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# **Nova Scotia Utility and Review Board**

**IN THE MATTER OF** *The Public Utilities Act*, R.S.N.S. 1989, c.380, as amended

**and**

**IN THE MATTER OF A PROCEEDING** Concerning Sales of Renewable Low Impact Electricity Generated within Nova Scotia by a Retail Seller to a Retail Customer pursuant to the Electricity Act (M06214)

## **Renewable to Retail Settlement Report**

**December 21, 2015**

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**Renewable to Retail Settlement Report**

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1   **1.0   INTRODUCTION**

2

3           In accordance with the Utility and Review Board’s (UARB or Board) Order dated July  
4           15, 2015, Nova Scotia Power Inc. (NS Power or Company) submits this Settlement  
5           Report for the purpose of providing information on the outcome of the Settlement  
6           Conference which the Company held with the Intervenors in this proceeding.

7

8           While NS Power did not reach a formal settlement agreement with the Intervenors, the  
9           Company is pleased with the progress to date. In its Application, the Company proposed  
10          a comprehensive regulatory framework to enable the development of the new Renewable  
11          to Retail (RtR) market. NS Power has proposed numerous tariffs, detailed procedures,  
12          amendments to the OATT, amendments to the NS Power Regulations, amendments to the  
13          Generator Interconnection Procedures (including the amendments to the Standard  
14          Generator Interconnection and Operating Agreement) and changes to the Wholesale  
15          Electricity Market Rules. The focus of the evidence and the settlement process has been  
16          on a narrow range of issues. In the Company’s view, the primary focus of the evidence  
17          filed by Intervenors and Board Consultants has been on aspects of rate design and cost  
18          recovery.

19

20          This report reflects NS Power’s understanding of the issues raised in the evidence that the  
21          Company anticipates will be contentious at the hearing as well as the issues it expects  
22          will be non-contentious.

## Renewable to Retail Settlement Report

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### 2.0 BACKGROUND

On September 1, 2015, NS Power filed its RtR Application<sup>1</sup> with the Board.

On October 9 and November 9, 2015, NS Power responded to Information Requests<sup>2</sup> from the Board, the Board's consultants, Energy Consultants International (ECI) and Multeese Consulting (Multeese), and from the Consumer Advocate (CA), Small Business Advocate (SBA), Port Hawkesbury Paper (PHP) and SWEB Development Inc. (SWEB).

On November 20, 2015, evidence was filed by ECI and Multeese as well as by the CA, SBA, and SWEB.<sup>3</sup> Information Requests on the Intervenor evidence were responded to by the CA, SBA, and SWEB on December 11, 2015. Other than the CA, SBA and SWEB, no other Intervenors have filed evidence in this proceeding.

On December 15, 2015, NS Power hosted a Settlement Conference at the Westin Hotel in Halifax. All Intervenors on the Board's Participants List were invited and given the option to attend in person or participate by teleconference. The Settlement Conference was well attended. Fifteen Intervenors attended in person or by teleconference (including the CA, SBA and the Industrial Group (IG)). The Company notes that the consultant for the SBA, John Athas, and the consultant for the CA, Paul Chernick, also attended. Mr. Athas attended in person and Mr. Chernick participated by teleconference.

In advance of the Settlement Conference, NS Power circulated a document (Settlement Outline) on a without prejudice basis to each Intervenor which outlined the Company's position with respect to each of the recommendations made in the Intervenor evidence and the evidence of the Board's consultants.

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<sup>1</sup> M06214, Exhibit N-16

<sup>2</sup> M06214, Exhibits N-17 to N-30

<sup>3</sup> M06214, Exhibits N-31 to N-35

## Renewable to Retail Settlement Report

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1 The Settlement Outline formed the basis of the discussion at the Settlement Conference.  
2 The Company reviewed and discussed its position with respect to each of the  
3 recommendations with the attendees. NS Power's intent was to try to achieve consensus  
4 with the Intervenor on as many of the recommendations as possible and thereby reduce  
5 the number and complexity of the issues at the hearing.

6  
7 NS Power was not able to achieve a consensus. As such, at the conclusion of the  
8 Settlement Conference, the Company agreed to review its position on a number of  
9 recommendations based on the feedback from Intervenor.

10  
11 On December 17, 2015, NS Power circulated a revised version of the Settlement Outline  
12 to all Intervenor. The revised Settlement Outline set out NS Power's updated position  
13 on those recommendations which NS Power had agreed to reconsider. It also identified  
14 those recommendations which the Company anticipated would be non-contentious and  
15 those which the Company expected to be contentious issues for the hearing.

16  
17 NS Power received substantive reply comments on the revised Settlement Outline from  
18 two Intervenor. The Company did, however, receive responses from two other  
19 Intervenor who identified behind-the-meter as a disputed issue and stated that they were  
20 opposed to any settlement and would be active in the hearing. Neither of these two  
21 Intervenor has filed evidence in this proceeding.

1 **3.0 CURRENT STATUS OF RECOMMENDATIONS**

2

3 NS Power expects to address the recommendations contained in the evidence of the  
4 Intervenors and the Board's Consultants in the Company's Rebuttal Evidence which is  
5 due to be filed on January 8, 2016. However, **Appendix A** contains a list of these  
6 recommendations and identifies (based on the evidence filed and the substantive  
7 comments from Intervenors to date): (a) those which the Company anticipates will be  
8 non-contentious issues and the Company's position with respect to each; and (b) those  
9 which the Company anticipates will be contentious issues during the hearing.

1   **4.0    ITEMS NS POWER BELIEVES WILL BE CONTENTIOUS**

2  
3       The following are the recommendations which NS Power anticipates will be in dispute  
4       based on the substantive comments received from Intervenors during the settlement  
5       process. Please refer to **Appendix A** for further details.<sup>4</sup>

6  
7   **4.1    SBA-01, CA-02 and Multeese-01**

8  
9       The SBA recommended that Energy Balancing Services should be priced on a real time  
10      basis. The CA recommended reorganizing the generation energy charges. Multeese  
11      recommended setting the portions of the top-up and spill rates that are based on fuel costs  
12      at the Load Following rate. At present, NS Power does not anticipate being able to  
13      achieve a consensus on these matters and believes that they will be issues for the hearing.

14  
15  **4.2    CA-01**

16  
17      The CA recommended that the distribution and transmission rates within any tariff be the  
18      same and reflect the R/C ratios in generation charges. At present, NS Power does not  
19      anticipate being able to achieve a consensus on this matter and believes that it will be an  
20      issue for the hearing.

21  
22  **4.3    CA-03**

23  
24      The CA recommended reducing the fixed energy charge and including all avoidable  
25      energy-related costs in its calculation of variable generation costs. At present, NS Power  
26      does not anticipate being able to achieve a consensus on this matter and believes that it  
27      will be an issue for the hearing.

28  
29  

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<sup>4</sup> The numbering of the recommendations corresponds with the numbering in Appendix A.

## Renewable to Retail Settlement Report

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1 **4.4 CA-05**

2  
3 The CA recommended that NS Power's Application recognize the effect of renewable  
4 generator location on line losses for LRS billing. At present, NS Power does not  
5 anticipate being able to achieve a consensus on this matter and believes that it will be an  
6 issue for the hearing.  
7

8 **4.5 CA-06**

9  
10 The CA recommended that NS Power continue to work with stakeholders on the capacity  
11 contribution of wind and other renewable resources, as well as the avoided capacity-  
12 related costs. NS Power will engage stakeholders on these matters, and proposes that any  
13 resulting changes to the capacity contribution factor be incorporated in the next  
14 applicable AAR application. NS Power believes this should not be a contentious issue in  
15 the hearing, however is unable to confirm that at this date.  
16

17 **4.6 CA-07**

18  
19 The CA recommended that NS Power reconcile the RtR language on non-power charges  
20 with that in the full service tariffs. At present, NS Power does not anticipate being able  
21 to achieve a consensus with Intervenor on this matter and believes that it will be an issue  
22 for the hearing.  
23

24 **4.7 CA-09**

25  
26 The CA recommended the Board clarify that RtR and LRS rates do not apply to  
27 generation behind the customer's meter. At present, NS Power does not anticipate being  
28 able to achieve a consensus on this matter and believes that it will be an issue for the  
29 hearing.  
30



## Renewable to Retail Settlement Report

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1 **4.8 SWEB-01**

2

3 SWEB has taken issue with the calculation of the RtR tariffs and recommended the  
4 removal of the RtR Transition Tariff. At present, NS Power does not anticipate being  
5 able to achieve a consensus on this matter and believes that it will be an issue for the  
6 hearing.

7

8 **4.9 Multeese-03**

9

10 The Board's Consultant has stated that the 1.38 cents per kWh rate differential between  
11 the top-up and spill rates needs further justification. This matter relates to the EBS  
12 pricing as noted above. At present, NS Power does not anticipate being able to a  
13 consensus on this matter and believes that it will be an issue for the hearing.

1 **5.0 ITEMS WHICH NS POWER ANTICIPATES WILL NOT BE CONTENTIOUS**

2  
3 NS Power anticipates the following recommendations will be non-contentious based on  
4 the evidence to date and Intervenor responses to NS Power's position on each. Please  
5 refer to **Appendix A** for further details with respect to the individual recommendations  
6 and NS Power's position.  
7

8 **5.1 SBA-02, SBA-03 and SBA-04**

9  
10 At present, NS Power believes these recommendations are addressed by NS Power's  
11 settlement responses and will not be issues in this proceeding for the Intervenors.  
12

13 **5.2 CA-04, and CA-08**

14  
15 At present, NS Power believes these recommendations are addressed by NS Power's  
16 settlement responses and will not be issues in this proceeding for the Intervenors.  
17

18 **5.3 Multeese-02**

19  
20 NS Power's position with respect to Multeese's recommendation to reduce the revenue  
21 requirement is set out in **Appendix A**. At present, NS Power does not believe its position  
22 on this matter will be disputed by Intervenors.  
23

24 **5.4 ECI-01, ECI-02, ECI-03 and ECI-04**

25  
26 NS Power believes these recommendations are addressed by NS Power's settlement  
27 responses. At present, NS Power does not believe its position on these matters will be  
28 disputed by Intervenors.

1 **6.0 MISCELLANEOUS**

2  
3 The Company notes that there were no specific recommendations in the evidence with  
4 respect to the following documents filed with the Company's Application. As such, to  
5 the extent that such documents are not impacted by any new evidence or positions at the  
6 hearing, NS Power does not anticipate that such documents will be disputed by the  
7 Intervenors:

- 8  
9 (1) The proposed amendments to the NS Power Regulations;  
10 (2) The proposed amendments to the OATT;  
11 (3) The amendments to the Generator Interconnection Procedures (including the  
12 amendments to the Standard Generator Interconnection and Operating  
13 Agreement); and  
14 (4) The proposed amendments to the Market Rules  
15

16 With respect to the proposed amendments to the Market Rules, the Company notes that  
17 evaluation and stakeholder consultation on the proposed amendments to the Market Rules  
18 has been completed by the NS Power System Operator (NSPSO) in accordance with  
19 processes set out in Market Procedure MP-05. The NSPSO's final assessment is that  
20 these amendments should be incorporated into the Market Rules as proposed. In its  
21 report on the amendment proposal to the Market Rules, the NSPSO recommended that  
22 the publishing and effective date of the amended Market Rules be made subject to and  
23 conditional upon the Board's decision in respect of NS Power's RtR Application. The  
24 report has been published on the NSPSO OASIS website and is attached as **Appendix B**.

1 **7.0 CONCLUSION**

2

3 NS Power has not achieved a settlement agreement with Intervenors. However, the  
4 Company is pleased with the progress that has been made through the settlement process.  
5 To date, the focus of the evidence and discussions with respect to the Application has, in  
6 the Company's view, been on a narrow range of issues. Based on the feedback received  
7 from Intervenors during the settlement process, the Company anticipates the  
8 recommendations noted in Section 4 will be contentious at the hearing, while those noted  
9 in Sections 5 and 6 herein should be non-contentious with Intervenors, subject to any new  
10 evidence arising during the proceeding.

**Renewable to Retail - Settlement Issues****Abbreviations used in this document**

COSS	Cost of Service Study
DT	Distribution Tariff
EBS	Energy Balancing Service Tariff
FAM	Fuel Adjustment Mechanism
NSPSO	Nova Scotia Power System Operator
OATT	Open Access Transmission Tariff
RtR	Renewable to Retail
RTT	Renewable to Retail Market Transition Tariff
SS	Standby Service Tariff

## Renewable to Retail - Settlement Issues

Issue	Intervenor/Consultant Recommendation	NS Power Evidence Reference	NS Power Settlement Position	Status
SBA-01	<p>The pricing proposed in the Energy Balancing tariffs is inappropriate. (Exhibit N-33, SBA Evidence, page 7).</p> <p>Pricing for EBS energy and demand costs and Standby service energy and demand costs should be presented by NSPI at its marginal cost either saved by Spill energy being sent to the system or incurred when Top-up energy is provided to make up for any renewable energy production hourly shortfall. (Exhibit N-33, SBA Evidence, page 17).</p>	Exhibit N-16, Application, pages 32-33, and 55-57.		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.

Renewable to Retail - Settlement Issues

<p>SBA-02</p>	<p>Quarterly reports should be provided by NSPI, including:</p> <ol style="list-style-type: none"> <li>1. Customer participation;</li> <li>2. Total demand and energy participation;</li> <li>3. Number and names of Licensed Retail Suppliers ("LSR") including the extent of their customers;</li> <li>4. Energy purchased by NSPI under the Spill tariff and its price relative to quarterly real time / actual marginal costs;</li> <li>5. The energy sold by NSPI under the EBS and the real time / actual marginal cost to produce that energy, and load they are serving; and</li> <li>6. Publication of any complaints against NSPI or any renewable energy LRS.</li> </ol> <p>(Exhibit N-33, SBA Evidence, page 11-12).</p>	<p>Exhibit N-16, Application, page 74 of 81.</p>	<p>The Nova Scotia Power System Operator (NSPSO) submits an annual Wholesale Market Report to the Board covering 13 areas of market activity. NS Power proposes to consolidate the RtR market report with the Wholesale Market Report, with a semi-annual update to the Board on the specific RtR market activity.</p> <p>Based on the discussion at the Settlement Conference, NS Power proposes the report and semi-annual update include (for the reporting period):</p> <ol style="list-style-type: none"> <li>1. Customer participation.</li> <li>2. Total demand and energy participation.</li> <li>4. Energy purchased by NS Power under the Spill tariff. The Company will report on the estimated cost savings to NS Power of accepting this energy.</li> <li>5. The energy sold by NS Power under the EBS. The Company will report on the estimated cost to provide this energy.</li> </ol> <p>Items 3 and 6 will be regulated by the Board under the Retailers Regulations and NS Power does not propose to include them in the NS Power report.</p>	<p>NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.</p>
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## Renewable to Retail - Settlement Issues

SBA-03	Certification and qualification requirements as proposed are critical to the creation of a market that is consistent with the enabling legislation. (Exhibit N-33, SBA Evidence, page 7-8).	Exhibit N-16, Application, page 27 of 81 and SBA IR-01	<p>Approval of a generation facility as a renewable low-impact electricity generation facility is the responsibility of Minister of Energy under the Renewable Electricity Regulations.</p> <p>The SBA's concern with respect to Renewable Energy Credits appears to be addressed in the Electricity Plan Implementation (2015) Act.</p> <p>The matter of the compliance period of 24 months (as with consumer protection and licencing) is established by the Board under the Board's Regulations.</p>	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.
SBA-04	NSP to report with separate accounting for EBS and those fuel costs to full service bundled customers, the cost and prices for these services.		NS Power agrees with the SBA's recommendation. Payments made and received with respect to EBS energy (Top Up and Spill) will be accounted for separately.	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.
CA-01	Ensure that the distribution and transmission rates charged to customers within any tariff are the same, regardless of whether a customer is a full service NS Power customer or an RtR customer, and reflect the R/C ratios in generation charges, to make the RtR transition revenue-neutral. (Exhibit N-34, CA Evidence, page 3).	Exhibit N-16, Application, Appendix 11, pages 51-52 of 80, the Distribution Tariff Rate Strawman Report, Section 9.2.		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.



## Renewable to Retail - Settlement Issues

CA-02	Reorganize the generation energy charges, so that each LRS pays for the value of the top-up energy that it takes from NS Power and is paid the value of the energy it spills to NS Power, without the multiple levels of assumptions required in the NS Power approach. (Exhibit N-34, CA Evidence, page 3)	Exhibit N-16, Application, pages 32-33, and 55-57.		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.
CA-03	Reduce the fixed energy charge to reflect the difference between the embedded energy-allocated costs and the marginal costs used in setting the spill rates.  Instruct NS Power to include all avoidable energy-related costs in its computation of variable generation costs, further reducing the fixed energy allocated generation charge.  (Exhibit N-34, CA Evidence, page 3).	Exhibit N-16, Application, pages 55-57, and 68-71.		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.
CA-04	Require that NS Power recover stranded fixed energy-related costs for all RtR deliveries, not just for the top-up energy. (Exhibit N-34, CA Evidence, page 4).	Exhibit N-16, Application, pages 55-57, and 68-71.	NS Power proposes to maintain the Application as filed with respect to this issue.  The RTT will recover generation-related fixed costs not recovered through the top-up energy charge in the EBS. Please refer to Issue CA-03 above.	NS Power believes this recommendation has been addressed by NS Power's response, and will not be an issue in this proceeding.
CA-05	Recognize the effect of renewable generator location on line losses for LRS billing. (Exhibit N-34, CA Evidence, page 4).	Exhibit N-17, CA IR-22 and IR-23.  Exhibit N-26, Multeese IR-9.		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.

## Renewable to Retail - Settlement Issues

CA-06	Require that NS Power continue to work with stakeholders on the capacity contribution of wind and other renewable resources, as well as the avoided capacity-related costs.  (Exhibit N-34, CA Evidence, page 4).	Exhibit N-26, Multeese IR-8		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.
CA-07	Reconcile the RtR language on non-power charges with that in the full service tariffs. (Exhibit N-34, CA Evidence, page 4).	Exhibit N-16, Application Appendix 17, page 11 of 21.		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.
CA-08	Require that all RtR revenues from charges for fuel, purchased power and ancillary services flow through the FAM. (Exhibit N-34, CA Evidence, page 4)	Exhibit N-29, SBA IR-10	It is NS Power's intention to include the fuel portion of RtR revenues, including the fuel portion of ancillary services, in the FAM. NS Power will make the necessary adjustments to the FAM reports.	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.

## Renewable to Retail - Settlement Issues

<p>Multeese -01</p>	<p>Except for the Administration charge, the charges proposed in the EBS need adjustment because the component of the top-up charge that recovers the fixed generation costs (classified as energy in the cost of service) includes deferred costs, the top-up and spill rates are inappropriately calculated as levelized costs over the period 2018-2027, and the incremental cost in the top-up rate needs further justification. In my view, setting the portion of the top-up and spill rates that are based on fuel costs at the Load Following rate would be appropriate at this stage of the RtR market development.</p> <p>(Exhibit N-31, Multeese Evidence, page 3).</p>	<p>Exhibit N-16, Application, pages 32-33, and 55-57.</p> <p>Exhibit N-26, Multeese IR-7.</p>		<p>NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.</p>
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## Renewable to Retail - Settlement Issues

Multeese-02	<p>NS Power should adjust the revenue requirement on which the DT charges are based to address the \$83.3 million deferral, using the proration method above, or alternatively, propose a preferable approach to doing so; similarly for the EBS, SS, and RTT.</p> <p>(Exhibit N-31, Multeese Evidence, pages 3, 5-6).</p>	Exhibit N-26, Multeese IR-13.	<p>This deferral amount of \$83.3 million is a cumulative amount over the 2013 and 2014 test years. The difference between the revenue requirements that gave rise to the current bundled service rates and the revenue requirement on which COSS was based is \$35.2 million.</p> <p>NS Power agrees that the revenue requirement should be reduced by the deferral in the DT, EBS and SS and RTT Tariffs.</p> <p>NS Power accepts Multeese's recommendation to apportion this reduction among the generation and distribution and retail functional areas on the basis of relative shares of these areas in the total fixed cost revenue requirement. The amount to be credited to generation is \$20.5 million and distribution and retail is \$10.2 million for a total of \$30.7 million.</p>	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.
Multeese-03	The 1.38 cents per kWh adder that is included in the top-up rate needs further justification. (Exhibit N-31, Multeese Evidence, page 9).	Exhibit N-16, Application Appendix 19A.		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing.

## Renewable to Retail - Settlement Issues

SWEB-01	<p>Tariffs have been calculated in such a way as to ensure that NSP Non-fuel revenue remains constant, rather than the cost-based approach proposed in the legislation ((Exhibit N-35, SWEB Evidence, p2)</p> <p>SWEB Development Inc. requests that the UARB remove the RTR Transition Tariff from the proposed market and reassess others to ensure they are truly cost-based. (Exhibit N-35, SWEB Evidence, p3)</p>	Exhibit N-16(xi), Application, Appendix 24 Tariff Calculation Workbook		NS Power does not anticipate being able to reach a resolution on this matter and expects that it will be an issue for the hearing
ECI-01	<p>LRS Terms and Conditions: Eliminate the requirement in ss.9.1 for contracts to be written in order to allow contracts to be executed by telemarketing or electronic means.</p> <p>(Exhibit N-32, ECI Evidence, page 1).</p>	Exhibit N-16, Application, Appendix 18.	NS Power acknowledges that Section 30 of the Board's draft Retailers Regulations contemplate contracts between the LRS and the Retail Customer being completed through telemarketing sales over the telephone and through electronic communication as well as signed written contracts. As such, NS Power would agree to delete the requirement for a written contract in Section 9.1 of the LRS T&Cs to permit non-written contracts with respect to Small Volume Customers. However, an LRS will still be responsible for ensuring compliance with Section 9.4 and 9.6 of the LRS T&Cs and any other provisions with respect to the contents of such contracts.	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.
ECI-02	LRS Terms and Conditions: In ss.11.5, specify a maximum seven-day timeframe for NS Power to transfer a customer to Retailer-supply. (Exhibit N-32, ECI Evidence, page 1).	Exhibit N-16, Application, Appendix 18.	Installing a new interval meter and establishing telecommunications in order to transfer a customer could take longer than 7 days. As an alternative NS Power proposes 14 calendar days, with the understanding that this could be revisited as the market develops.	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.

## Renewable to Retail - Settlement Issues

ECI-03	LRS Terms and Conditions: Amend ss.11.7 to clarify that only outstanding indebtedness that is in arrears would preclude NS Power from transferring a customer to Retailer-supply. (Exhibit N-32, ECI Evidence, page 1).	Exhibit N-16, Application, Appendix 18.	NS Power agrees with this approach, with respect to the current amount owing. NS Power will revise the LRS T&Cs to exclude current charges not yet in arrears.  NS Power notes, however, that the Company will still require the right to disconnect in the event that current charges go into arrears.	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.
ECI-04	LRS Terms and Conditions: Sub-section 14.5.5, which requires the form of the LRS' bill to be in a form acceptable to NS Power, should be eliminated. Ensuring that NS Power's Distribution Tariff charges are correctly reflected on the LRS's bill to its customer is a responsibility of the Board under ss.10.3 of the Code of Conduct. (Exhibit N-32, ECI Evidence, page 1).	Exhibit N-16, Application, Appendix 18.	NS Power agrees with this recommendation and will revise the LRS T&Cs S14.5.5, based on the understanding that ss.10.3 of the Board's Code of Conduct remains as currently written.	NS Power believes this recommendation has been addressed by NS Power's response and will not be an issue in this proceeding.
CA-09	In addition, I urge the Board to clarify that the RtR and LRS rates do not apply to generation behind the customer's meter.	Application page 34-35, ECI IR-1 and IR-14.		NS Power believes that the applicability of RtR to Behind-the-Meter, including how that issue is addressed in the Board Electricity Retailers Regulations will be an issue for the hearing, as noted in the evidence of the Board's consultant, ECI.

## Nova Scotia Power System Operator

Final Report – Proposal to Amend Market Rules  
November 23, 2015

This report is written to meet the intent of Market Procedure Five - MP-05-3.2.7.

**A) Description of the Proposed Amendments**

The proposed amendments to the Wholesale Market Rules are attached to this report as Attachment A (Proposed Amendments). The Proposed Amendments were prepared in response to the new “Renewable to Retail” (RtR) market opening under the *Electricity Act* and address the market design proposed by Nova Scotia Power Inc. (NS Power) in its Application currently before the Nova Scotia Utility and Review Board (UARB or Board) as Matter No. M06214.

As set out in section 3G(1) of the *Electricity Act*, NS Power was directed to develop in consultation with stakeholders, and file with the Board for approval, any new tariffs, procedures and standards of conduct that are necessary to facilitate the purchase of renewable low-impact energy generated within the province of Nova Scotia, including any new or amended market rules.

The Proposed Amendments are driven by four primary objectives:

- To broaden the scope of the existing Wholesale Market Rules and Procedures to include the new RtR market;
- To enable Licensed Retail Suppliers (LRS) who are licenced by the Board to become Market Participants under the Market Rules, and thereby eligible to obtain transmission service and ancillary services under the Nova Scotia Open Access Transmission Tariff (OATT) and to receive other tariffed services through the LRS Participation Agreement with NS Power;
- To expand the scope of the Wholesale Market Advisory Committee (WMAC) to include the RtR market; and
- To provide for any unique market rule and procedure requirements and/or exclusions that are specific to the RtR market and include them in the amended Market Rules and Procedures.

Further details with respect to the rationale of the Proposed Amendments are included in the “Proposal to Amend Market Rule – Issue 01” attached as Attachment B to this report).

**B) Related Board Orders**

Not applicable. As noted above, the amendments have been proposed to meet the requirements of the new RtR Market opening under the *Electricity Act*.

## Nova Scotia Power System Operator

**C) Consultation Process:**

- a. On February 18, 2015, a presentation was made to the WMAC on the RtR market opening and included a discussion of the approach on amendments that would be required to the Market Rules.

At a subsequent meeting of the WMAC on May 20, 2015, the WMAC reviewed the amendment process description in Market Procedure MP-05 (Amendment to Market Rules, Standards, Codes and Market Procedures), including procedures for stakeholder review.

On August 18, 2015, a presentation was given to the WMAC outlining the amendments that would be required to support the RtR market opening along with the rationale for the changes.

- b. On September 1, 2015, NS Power filed its Application with the Board for approval of its RtR market design, which included the Proposed Amendments as well as amendments to the OATT.
- c. On September 23, 2015, Nova Scotia Power System Operator (NSPSO) sent notice to interested parties (the participants in NS Power's RtR Application) inviting them to participate in the Market Rules amendment process and be included on the Market Rules Stakeholder List.

A follow up notice was sent to the same parties on September 30, 2015 reminding them to register for the Market Rules amendment stakeholder list. As a result of this process, the Market Rules Stakeholder List was established by the NSPSO, comprised of 37 participants.

- d. On September 30, 2015, NSPSO forwarded the following documents to the Market Rules Stakeholders: (a) the Proposed Amendments; (b) the Proposal to Amend Market Rules entitled "Proposal 01"; and (c) Market Procedure Form MPF-05-02 (stakeholder comment form for proposal to amend market rules). A URL link to the documents was also provided. Stakeholders were given sixteen calendar days to provide comments.
- e. No stakeholder comments were submitted to the NSPSO. The NSPSO informed the WMAC of the outcome of the Market Rule Stakeholder review.
- f. The WMAC had the opportunity to meet and further to discuss the Proposed Amendments. The WMAC did not require any further discussion on the matter and agreed that the NSPSO would complete its report on the process and review with the WMAC at a meeting scheduled for November 18, 2015.



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**D) NSPSO's Initial Assessment**

NSPSO's initial assessment determined that the Proposed Amendments were material and therefore required a stakeholder review process under MP05. This assessment was discussed with the WMAC meeting in May 2015, and there was no opposition to this assessment by the committee members.

**E) Summary of Stakeholder Comments and of WMAC Discussions**

As no stakeholders comments on the Proposed Amendments were submitted, the WMAC agreed that no further discussion regarding the Proposed Amendments was required.

**F) Summary of the NSPSO's Final Assessment**

NSPSO's final assessment is that the Proposed Amendments should be incorporated into the Market Rules as proposed. No conflicts are anticipated with the criteria set out in Appendix A of MP-05.

It is recommended, however, that the publishing and effective date of the Proposed Amendments be made subject to and conditional upon the Board's decision in respect of NS Power's RTR Application (M06214), as changes to NS Power's RTR market design and processes and/or direction from UARB may necessitate additional changes to the Proposed Amendments. If the NSPSO determines that Board's decision in that matter necessitates further or different amendments to Wholesale Market Rules (other than what is included in the Proposed Amendments), the Proposed Amendments should not be incorporated into the Market Rules and the matter should be referred back to the WMAC for further review and discussion.

**G) Changes to the Transmission Tariff, the Standards of Conduct, or any rate approved by the Board.**

Changes to the OATT have been proposed and were included as Appendix 22 to NS Power's RtR Application before the Board (M06214). The changes deal with enabling the LRSs to become Network Customers under the OATT, the incorporation of a new Schedule 4A related to generation forecasting, as well as the inclusion of several RtR-related definitions. The title of the Standards of Conduct (Attachment E to the OATT) has also been amended to include a reference to the RtR market. These changes are subject to approval by the Board.

A red-line version of the OATT showing the proposed changes is appended to this report as Attachment C.

Nova Scotia Power System Operator

**H) Consequential changes required to standards, codes or Market Procedures.**

Upon receipt of the Board's Decision in NS Power's RtR Application (M06214), NSPSO will assess whether new Wholesale Market Procedures or amendments to the existing Wholesale Market Procedures are required for the new RtR market.

**I) Actions and time reasonably required by the NSPSO and Market Participants prior to the coming into effect of the amendment.**

NSPSO recommends that an implementation period consistent with the implementation period established by the Board for the RtR market.

Nova Scotia Power System Operator

Form: MPF-05-01

Issue: 01

## Proposal to Amend Market Rule

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All information submitted in this process will be used by the NSPSO solely in support of its obligations under the "Electricity Act, S.N.S. 2004", C. 25, the "Market Rules" and associated policies, standards and procedures. All submitted information will be assigned the appropriate confidentiality level upon receipt.

### 1. Proposer's Identification

Name of proposer: Nova Scotia Power System Operator

Market Participant ID: (if applicable; 4 digits) NSSO

Contact person for this request (Name and position): Dave Kelly

Contact person phone: 902-428-7719

Contact person E-mail: dave.kelly@nspower.ca

### 2. Proposed Market Rule Amendment

Urgent Amendment    Minor Amendment    Material Amendment    Special

#### Please provide the following information:

a) Section(s) of the Market Rules to which the proposed change relates:

- Chapter 1 – Sections 1.0 through 1.4
- Chapter 1 Appendix 1A - Multiple definitions
- Chapter 2 – Sections 2.1 through 2.7
- Chapter 2 Appendix 2C – 2C.1 through 2C.7
- Chapter 3 – Sections 3.2, 3.3, 3.4,
- Chapter 4 – Sections 4.3, 4.4,
- Chapter 5 – Sections 5.1, 5.8

b) The reason for the request:

The Electricity Act, as amended by the Electricity Reform (2013) Act, enables retail customers to purchase renewable low-impact electricity generated in Nova Scotia from a licensed retail supplier (LRS). The amendment to the Act instituted the opening of a new competitive electricity market in Nova Scotia referred to as the Renewable to Retail (RtR) market.

As set out in section 3G(1) of the Act, NS Power was directed to develop in consultation with stakeholders, and file with the Board for approval, any new or amended tariffs, procedures and standards of conduct that are necessary to facilitate the purchase of renewable low-impact energy including:

- a) a new or amended open access transmission tariff (OATT);
- b) a distribution tariff;

## Proposal to Amend Market Rule

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- c) a new or amended backup/top-up service tariff;
- d) a new or amended non-dispatchable supplier spill tariff;
- e) new or amended interconnection procedures;
- f) new or amended market rules; and
- g) any other tariffs, procedures or standards of conduct prescribed by the regulations or that the Board requires Nova Scotia Power Incorporated to develop or amend in order to facilitate the purchase of renewable low-impact electricity.

This document and its attachments pertain to item f), above.

c) A detailed description of the proposed content of the requested change:

- Changes proposed to MR 1 broaden the nature and scope of the existing Wholesale Market Rules to include the Renewable to Retail Market and provide for eligibility for Licensed Retail Suppliers to participate in the market.
- Definitions in MR Appendix 1A Definition and Acronyms have been updated to include terms related to the Renewable to Retail Market and to include definitions for NS Power's distribution generator interconnection procedure documents and agreements.
- The amendments proposed to MR 2 introduce the Licenced Retail Supplier as a new class of market participant and thereby enable the Licensed Retail Supplier to become qualified as a Market Participant under the expanded Wholesale and Renewable to Retail Electricity Market Rules. In addition, the role of the WMAC is also expanded to encompass the Renewable to Retail market via the amendments proposed in MR 2.3 and MR Appendix 2C.
- MR 3 amendments recognize the Licenced Retail Suppliers and the RtR market as required inputs to the NSPSO's forecasts and assessments and system planning.
- MR 4 amendments address the scheduling requirements for the Licenced Retail Suppliers, recognizing the geographically dispersed nature of the Licenced Retail Supplier's RtR customer load (as opposed to a single point of delivery), and the requirements for RtR generation scheduling.
- MR 5 amendments update the references to NSPI's distribution generation interconnection agreement (SSGIA) in 5.1.2 and 5.1.4.
- Several other revisions of a more minor nature have been made to support the changes described above and to provide links to other RtR tariffs and documentation, where necessary.
- All chapters and appendices are retitled as "Wholesale and Renewable-to-Retail Electricity Market Rules".

## Proposal to Amend Market Rule

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d) A description of any adverse impacts if the NSPSO does not proceed with the adoption of the requested change and the any positive impacts if the NSPSO proceeds with the adoption of the requested change:

- Inability to implement the Renewable to Retail market.

### 3. Additional Information

These proposed amendments to the Market Rules assume the tariffs, procedures and documents being proposed by NS Power to facilitate the Renewable to Retail market (as referenced in Section 2(b) above) will be approved by the Nova Scotia Utility and Review Board (UARB).

As such, the NSPSO's decision and any implementation of these amendments to the Market Rules must be made conditional on the UARB approving those tariffs, procedures and documents as well as these proposed Amendments to the Market Rules.

### 4. Confidential Information

Is Confidential Information being submitted and included in Schedule A? **No Confidential Information.**

If yes, confirm whether the third party (a) has read and understood the provisions of the Market Rules, and Market Procedure MP-01 as they relate to the treatment of Confidential Information; and (b) understands that the NSPSO will Publish information relating to this request as described in Market Procedure MP-01. (Y/N)

### 5. Attachments

List all documents attached to this request:

**Market Rules Proposed Amendments.pdf**

6. Number assigned to this request (to be provided by the NSPSO): **MRAP-2015-001**