	10,091	\$124,782	1.2	1	19.2	10,412	\$127,114	1.22	6,329	4,083	10,412	5,408	1,325	\$1,053	\$406,629	-\$285,022	\$122,660	1.18	18,648	14,695	3,952	\$1,053	\$21,224	\$22,277	0.21	6,329	\$209,427	14.7	\$78,913	\$288,340	2.8	\$685,172	6.6		
September	2442	15,167	\$1,719,610	2,442	9,806	\$135,516	1.4	1	20.0	15,363	\$133,002	0.87	7,531	7,832	15,363	2,218	(5,614)	\$1,053	\$779,964	-\$116,878	\$664,140	4.32	27,330	13,158	14,172	\$1,053	\$76,103	\$77,156	0.50	7,531	\$249,201	13.2	\$70,660	\$319,861	2.1	\$1,329,674	8.7		
October	2772	15,558	\$1,738,920	2,772	10,331	\$145,535	1.4	1	20.1	15,869	\$134,953	0.85	9,601	6,268	15,869	3,992	(2,276)	\$1,053	\$624,245	-\$210,382	\$414,916	2.61	28,956	14,695	14,261	\$1,053	\$76,582	\$77,635	0.49	9,601	\$317,697	14.7	\$78,913	\$396,610	2.5	\$1,169,650	7.4		
November	3006	15,871	\$1,797,183	3,006	10,727	\$158,882	1.5	1	21.1	16,190	\$140,351	0.87	10,841	5,349	16,190	8,163	2,814	\$1,053	\$532,745	-\$430,211	\$103,587	0.64	28,251	14,695	13,556	\$1,053	\$72,796	\$73,849	0.46	10,841	\$358,729	14.7	\$78,913	\$437,642	2.7	\$914,311	5.6		
December	3357	15,763	\$1,884,693	3,357	11,348	\$193,964	1.7	1	24.7	16,342	\$166,409	1.02	10,931	5,411	16,342	4,958	(453)	\$1,053	\$538,841	-\$261,262	\$278,632	1.71	30,565	14,695	15,869	\$1,053	\$85,219	\$86,272	0.53	10,931	\$361,707	14.7	\$78,913	\$440,620	2.7	\$1,165,897	7.1		
TOTAL		129,506	\$14,779,707	11.41	109,360	\$1,402,157	1.3		213.2	132,857.6	\$1,437,663	1.08	79,714	53,143	132,858	53,148	4	\$12,636	\$5,292,520	-\$2,800,878	\$0	\$2,504,279	1.88	237,225	124,943	112,283	\$12,636	\$602,958	\$615,594	0.46	79,714	\$2,637,752	124.9	\$670,942	\$3,308,694	2.5	\$9,268,387	7.0	

Sample calculations for hypothetical two first months of operation - months January and February

Credit Assurance amount calculation:

(For this example the RtR customer mix and usage data for January and February from Appendix 24 are used as forecasts)

Month 1 - January

NS Power forecasts the LRS Tariffed Services and DT Charges payments:

DOMESTIC	351
SMALL GENERAL	31
GENERAL	18
GENERAL LARGE	1
SMALL INDUSTRIAL	9
MEDIUM INDUSTRIAL	1
LARGE INDUSTRIAL FIRM (Distributor)	1
LARGE INDUSTRIAL FIRM (Transmission)	1
UNMETERED	0
TOTAL	429

1 The forecasted payment for DT Charges is:

DT	\$67,183
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2 The forecasted payment for LRS Tariffed Services is:

OATT	\$	94,143
EBS	\$	(194,689)
SS	\$	28,756
RTT	\$	220,483
TOTAL	\$	215,875

The Credit Assurance amount payable by LRS to NS Power is :

200% of the total \$ 431,750

Rounded upwards to the nearest \$1000

Credit Assurance Required: **\$ 432,000**

Month 2 - February

NS Power forecasts the LRS Tariffed Services and DT Charges payments.

DOMESTIC	570
SMALL GENERAL	48
GENERAL	23
GENERAL LARGE	1
SMALL INDUSTRIAL	10
MEDIUM INDUSTRIAL	1
LARGE INDUSTRIAL FIRM (Distributor)	1
LARGE INDUSTRIAL FIRM (Transmission)	0
UNMETERED	24
TOTAL	678

1 The forecasted payment for DT Charges is:

DT	\$76,290
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2 The forecasted payment for LRS Tariffed Services is:

OATT	\$95,786
EBS	\$13,476
SS	\$34,076
RTT	\$197,453
TOTAL	\$417,080

The Credit Assurance amount payable by LRS to NS Power is :

200% of the total \$ 834,161

Rounded upwards to the nearest \$1000

Credit Assurance Required: **\$ 835,000**

Less unused balance of LRS's Credit Assurance previously provided.

less \$ 432,000

The additional Credit Assurance payable by LRS to NS Power is

\$403,000

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1 **Request IR-4:**

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3 **Re page 57, Lines 10-13, please explain why the fixed cost adder of the EBS energy charge**
4 **needed to be revised.**

5

6 Response IR-4:

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8 In its original calculations, included in its response to Multeese DR-25, NS Power determined
9 the fixed cost adder to be 3.451 cents per kWh based on kWh usage of 9,116,236 as metered at
10 the customers' sites. Under the proposed design of the tariff the EBS services are to be priced at
11 a transmission level. The revised calculations are based on kWh usage of 9,507,746 at a
12 transmission level resulting in a lower charge of 3.309 cents per kWh.

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1 **Request IR-5:**

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3 **With respect to the RTT tariff proposed in Section 9.7, please discuss whether it might be**
4 **appropriate to limit the life of this tariff and if so, what factors should be considered in**
5 **setting such life.**

6

7 Response IR-5:

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9 Please refer to **Appendix 16, section 8.**

10

11 As noted in section 8.1, the purpose of the RTT is to recover embedded costs not otherwise
12 recovered though the various service tariffs. It is therefore appropriate that the tariff remain in
13 effect for as long as those embedded costs are not otherwise recovered. It would not be
14 appropriate to limit the life of this tariff.

15

16 As noted in section 8.2.5, paragraph 2, any estimate of the duration of the embedded cost
17 recovery period would have to recognise the potentially long duration of the embedded cost
18 recovery requirement in Nova Scotia due to the very limited investments capable of deferral or
19 avoidance. Any such duration estimate would be subject to high levels of uncertainty, with a
20 consequent risk of cost transfer. If the RTT were to have limited duration, it would be
21 appropriate to increase the recovery within that duration to offset the risk of embedded costs that
22 would actually continue past that duration.

23

24 The rate is instead capable of adjustment to reflect additional embedded costs that may arise (e.g.
25 from prior commitments) and opportunities that may arise to reduce the embedded costs
26 requiring to be recovered or to mitigate those costs (e.g. by margins on incremental sales of
27 surplus energy or capacity). This is intended to provide for fair cost recovery.