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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 Closing Submission**

**February 12, 2016**

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**RENEWABLE TO RETAIL CLOSING SUBMISSION**

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1 **1.0 INTRODUCTION**

2  
3 Nova Scotia Power (NS Power, the Company) has proposed a comprehensive framework  
4 to enable the purchase of renewable low-impact electricity generated within Nova Scotia  
5 from Licensed Retail Suppliers (LRS) to Retail Customers. The framework was  
6 developed after extensive consultation with stakeholders<sup>1</sup> and reflects the guiding  
7 principles set out in the Electricity Act (Act).<sup>2</sup> Those principles are succinctly  
8 summarized in the evidence of the Utility and Review Board’s (UARB, Board)  
9 Consultant, Multeese Consulting Incorporated (Multeese):

10  
11 The new tariffs and changes to existing tariffs being proposed in this  
12 proceeding are all required by legislation to facilitate the opening of the  
13 retail market to suppliers of renewable energy produced in Nova Scotia;  
14 i.e. to create the Renewable-to-Retail (RtR) market. They were developed  
15 with due recognition of the guiding principles specified in that legislation;  
16 namely, that **NS Power retains an obligation to serve, that the retail  
17 market opening should not negatively affect existing NS Power  
18 customers, and that the cost of opening the retail market should be  
19 borne by the participants in that market.**<sup>3</sup>

20  
21 [emphasis added]

22  
23 The Company’s framework is based on a disaggregated tariff model and includes a new  
24 Distribution Tariff (DT), new Energy Balancing Services (EBS) and Standby Service  
25 (SS) Tariffs that provide for back-up, top-up and spill services, and a RtR Market  
26 Transition Tariff (RTT) to recover embedded costs from the new licensed suppliers in  
27 accordance with Section 3G(2) of the Act. It is also comprised of an LRS Participation  
28 Agreement to establish the relationship between the LRS and Nova Scotia Power as well  
29 as terms, conditions and procedures applicable to the LRS and amendments to the Open

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<sup>1</sup> See Exhibit N-16, NS Power Application, September 1, 2015, Section 3.1, pages 19-25 for a record of NS Power’s stakeholder consultation process. See also Exhibit N-33, Evidence of Daymark Energy Advisors, page 11, lines 167-169, where Mr. Athas states on behalf of the SBA, “It is evident from the Application filed by NSPI that the stakeholder session influenced the ultimate content of their market design and tariffs.”

<sup>2</sup> Electricity Act, S.N.S. 2004, c. 25, s. 3G (2).

<sup>3</sup> Exhibit N-31, Evidence of Multeese Consulting Inc. (Whalen), November 20, 2015, page 2, lines 9-15.

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1 Access Transmission Tariff (OATT), NS Power's Regulations, the Generator  
2 Interconnection Procedures (GIP) and the Wholesale Electricity Market Rules (Market  
3 Rules). The disaggregated tariff model was the model most preferred by the stakeholders  
4 who provided feedback and the model which was most clearly aligned with the principles  
5 in the Act.

6  
7 While acknowledging that some concerns have been raised about individual aspects of  
8 the Company's approach, NS Power is pleased that none of the participants has taken  
9 issue with its selection of this overall market design model. Mr. Athas confirmed his  
10 agreement with the model selected by the Company on behalf of the Small Business  
11 Advocate (SBA):

12  
13 Within the stakeholder process NSPI presented and discussed various  
14 market options. These options distributed the burden, and thus costs, of  
15 understanding the market intricacies and the administrative effort  
16 differently among the participants, the customers, the LRS and NSPI. **I  
17 feel that the chosen design allows an accurate renewable market to be  
18 established with clear pricing signals to the LSR for NSPI services and  
19 minimizes the burden on customers looking to 'just purchase cleaner  
20 energy'.<sup>4</sup>**

21 [emphasis added]  
22

23 Indeed, NS Power notes that the framework proposed is supportive of market  
24 development in that the LRS is provided with a back-stop and there is no supply risk to  
25 departing customers as they are able to return to NS Power's bundled service.

26  
27 In this Closing Submission, NS Power will address concerns raised in the evidence by  
28 Intervenors and the Board's Consultants. The focus of much of the Intervenor evidence,  
29 particularly that of SWEB Development Inc. (SWEB) and Cape Breton Explorations  
30 (CBEX), has been on various aspects of the proposed tariffs and the mechanisms NS  
31 Power has incorporated to ensure there is no cost transfer from this new RtR market to  
32 NS Power's remaining customers.

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<sup>4</sup> Exhibit N-33, Evidence of Daymark Energy Advisors (Athas), November 20, 2015, page 15, lines 237-242.

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1  
2 In assessing the Company's Application and the evidence given in this proceeding,  
3 consideration must be given to both the obligations of NS Power within this new market  
4 and the principles of the Act. The participants who enter this new market will have  
5 access to NS Power's transmission and distribution systems to enable firm delivery of  
6 their renewable low-impact electricity through the transmission and ancillary services  
7 provided under the OATT and via the distribution access provided under the DT. NS  
8 Power must also provide a broad range of generation services to the LRS, such as  
9 providing top-up and spill services under the EBS when the LRS is not able to provide  
10 enough energy to service its Retail Customers or is over-producing, as well as providing  
11 firm capacity under the SS to serve the LRS's Retail Customers whenever the LRS's  
12 generation is unavailable. As noted by Mr. Sidebottom in his testimony:

13  
14 So until a customer is completely disconnected, and at that point I would  
15 agree, there are no services being provided, but when connected there are  
16 services being provided on reliability overall.<sup>5</sup>  
17

18 In addition to the specific delivery and generation services the Company must provide to  
19 the LRS, NS Power must also be available to serve Retail Customers who wish to return  
20 to NS Power's bundled service. Finally, the guiding principles of the Act require that  
21 customers who choose not to enter into the RtR market do not incur any additional costs  
22 as a result of the introduction of this new market and that all such costs are borne by the  
23 LRS and their Retail Customers. As noted in the Opening Statement of the SBA:

24  
25 The legislation was written in way that protects those customers who  
26 choose not to move to the Renewable to Retail ("RtR") market, which is  
27 important. A new market must be driven by supply and demand, not  
28 artificial subsidization. As a result the RtR market may be slow to develop  
29 and even drop back after an initial opening. That will not be a sign of  
30 failure but rather evidence that it is operating as a true open and  
31 competitive market.<sup>6</sup>

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<sup>5</sup> Transcript, January 18, 2016, pages 173-174, lines 21-22 and 1-2.

<sup>6</sup> Exhibit N-43, Opening Statement of the Small Business Advocate, pages 1-2, lines 22-25 and 1-2.

1   **2.0   NS POWER REGULATIONS, GIP, OATT & MARKET RULES**

2  
3       The Company’s proposed amendments to the NS Power Regulations, GIP, and OATT are  
4       supported by Mr. Whalen, who has recommended they be approved by the Board.<sup>7</sup> There  
5       has been no evidence filed to challenge these proposed amendments or any alternative  
6       revisions put forward to NS Power by any of the Intervenors. The amendments are an  
7       integral part of the overall market design and as such the Company submits that the  
8       amendments to the NS Power Regulations, GIP and OATT should be approved as filed.

9  
10      Mr. Casey confirmed in his oral testimony that NS Power is not seeking specific approval  
11      of its proposed amendments to the Market Rules.<sup>8</sup> As noted in the Company’s Settlement  
12      Report<sup>9</sup> and its Rebuttal Evidence,<sup>10</sup> the Nova Scotia Power System Operator (NSPSO)  
13      has concluded that the proposed amendments should be incorporated into the current  
14      Market Rules subject to and conditional upon the Board’s decision on the Company’s  
15      Application.<sup>11</sup> Revisions to the Company’s RtR market framework may necessitate  
16      further amendments which the NSPSO would undertake in accordance with the  
17      procedures laid out in the Market Rules.

18  
19      As noted in the Company’s Application, for any Retail Customer site that is physically  
20      connected to NS Power’s transmission system, NS Power will require the execution of a  
21      separate operating agreement between NS Power and the LRS’s transmission-connected  
22      Retail Customer in order to establish the general obligations of the transmission-  
23      connected Retail Customer and address operational topics such as metering, load balance,  
24      harmonics, right-of-way and right-of-access. The operating agreement would be similar  
25      in form to the existing OATT Network Operating Agreement attached as Attachment G

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<sup>7</sup> Exhibit N-31, Evidence of Multeese Consulting Inc. (Whalen), November 20, 2015, page 3, lines 7-8 and 22-24.

<sup>8</sup> Transcript, January 18, 2016, pages 271-272, lines 1-22 and 1-2.

<sup>9</sup> Exhibit N-40, Settlement Report, December 21, 2015, page 11, lines 16-24.

<sup>10</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016, pages 6-7.

<sup>11</sup> The NSPSO’s Final Report on the Proposed Market Rules Amendments was provided in Exhibit N-40, Settlement Report, December 21, 2015, Appendix B.

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1 to the OATT.<sup>12</sup> Additional amendments would be required to incorporate this new  
2 Agreement into the OATT but would be relatively minor in nature. Subject to the  
3 Board's approval of the proposed market design framework, the Company proposes filing  
4 the form of Agreement and the additional amendments to the OATT with its Compliance  
5 Filing to be submitted to the Board for approval.

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<sup>12</sup> This document can be found at <http://oasis.nspower.ca/site/media/oasis/ApprovedOATT052005.pdf>, on pages 146-162 of 162.

1 **3.0 TIME BASED RATES FOR THE EBS TARIFF**

2  
3 Mr. Athas, on behalf of the SBA, disagrees with the pricing proposed in the EBS Tariff  
4 and has recommended NS Power adopt real time pricing where “prices vary hourly  
5 according to the actual hour’s marginal cost of generation.”<sup>13</sup>

6  
7 Mr. Chernick, on behalf of the CA, has also expressed concern about the pricing  
8 methodology in the EBS Tariff but stated that he “[does] not believe [Mr. Athas’s real-  
9 timing pricing approach] would be feasible until NS Power is better connected to robust  
10 energy markets.”<sup>14</sup>

11  
12 On questioning from the Chair, Mr. Whalen stated that it would be too early in the RtR  
13 market opening for the Company to adopt the real-time pricing approach recommended  
14 by Mr. Athas.

15  
16 THE CHAIR: ... [T]here’s a couple of recommendations made that I  
17 wouldn’t mind just getting your thoughts on. And we can do it in one of  
18 two ways. I think the easiest thing is to go to the Reply evidence for Nova  
19 Scotia Power, which is Exhibit 42, and go to first to page 8.

20  
21 There Nova Scotia Power comments on -- the suggestion’s made by the  
22 Small Business Advocate. And the only one I want to get any comments  
23 that you have is number one, the:

24  
25 “Energy balancing services should be priced on a real-time  
26 basis.” (As read)

27  
28 Do you have anything -- any help you can add to that debate?

29  
30 MR. WHALEN: No, other than the fact that I think it’s too early to do  
31 that before you have some idea of what the loads and what the generation  
32 would be. I mean, certainly you could look at real-time pricing; the  
33 company, I believe, already calculates that for other purposes. But  
34 whether that would be appropriate to renewable to retail market I think  
35 would be a function of what load and generation the LRS has online.

---

<sup>13</sup> Exhibit N-43, Opening Statement of the Small Business Advocate, page 4, lines 11-12.

<sup>14</sup> Exhibit N-48, Opening Statement of Paul Chernick on behalf of CA, page 1, lines 29-30.



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1  
2 When I say whether or not it would be appropriate, I mean the actual  
3 numbers as opposed to the concept.  
4

5 THE CHAIR: So do you think that's something we may look at in the  
6 future, assuming this market evolves?  
7

8 MR. WHALEN: Yes, certainly. I think that piece of that charge certainly  
9 would -- should be reviewed when there's some real generation and load  
10 that is known and can assist with the simulation of this.<sup>15</sup>  
11

12 NS Power agrees with Mr. Chernick and Mr. Whalen, that Mr. Athas's real-timing  
13 pricing approach is not appropriate for the EBS tariff, particularly at the early stages of  
14 the RtR market. As stated by NS Power in NSPI(CA) IR-8, the pattern of such RtR  
15 generation is not pre-determinable and as a result, cannot be used as a basis for  
16 determining hourly rate differentials.  
17

18 NS Power submits that the pricing methodology for the EBS and other RtR tariffs should  
19 remain as proposed due to its administrative simplicity, lower cost to administer and  
20 predictability, given the uncertain pace and composition of the RtR market opening. The  
21 annual setting of rates on a prospective basis as proposed by NS Power will avoid cost  
22 transfers to other customers.  
23

24 As set out in the evidence, the Company estimated annual avoided costs for the EBS  
25 Tariff based on multiple Plexos runs over a ten year period from 2018 to 2027 taking  
26 advantage of the 2014 IRP cost information to illustrate a longer-term pricing level under  
27 the top-up rate.<sup>16</sup> Commencing first with the Compliance Filing and then through the  
28 2016 Annually Adjusted Rates (AAR) process for 2017 rates, avoided costs will be  
29 estimated on the basis of a single test year analysis, consistent with the treatment of fuel  
30 costs of other annually adjusted rates.  
31

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<sup>15</sup> Transcript, January 19, 2016, pages 375-377, lines 21-22, 1-22 and 1-16.

<sup>16</sup> Exhibit N-17, CA IR-16 and Exhibit N-29, SBA IR-10.

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1           Similarly, NS Power has proposed that the fuel and administrative-related costs of the  
2           EBS Tariff and SS Tariff be adjusted annually and prospectively through the AAR  
3           process.<sup>17</sup> Cost mitigation components of the annually adjusted Energy Savings Credit  
4           and the annually adjusted Demand Savings Credit, included in the RTT, will also be  
5           prospectively updated on an annual basis.

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<sup>17</sup> Exhibit N-20, UARB IR-1(c).

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### 4.0 EBS TARIFF

Multeese recommended NS Power provide further justification for the 1.38 cents per kWh fuel cost adder included in the EBS Tariff top-up rate.<sup>18</sup> Mr. Whalen summarized one of his two concerns with the fuel cost adder on questioning from the Board:

MR. WHALEN: No, I had issues with the 1.38 and with the underlying numbers, as I indicated in my evidence, because they were calculated on a 10-year present-value basis as opposed to being a current-year basis.<sup>19</sup>

On cross-examination by Mr. Dalgeish, Mr. Whalen confirmed that this concern had been addressed<sup>20</sup> based on the confirmation provided by NS Power in its Rebuttal Evidence that starting in the 2016 filing process for the 2017 AAR, the Company would be using a fuel cost adder derived from a single test year.<sup>21</sup>

Outside of this issue, Multeese did not appear to have issue with the rationale for the fuel cost adder. Indeed, Mr. Whalen confirmed that he was not opposed to the fuel cost adder proposed by NS Power but questioned whether it was premature given the early stage of the RtR market.

I'm not opposed to the adder at some point but I believe it's premature at this point unless there was some additional justification, which at this -- up till now I've not really heard anything that would cause me to say that that differential adder is required at this point.<sup>22</sup>

NS Power submits that the use of the fuel cost adder in the EBS Tariff is not premature and is appropriately included at this time. As set out in the Company's Rebuttal Evidence:

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<sup>18</sup> Exhibit N-31, Evidence of Multeese Consulting Inc., (Whalen), November 20, 2015, pages 9-10.

<sup>19</sup> Transcript, January 19, 2016, page 368, lines 2-6.

<sup>20</sup> Transcript, January 19, 2016, page 382, lines 2-3.

<sup>21</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016, page 26, lines 21-27.

<sup>22</sup> Transcript, January 19, 2016, page 382, lines 5-10.

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1 The 1.38 cents per kWh that is included in the EBS top-up rate represents  
2 the differential between the top-up costs over spill savings, determined  
3 through ten year cost simulations in the 2018-2027 period. The  
4 information included in the Company's Application was illustrative of this  
5 cost differential and based on information developed in the most recent  
6 Integrated Resource Planning initiative. Commencing with the 2016 filing  
7 process for the 2017 Annually Adjusted Rates, the Company intends to use  
8 a fuel cost adder derived from a single test year.  
9

10 In general, the costs of top-up energy are expected to be higher than  
11 energy savings from spill due to a high correlation of wind patterns across  
12 the province of Nova Scotia (i.e. energy spill from wind generation in the  
13 RtR market is expected to coincide with high wind generation on NS  
14 Power's system and deliveries of top-up energy would coincide with low  
15 levels of wind generation on NS Power's system). Under the economic  
16 dispatch order, the Company avoids running more expensive thermal  
17 generation during periods of high wind generation. Thus, the avoided cost  
18 of thermal generation displaced by spill, occurring at the time of already  
19 high NS Power/contract wind generation, is lower than the incremental  
20 costs of thermal generation provided under top-up when NS  
21 Power/contract wind generation is low.<sup>23</sup>  
22

23 Multeese also recommended setting the portions of the top-up and spill rates in the EBS  
24 Tariff that are based on fuel costs at NS Power's Load Following rate in the Generation  
25 Replacement and Load Following Tariff (GRLF or Load Following rate).<sup>24</sup> NS Power  
26 submits that the use of a single rate such as the Load Following rate would not be  
27 appropriate as it would not account for the cost differential between providing top-up  
28 service to the LRS and acquiring spill energy from the LRS, and thereby increase the  
29 likelihood of cost transfer from the LRS's customers to non-RtR customers.  
30

31 As noted above, based on the Company's simulations using Plexos, the costs of top-up  
32 energy are expected to be higher than the savings from spill, a fact which is independent  
33 of the pace of the development of the RtR market. In order to account for this difference  
34 and mitigate the risk of cost transfer to NS Power's remaining customers from the outset,  
35 the Company must include the spread between the spill and top-up rates. For as long as

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<sup>23</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016, pages 26-27, lines 21-33 and 1-5.

<sup>24</sup> Exhibit N-31, Evidence of Multeese Consulting Inc. (Whalen), November 20, 2015, page 9, lines 19-26.

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1 specific EBS service uptake forecast is unavailable, the Company proposes to determine  
2 top-up and spill rates based on hourly profiles of NS Power's system load and wind  
3 generation scaled down to the annual energy level of 219 GWh each – an energy level  
4 commensurate with a 25 MW decrement. This approach will produce more equitable  
5 results in the allocation of fuel costs between FAM ratepayers and RtR customers than a  
6 single rate approach which ignores the fuel cost differential between top-up and spill  
7 services.

8  
9 The Company's testimony on the proposed use of the Load Following rate was clear.

10  
11 MR. FERGUSON: The load-following rate is part of our generation  
12 replacement, a load-following tariff, and it basically is a calculation of the  
13 marginal cost of serving a 25-megawatt decrement across the years. So do  
14 the math around the cost of fuel, take out a flat 25-megawatts across the  
15 year, and divide the differential fuel divided by the load and it produces  
16 the load following rate.

17  
18 MR. DHILLON: So your evidence basically that because of the  
19 magnitude here that's not appropriate; am I right?

20  
21 MR. FERGUSON: Yes, we -- Mr. Whalen has suggested that we use a  
22 single rate. Our concern with respect to a single rate for the top-up and the  
23 spill elements of the EBS, we think -- for the reasons put forward in our  
24 evidence, and Mr. Sidebottom was speaking to them earlier, we think  
25 **there is a fundamental differential in the value between top-up**  
26 **provided to the RT, to the licensed retail supplier, and spill purchased**  
27 **from the licensed retail supplier. So we think it's important to have**  
28 **two rates and that they reflect the differential on value for**  
29 **customers.**<sup>25</sup>

30 [emphasis added]

31  
32 The fact that the Load Following rate will not properly apportion costs for top-up and  
33 spill energy was further clarified by NS Power when asked by the Chair whether using  
34 that rate would be an appropriate proxy for the energy charge in the EBS.

35  

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<sup>25</sup> Transcript, January 18, 2016, pages 258-59, lines 22 and 1-21.

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1 THE CHAIR: And it's proven over time to have given you a reasonable  
2 proxy for your marginal cost in circumstances where you have to supply  
3 load to somebody who is relying on somebody else or themselves to  
4 supply that load, which in theory is what you're doing here, isn't it?  
5

6 MR. GRUS: No, that's not what's going on here. This rate was designed  
7 as a basically top-up rate, a load-following rate. So to the extent a  
8 customer's generator operates below its established capacity the utility  
9 provides -- fills in the rest, provides following up in energy.  
10

11 THE CHAIR: Right. And when the wind isn't blowing and the LRS can't  
12 supply its customers, you're going to do the same thing for him?  
13

14 MR. GRUS: And this is not the same situation on the top-up spill. If for -  
15 - first of all, the amount of fluctuations in spill and top-up loads is much  
16 more than what we see on the load following. For RTR -- for LRS to  
17 balance its energy with generation, assuming that renewable source is  
18 intermittent and operates at much smaller load factor than loads -- it could  
19 be 30 percent, for example, load could be 55 percent -- we are dealing  
20 with much bigger swings in -- of fluctuations in generation.  
21

22 In 25 megawatt decrement case, the amount of spill could be as high as 70  
23 megawatts. So that's the amount of generation, external generation that  
24 utility has to absorb into its system by ramping down its generation. It  
25 traverses more than capacity of one small generation unit.<sup>26</sup>  
26

27 In essence, the primary reason for the differentiation between rates is that when NS  
28 Power is providing top-up energy from additional generation that generation will, on  
29 average, be more expensive than the average annual marginal cost. When NS Power  
30 takes spill energy, it cuts back on generation which will, on average, be lower than the  
31 average annual marginal cost.  
32

33 NS Power submits that the proposed EBS rate structure, including a differential between  
34 top-up and spill, is appropriate and should be approved.

---

<sup>26</sup> Transcript, January 18, 2016, pages 261-62, lines 3-22 and 1-11.

1 **5.0 REVENUE TO COST RATIOS**

2  
3 Mr. Chernick has argued that transmission and distribution rates in the RtR tariffs should  
4 be the same as the bundled service tariffs and reflect the revenue to cost (R/C) ratios in  
5 generation charges.<sup>27</sup>

6  
7 NS Power submits that the most appropriate approach for rate-making purposes is to set  
8 the various RtR tariff rates directly at cost without R/C adjustments for the reasons put  
9 forward in its evidence.<sup>28</sup> The charges under the EBS and SS Tariffs and the OATT  
10 cannot be the same as those charges under the bundled services tariffs. RtR charges are  
11 incapable of adjustment for individual class R/C ratios. As explained by Mr. Cary on  
12 questioning by the Chair:

13  
14 MR. CARY: ...Yeah, we're talking about the charges that go through the  
15 LRS. If we look for, example, at the top-up rate, the amount of top-up is  
16 calculated by the total amount of the customer load, which will be from a  
17 multiplicity of different customer classes, adjusted for the distribution  
18 losses, netted off by the total amount of the generation, which may come  
19 from different classes of generation, net of the transmission losses.

20  
21 So there is no sort of single R/C ratio that can be applied to that mass of  
22 customer load net of the generation because everything's being melded  
23 together in that way. That's what that is trying to say.

24  
25 THE CHAIR: If a LRS seller were only selling to domestic customers, in  
26 other words, customers who would otherwise qualify for the Nova Scotia  
27 Power domestic class, would your answer be the same?

28  
29 MR. CARY: No, obviously if one were selling only to one class of  
30 customers, but as I have said, the -- when I talked about rate design, we've  
31 tried to be agnostic recognizing that rates have to be the same across the  
32 board.<sup>29</sup>

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<sup>27</sup> Exhibit N-34, Evidence of Resource Insight, Inc. (Chernick), November 20, 2015, pages 4-7.

<sup>28</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016, pages 13-14 and Exhibit N-16, NS Power Application, Appendix 11, Distribution Tariff Rate Strawman Report, page 51-52 of 80.

<sup>29</sup> Transcript, January 18, 2016, pages 277-278, lines 12-22 and 1-11.

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1 Mr. Chernick has asserted that the Company should amend the OATT to charge the same  
2 transmission charges to RtR customers as it does for bundled service. However, as  
3 further clarified by Mr. Cary, such amendments may have the effect of undermining the  
4 non-discriminatory nature of the OATT.

5  
6 MR. CARY: Yeah, the OATT serves the wholesale market as well as the  
7 retail market, the RTR market. We don't want to introduce a different set  
8 of rules for the different classes of customers using that OATT as between  
9 the wholesale and the retail RTR LRS'.<sup>30</sup>

10  
11 On questioning from the Chair, Mr. Whalen confirmed the impracticalities of adjusting  
12 the RtR tariffs for R/C ratios and the minimal impact that would have on the individual  
13 rates:

14  
15 THE CHAIR: Okay....do you have any additional comments or  
16 suggestions with respect to the recommendation -- Mr. Chernick's view is  
17 that unless we take into account revenue-to-cost ratios we're being unfair  
18 to the LRS customers?

19  
20 MR. WHALEN: It's quite difficult, and it's not a concern for me from  
21 this perspective that you're breaking the different functions apart,  
22 generation, transmission and the distribution, including retail.

23  
24 On the generation side, the -- there's some of the fixed costs that are being  
25 reflected. But they're being applied, as the company points out, to the total  
26 integrated load of the LRS. They're not being applied on a class-specific  
27 basis. **So it's very challenging, perhaps impossible, to be able to apply  
28 revenue/cost ratios on the generation side.**

29  
30 On the transmission side, the application of the OATT is, again, a very  
31 different approach from the cost of service, and essentially divides the cost  
32 of the transmission across the users of the transmission and does it on the  
33 basis of considering all those costs to be demand and designing them on  
34 the cost -- on the basis of a non-coincident demand. So wholesale users are  
35 assigned a certain portion, NSPI is assigned a certain portion, renewable to  
36 retail would be assigned a certain portion.

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<sup>30</sup> Transcript, January 18, 2016, page 279, lines 6-10.



## RENEWABLE TO RETAIL CLOSING SUBMISSION

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1 Now, when NSPI take sale [*sic: takes a*] portion back into their cost of  
2 service and choose to classify a piece of that as energy and let it flow  
3 through the cost of service the way it does that's kind of internal to the  
4 cost of service. Other people who are using the transmission may do  
5 something different in the way that they recover the transmission from  
6 their customers.

7  
8 So if I take the generation and the transmission away and I'm looking only  
9 at distribution there are a couple of issues with that. **One is if you apply**  
10 **the revenue/cost ratios only to the distribution revenue requirements**  
11 **you won't get back to the full revenue requirement of the distribution**  
12 **system, it'll be different.** So there's -- you have to sort out what to do  
13 with that differential, either plus or minus. One option would be to put it  
14 over in the RTT or something like that, but there's an issue there.

15  
16 **The second issue, and this one probably overrides it all for me, is that**  
17 **the distribution piece is roughly 20 percent of the total revenue**  
18 **requirement, and the maximum difference in the revenue/cost ratio is**  
19 **about 4 percent, so the maximum difference you'd be talking about**  
20 **would be .8 percent.**<sup>31</sup>

21  
22 [emphasis added]

---

<sup>31</sup> Transcript, January 19, 2016, pages 377-80, lines 21-22, 1-22, 1-22 and 1-3.

1 **6.0 NON-POWER CHARGES IN DISTRIBUTION TARIFF**

2  
3 In his evidence, Mr. Chernick expressed concern with respect to language in Section 11.2  
4 of the DT which provides that certain non-power charges are included in the DT charges  
5 applicable to the Retail Customer. Mr. Chernick recommended that the language on  
6 these non-power charges in the DT be reconciled with that in the bundled service tariffs,  
7 noting that “Unless NS Power can justify this language, it should be deleted. The same  
8 rules should apply to all customers.”<sup>32</sup>

9  
10 NS Power confirmed in its Rebuttal Evidence that its non-power charge practices will be  
11 consistent for both bundled services customers and RtR Customers and that the provision  
12 in the DT for non-power charges reflects NS Power’s existing practices for bundled  
13 service customers.<sup>33</sup> In brief, the same rules will apply to both RtR customers under DT  
14 and bundled service customers under NS Power’s Regulations.

15  
16 Mr. Chernick did not raise any issue in his evidence with respect to the non-power  
17 charges themselves or their applicability in the context of the DT. However, he asserted  
18 that “as a matter of transparency,” NS Power should have the same language in both the  
19 DT and the bundled service tariffs or have Regulation 7.1 apply to both the Retail  
20 Customers and the bundled service customers.

21  
22 If Regulation 7.1 is adequate for the full-service customers, a reference to  
23 Regulation 7.1 should be adequate for the RtR customers. If the language  
24 in the proposed RtR distribution tariff is necessary in that tariff, it should  
25 also be in the full-service tariff. Customers should be able to see at a  
26 glance that the rules are the same for RtR and full-requirements customers  
27 taking the same service, whether for distribution rates, transmission rates  
28 or non-power charges.<sup>34</sup>

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<sup>32</sup> Exhibit N-34, Evidence of Resource Insight, Inc. (Chernick), November 20, 2015, page 14, lines 9-10.

<sup>33</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016, pages 19-20.

<sup>34</sup> Exhibit N-48, Opening Statement of Paul Chernick on behalf of CA, page 2, lines 21-25.

## RENEWABLE TO RETAIL CLOSING SUBMISSION

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1 NS Power submits no further adjustment is required to the DT. Section 6 of the DT  
2 already provides that the NS Power Regulations apply to an RtR Customer receiving  
3 Distribution System Access under the DT.<sup>35</sup> Section 11.2(c) of the DT is provided for  
4 transparency to ensure RtR Customers are aware that they will be charged for the  
5 particular items listed. Including specific language from the NS Power Regulations in the  
6 DT is not necessary at this stage and it creates the risk of inconsistency in the event that  
7 changes in the NS Power Regulations were not simultaneously updated in the  
8 Distribution Tariff.

---

<sup>35</sup> Exhibit N-16, NS Power Application, Appendix 17, page 8 of 21.

1 **7.0 LOCATIONAL LINE LOSSES**

2  
3 The CA has recommended that the Board direct NS Power to recognize the effect of  
4 renewable generator location on line losses.<sup>36</sup>

5  
6 Network Integration Transmission Service (Network Service) applies to the RtR Market.  
7 As stated by the Company in its response to U-2:

8  
9 Network Service allows the LRS to designate its designated RtR  
10 generators (Network Resources) and use the transmission system to serve  
11 its geographically dispersed RtR customer load (Network Load) in a  
12 manner comparable to that which NS Power utilizes to serve its customers.  
13 Network Service is an annual, firm service.<sup>37</sup>

14  
15 The use of a system average loss factor, which is calculated annually, applies to Network  
16 Service under the OATT. As stated by Mr. Sidebottom:

17  
18 MR. SIDEBOTTOM: Our overall losses on the system actually repeat on  
19 an annual basis. So it actually makes a lot of sense. It takes in both the  
20 day and the night and the seasonality. So that creates the -- a reasonable  
21 backdrop for estimating the actual cost of losses.<sup>38</sup>

22  
23 If the Board were to direct the Company to offer locational losses in conjunction with  
24 Network Service, the OATT would have to be amended. Such a step would distinguish  
25 Nova Scotia from all other OATT jurisdictions in Canada. As noted by Mr. Cary:

26  
27 MR. CARY: Directionally you'd have to put in some sort of locational  
28 loss table into the OATT to reflect that instead of using a single average,  
29 remembering that that single point averages is, you know, a pretty broad  
30 precedent for OATT coming right from the FERC original standard. So  
31 philosophically we'd be making a major departure from the pro forma

---

<sup>36</sup> Exhibit N-34, Evidence of Resource Insight, Inc. (Chernick), November 20, 2015, page 4, lines 3-4.

<sup>37</sup> Exhibit N-51, Undertaking U-2.

<sup>38</sup> Transcript, January 18, 2016, pages 245-46, lines 20-22 and 1-3.

## RENEWABLE TO RETAIL CLOSING SUBMISSION

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1           that's been used so far and the principles that have been broadly applied  
2           elsewhere.<sup>39</sup>  
3

4           Mr. Cary testified that no other jurisdiction in Canada that uses an OATT recognizes  
5           locational losses on network service.<sup>40</sup> Mr. Chernick initially stated his understanding  
6           that the province of Ontario used locational marginal losses. However, after further  
7           researching the matter, he confirmed Ontario uses the province-wide average loss value  
8           for settlement purposes.<sup>41</sup>  
9

10          The Company had considered the applicability of Point-To-Point Service for the RtR  
11          market, but concluded that Network Integration Service was the most appropriate form of  
12          transmission service for RtR market transactions.<sup>42</sup> Mr. Whalen agreed with the  
13          Company's determination that Network Service was in fact the most appropriate.<sup>43</sup>  
14

15          On cross-examination by Board Counsel, the Company was asked whether an LRS could  
16          choose to take Point-To-Point service. The Company determined that although Point-To-  
17          Point service was originally intended for NS import/export service or pass-through  
18          service, an LRS could take such service but only for transmission connected generation  
19          and load.  
20

21          The issue was further examined in Undertaking U-2.  
22

23                 Point-To-Point service was originally intended for NS import/export  
24                 service or pass-through service (a generator external to NS for export from  
25                 NS). The Company has reviewed the OATT and determined that the  
26                 OATT does not specifically prevent use of Point-To-Point service for  
27                 internal service (i.e. within Nova Scotia). However, the OATT applies  
28                 only to transmission-connected generation and load. As a result, if an LRS  
29                 was to choose Point-To-Point service, such service would be limited to  
30                 RtR transactions which met this connection requirement. An LRS would

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<sup>39</sup> Transcript, January 18, 2016, page 212, lines 6-14.

<sup>40</sup> Transcript, January 18, 2016, page 212, lines 20-22.

<sup>41</sup> Exhibit N-51, Undertaking U-4

<sup>42</sup> Exhibit N-51, Undertaking U-2, page 1, lines 23-26.

<sup>43</sup> Transcript, January 19, 2016, page 371, lines 9-10.

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1 not be able to use Point-To-Point Service for distribution-connected RtR  
2 generators or distribution-connected RtR load.

3 If Point-To-Point service was made available for the RtR Market, the LRS  
4 would designate each of the Point(s) of Receipt (RtR generator) and  
5 Delivery (RtR transmission-connected load) for which they are reserving  
6 firm capacity. The LRS's billable reserved capacity would be the sum of  
7 these capacity reservations. Any request by an LRS to modify Receipt and  
8 Delivery Points on a firm basis would be treated as a new request for  
9 service, requiring a new application and potentially system impact studies  
10 for the incremental reserved capacity.<sup>44</sup>  
11

12 In addition, the Company noted a number of complications that would arise through the  
13 application of Point-To-Point Service to the RtR market, including the fact that Point-To-  
14 Point Service is a higher cost service than Network Service for a comparable load.<sup>45</sup>  
15

16 The Company notes that there has been no evidence filed with respect to how locational  
17 losses should be calculated for the RtR market. The complexity involved with  
18 calculating locational losses was highlighted by Mr. Whalen:  
19

20 It's always a bit of a question as to exactly how you do that calculation.  
21 And we talked yesterday, when Mr. Outhouse was cross-examining the  
22 company, about sometimes you could have a wind generator in Cape  
23 Breton displacing a thermal plant in Cape Breton and in that hour there's  
24 no effect on losses, and there were different scenarios that were  
25 considered.  
26

27 So the question would be, how do you develop what would be the  
28 appropriate adjustments that you might make, that you might apply to  
29 these generators to recognize that if you put it in one location versus  
30 another you ought to somehow penalize it or credit it in some way.  
31

32 MR. DHILLON: So when you say "appropriate," this can be calculated, a  
33 rough idea of loss factors. So -- and there's no problem that -- there's a  
34 possibility that NSP could calculate roughly what the loss factor would be,  
35 I guess? Then it's a matter of whether we agree to apply or not.  
36

---

<sup>44</sup> Exhibit N-51, Undertaking U-2, pages 1-2, lines 28-29 and 1-13.

<sup>45</sup> Exhibit N-51, Undertaking U-2, pages 2-3.

## RENEWABLE TO RETAIL CLOSING SUBMISSION

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1 MR. WHALEN: Certainly, as was indicated by Mr. Chernick earlier, that  
2 has been done, some indication. What I'm not familiar with is how that  
3 was done and whether that would be appropriate to apply here. Certainly  
4 the calculation of losses, as the company indicated yesterday, is not a  
5 straightforward thing. Losses are different in every hour, as load changes,  
6 as generation changes. And so trying to calculate what that is on average  
7 across the transmission system is challenging. To be able to take it to  
8 another level to estimate how will it change if I put generator A at one  
9 location versus another is an even more challenging piece.<sup>46</sup>

---

<sup>46</sup> Transcript, January 19, 2016, page 372-373, lines 3-22 and 1-11.

1 **8.0 UNBUNDLING OF RATES**

2  
3 Although not put forward in his list of recommendations to the Board<sup>47</sup>, Mr. Chernick, on  
4 behalf of the CA, has suggested that NS Power unbundle its bundled service rates into the  
5 functions of distribution, transmission and generation at its next General Rate  
6 Application.

7  
8 NS Power submits that the Board should not order the functional unbundling of the  
9 Company's bundled service rates as part of this proceeding. In the Company's view,  
10 such a step would be beyond the scope of this proceeding as it would require amendments  
11 to non-RtR tariffs that are not necessary for the purposes of facilitating the purchase of  
12 renewable low impact electricity under the Act.

13  
14 While Mr. Chernick stated he had been involved in restructuring cases in New England  
15 and Maryland that involved unbundling and "sort of watched it out of the corner of my  
16 eye," he acknowledged that he has not been directly involved in such a process.<sup>48</sup> When  
17 asked whether he thought that such a process would be complicated or time-consuming  
18 and expensive, Mr. Chernick responded:

19  
20 ...I guess it's not exactly an automatic process because you have questions  
21 like you have a commercial class with both demand charges and energy  
22 charges... But I think it may be more than a paper hearing but I wouldn't  
23 expect this kind of procedure.<sup>49</sup>  
24

25 The Company has identified a number of challenges and concerns associated with  
26 breaking out bundled service tariffs into functional areas:

- 27  
28 (1) Class rate structures are not fully aligned with the underlying  
29 demand, energy, and customer-related class cost components in the  
30 COSS for the following reasons:

---

<sup>47</sup> Exhibit N-34, Evidence of Resource Insight, Inc. (Chernick), November 20, 2015, pages 3-4, lines 9-25 and 1-13.

<sup>48</sup> Transcript, January 19, 2016, pages 308-09, lines 17-22 and 1.

<sup>49</sup> Transcript, January 19, 2016, page 309, lines 9-11 and 19-20.



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1 (a) Total class revenues vary from total class costs from the  
2 COSS due to the application of R/C ratios and cost  
3 deferrals.

4  
5 (b) In General Rate Application (GRA) proceedings, rate  
6 changes are generally applied across-the-board to demand  
7 and energy charge components. This does not reflect the  
8 difference in increases of demand and energy-related costs  
9 in the COSS. Since 2003 customer charges for the two  
10 Domestic and the Small General class have remained  
11 frozen at their level from the 2001 GRA.

12  
13 (2) The COSS is conducted jointly for both Domestic and Domestic  
14 Time-of-Day (TOD) classes. The COSS does not provide cost  
15 information for these two classes separately. Further, the time  
16 differentiation of energy charges under the TOD Domestic rate  
17 reflects time-differentiation of generation costs. The transmission  
18 and distribution costs are not time differentiated. The COSS does  
19 not differentiate class costs by TOD periods and as such does not  
20 provide a basis for functionalization of the TOD components.

21  
22 (3) The declining block energy rate components for the Small General,  
23 General and Small Industrial Rate classes have been designed to  
24 reduce volatility in recovery of the utility's fixed costs through the  
25 application of a more expensive first block energy component to a  
26 relatively stable amount of class energy falling into the first block.  
27 The size of the first energy block is a function of customer  
28 consumption patterns in each class. Its design predates in some  
29 cases changes in class average customer consumption due to  
30 changes in tariff availability clauses. The COSS does not provide  
31 guidance as to the amount of fixed costs from each functional area  
32 to be recovered through the first versus second energy block rates.

33  
34 (4) Customer-related costs are recovered through demand and energy  
35 charges. It is not known how much of distribution-related  
36 customer costs and retail costs should be assumed to be recovered  
37 through each of the demand and energy charges.<sup>50</sup>  
38

39 The Company submits that such a process would require stakeholder consultation,  
40 particularly with respect to the vetting of the Company's underlying assumptions, and has  
41 the potential to become a complicated and time consuming regulatory exercise. Such a

---

<sup>50</sup> Exhibit N-51, Undertaking U-1, pages 2-3, lines 10-29, 1-20.

## RENEWABLE TO RETAIL CLOSING SUBMISSION

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1 process is unwarranted and would be premature given the pace and scope of the market  
2 uptake at this stage is still unknown. As noted by the SBA in his Opening Statement,  
3 “the RtR market may be slow to develop and even drop back after an initial opening.”<sup>51</sup>  
4

5 In addition, NS Power questions the purposes for which such information could be used.  
6 On cross-examination Mr. Chernick indicated that the reasons behind his request for  
7 unbundling were for the purposes of transparency and administrative convenience.  
8

9 MR. CHERNICK: The difference is that in the short-term approach, a  
10 customer who is thinking about becoming an RTR customer can't look at  
11 their current tariff and say, “That's the distribution rate I would be charged  
12 -- I'm being charged now, and here is the distribution charge on the RTR  
13 rate.”  
14

15 MR. OUTHOUSE: M'hm.

16  
17 MR. CHERNICK: There's an RTR charge and my LRS NSP, the Board  
18 may tell me that that's the same as what's wrapped up in that other -- in  
19 the current bill, but I have to take their word for it.  
20

21 MR. OUTHOUSE: Okay, so ---  
22

23 MR. CHERNICK: In Massachusetts, I can look at my bill and I see I get a  
24 distribution charge regardless of whether I go shopping or stay with utility.  
25 I get a transmission charge that's the same, and it's only the generation  
26 charges that differ.  
27

28 MR. OUTHOUSE: Okay. So is it just transparency? Are the results the  
29 same and it's just transparency we're talking about, to do the unbundling?  
30

31 MR. CHERNICK: Yes. It's transparency, and I think it would be more  
32 administratively convenient as we go forward, because if you have to have  
33 an unbundled rate for the RTR customers then you might as well have it  
34 for -- for everybody. Do it once in every GRA.<sup>52</sup>  
35

---

<sup>51</sup> Exhibit N-43, Opening Statement of the SBA, pages 1-2.

<sup>52</sup> Transcript, January 19, 2016, pages 312-13, lines 7-22 and 1-13.

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1           However, using unbundled rate information for the purposes of allowing customers to  
2           compare rates in the two markets has the potential to mislead customers rather than  
3           inform them. As stated by the Company in its response to Undertaking U-1:  
4

5           (1)     The LRS is expected to base its charges to the market on what the  
6           market will bear for all of its services, other than distribution. As  
7           such, there is no certainty that broken out regulated rates for  
8           generation and transmission services would provide an appropriate  
9           “apples to apples” comparison.

10           (2)    Generation and Transmission costs are proposed to be recovered  
11           from the LRS through the OATT and a suite of generation-related  
12           tariffs (EBS, SS, RTT) applicable to the aggregated load of the  
13           LRS’ end-use customers. All of these tariffs have different rate  
14           structures and billing determinants from those implicitly embedded  
15           in the individual bundled service class rates. In addition, the  
16           generation services provided in the RtR market differ markedly  
17           from those in the full service market. In the RtR market, the  
18           Company provides only ancillary generation services  
19           complementary to the primary renewable generation services of the  
20           LRS. In NS Power’s view, a direct comparison of generation and  
21           transmission costs, under the two markets, for individual end-use  
22           customers, is not possible.<sup>53</sup>  
23

---

<sup>53</sup> Exhibit N-51, Undertaking U-1

1 **9.0 RTR TRANSITION TARIFF**

2  
3 SWEB was critical of the proposed RTT.<sup>54</sup> NS Power notes that the purpose of the RTT  
4 is to comply with the guiding principles in the Act by ensuring there is no cost-transfer to  
5 NS Power's customers as a result of the introduction of the RtR market. Section 3G(2) of  
6 the Act provides as follows:

7  
8 3G (2) In reviewing and approving the tariffs, procedures and standards of  
9 conduct required to be developed or amended pursuant to this  
10 Section, the Board shall be guided by the following principles:

- 11  
12 (a) **customers of Nova Scotia Power Incorporated and**  
13 **persons who, at the coming into force of this Section,**  
14 **are independent power producers or hold feed-in tariff**  
15 **approvals within the meaning of the regulations are not**  
16 **to be negatively affected** if some retail customers choose  
17 to purchase renewable low-impact electricity from a retail  
18 supplier;  
19  
20 (b) **retail suppliers and their customers are to be**  
21 **responsible for all costs related to the provision of**  
22 **service** by retail suppliers to their customers that would  
23 otherwise be the responsibility of Nova Scotia Power  
24 Incorporated and its customers.

25  
26 [emphasis added]  
27

28 The RTT is supported by Multeese,<sup>55</sup> who provided the following succinct summary of  
29 its purpose.

30  
31 As specified in Section G(3) of the Act, NS Power customers who choose  
32 to remain with NS Power rather than switch to an LRS are not to be  
33 negatively impacted by the introduction of RtR. Any customers who do  
34 move to an LRS will continue to pay their share of transmission and  
35 distribution through the OATT and the DT respectively. The only costs  
36 not fully recovered through other tariffs are fixed generation costs. Within

---

<sup>54</sup> Exhibit N-49, Opening Statement of SWEB, page 4, lines 8-9.

<sup>55</sup> Exhibit N-31, Evidence of Multeese Consulting Inc. (Whalen), November 20, 2015, pages 12-13, lines 28 and 1-3.

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1 the cost of service, these costs are classified in part as energy and in part as  
2 demand. A portion of the costs classified as energy is recovered through  
3 the EBS and a portion of the costs classified as demand is recovered  
4 through the SS. The RTT is designed to recover the remaining portions of  
5 those costs.

6 //

7 When customers leave NS Power and take supply from an LRS, their total  
8 energy and demand requirements do not change. NS Power will continue  
9 to supply some energy as top-up energy under the EBS and some demand  
10 under the SS. The portions that NS Power will no longer supply will be  
11 the energy and demand being supplied by the LRS, and it is to those  
12 quantities that the RTT will apply, to ensure that the fixed costs of  
13 generation associated with these continue to be recovered from the  
14 customers who were paying them before they switched to an LRS, and are  
15 not left to be recovered from customers who remain with NS Power.<sup>56</sup>  
16

17 Notwithstanding SWEB's criticism of the RTT, Multeese confirmed no changes were  
18 required to RTT to minimize its impact.

19  
20 THE CHAIR: Obviously a point of contention in the hearing is this  
21 transmission tariff. And firstly, as I read your evidence, you agree with  
22 the necessity of a transmission tariff -- sorry; Transition Tariff?  
23

24 MR. WHALEN: Yes, I do.  
25

26 THE CHAIR: Do you have any suggestions other than what have been  
27 made already with respect to how we might minimize the effect of that?  
28

29 MR. WHALEN: I don't really, in the near term. In the longer term I think  
30 it takes care of itself, only in the sense that as generation changes, if a unit  
31 retires the O&M will change, depreciation might change, those kinds of  
32 things, that will reflect themselves in rates. But in terms of being able to  
33 put something in the rate now in anticipation of something that will  
34 happen five years from now, I think that's quite challenging to be able to  
35 do that.<sup>57</sup>  
36

37 NS Power recognizes it has an obligation to mitigate the amount it recovers through the  
38 RTT. However, the Company's ability to mitigate these costs is limited by its ongoing  
39 obligation to serve as NS Power must maintain its generation capacity in the event

---

<sup>56</sup> Exhibit N-31, Evidence of Multeese Consulting Inc. November 20, 2015, page 12, lines 4-11 and 19-26.

<sup>57</sup> Transcript, January 19, 2016, page 375, lines 3-20.

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1 departed Retail Customers return to NS Power's bundled service.<sup>58</sup> As stated in the  
2 Company's Application, savings to the amount charged through the RTT will be based on  
3 the volume and class make-up of any departing load as well as future utility matters. To  
4 minimize the risk of over or under -recovery, the Company will adjust the RTT as part of  
5 the AAR process based on its forecast of avoided fixed and variable costs.<sup>59</sup>

6  
7 SWEB<sup>60</sup> and Scotia Windfields<sup>61</sup> suggested in their Opening Statements that the cost of  
8 any stranded assets associated with the introduction of the RtR market should be borne by  
9 NS Power and its shareholders.

10  
11 The Company submits that this position is untenable for three reasons. First, as noted  
12 above, Section 3G(2) of the Act provides NS Power customers are not to be negatively  
13 affected by the introduction of the RtR market and that all costs related to the provision of  
14 this service that would otherwise be the responsibility of NS Power and its customers are  
15 to be recovered from the LRS and its Retail Customers. Generation-related fixed costs  
16 that would be transferred to bundled service customers are a direct cost related to the  
17 introduction of the RtR market and are therefore the responsibility of the LRS and its  
18 Retail Customers and not NS Power and its customers.

19  
20 Second, NS Power is entitled under the Public Utilities Act to recovery of and a return on  
21 the prudent investments it makes in its regulated assets.<sup>62</sup> This is also a generally  
22 accepted principle of utility rate-making. As noted by the Board in its Decision on the  
23 2013 General Rate Application:

24  
25 [19] NSPI, like all other business, experiences cost increases in virtually  
26 every expense it incurs to produce electricity for the people of Nova  
27 Scotia. The Act requires the Board to ensure these prudent and proper  
28 costs are recovered in NSPI's rates.

---

<sup>58</sup> Exhibit N-16, NS Power Application, page 70.

<sup>59</sup> Exhibit N-16, NS Power Application, page 70, lines 19-23.

<sup>60</sup> Exhibit N-49, Opening Statement of SWEB, pages 3-4, lines 16-28 and lines 11-12.

<sup>61</sup> Exhibit N-50, Opening Statement of Scotian Windfields.

<sup>62</sup> Public Utilities Act, R.S.N.S. 1989, c. 380.

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1  
2 [20] A fair return on rate base is important for the sustainability of the  
3 service. A low return on rate base may cause people to not invest in the  
4 Utility. It may also lead to a poor bond rating, which may cause financial  
5 institutions to increase the rate of interest on monies NSPI needs to borrow  
6 to provide the service. This may result in NSPI's rates increasing solely to  
7 cover the additional costs of borrowing money, without even addressing  
8 the increases in the operating expenses.<sup>63</sup>  
9

10 Indeed, the Company's entitlement to recover on its regulated assets was acknowledged  
11 by Mr. Roscoe on questions from the Chair:  
12

13 THE CHAIR:...

14 //

15 But obviously there's a difficult issue here with respect to how this might  
16 work, and I guess I'm going to ask you, do you acknowledge that the  
17 provisions of the Public Utilities Act that require the Board to allow Nova  
18 Scotia Power the opportunity to recover its prudently incurred costs and  
19 earn a reasonable rate of return have not been amended?  
20

21 MR. ROSCOE: Yeah, I can acknowledge that, yes.<sup>64</sup>  
22

23 Finally, in NS Power's view, sanctioning the Company by not allowing the recovery of  
24 the costs covered by the RTT tariff would effectively change the regulatory construct,  
25 significantly increasing the risk profile and cost of capital to be borne by customers in the  
26 RTR and bundled service markets.

---

<sup>63</sup> Decision, 2012 NSUARB 227 (M04972) paragraphs 19-20.

<sup>64</sup> Transcript, January 19, 2016, pages 355-56, lines 16-22 and 1-2.

1 **10.0 BEHIND THE METER**

2  
3 There has been much discussion as to the issue of the applicability of the RtR framework  
4 to “behind the meter” generation. At the outset, the Company notes that the proposed  
5 RtR framework is designed so that the RtR tariffs apply to all RtR transactions regardless  
6 of the physical location of the generator and the customer’s NS Power meter. In addition,  
7 the RtR framework does not provide for partial service. It is premised upon a customer’s  
8 site taking either bundled service from the Company under its bundled service rates or  
9 RtR service from an LRS as enabled by the RtR tariffs. The RtR framework is not  
10 designed to allow customers to blend bundled service and RtR service within the hour or  
11 at different times during the year. However, as noted in the Company’s Application,  
12 where a customer has multiple separate accounts, indirect partial service can be achieved  
13 by taking RtR service through one or more of the customer’s individual accounts<sup>65</sup>

14  
15 Mr. Sidebottom confirmed in his evidence that whether a transaction is “behind the  
16 meter” or in front of the meter, NS Power’s assets are used in the same manner.

17  
18 MR. MERRICK: Yet wouldn’t you agree that some of those provisions  
19 may have to change if they are being applied to behind-the-meter scenarios  
20 as opposed to in-front-of-the-meter scenarios?

21  
22 MR. SIDEBOTTOM: Whether the generation is in-front-of-the-meter or  
23 behind-the-meter it has practically the same effect on the electrical grid.

24  
25 You know, when you take a look at a -- the provision of reliability, back  
26 up, effectively storage of the product, if it’s going to be produced more at  
27 one time and consumed at a different time by a customer, there’s a whole  
28 range of other services that are beyond the what I would call the simple  
29 megawatt hour or kilowatt hour.

30  
31 All too often we talk about the kilowatt hour alone. There are many more  
32 attributes to reliable service to customers such as backing them up,  
33 following their load exactly, ensuring you have a plan to back up that  
34 generation when generation fails.

---

<sup>65</sup> Exhibit N-16, NS Power Application, September 1, 2015, Section 6.4, page 35-36.



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1  
2 So all of those are other services required both in front of and behind-the-  
3 meter.<sup>66</sup>  
4

5 This point was further confirmed by Mr. Sidebottom on cross-examination by Mr. Lisi:  
6

7 MR. SIDEBOTTOM: So I think I go back to what I've said before,  
8 whether the generation is behind or in-front-of-the-meter they look very  
9 similar electrically, and the tariffs are set up to recognize the services  
10 being provided by the retail supplier.  
11

12 And so the fact that we do revisit those rates on an annual basis, and we  
13 have an ability to study the development of the market, I think those  
14 provide us the opportunities to measure the success.  
15

16 And, again, going back to the fact that I don't actually see much or any  
17 difference, really, between behind-the-meter and in-front-of-the-meter.<sup>67</sup>  
18

19 As such, the Company submits that the RtR tariffs should apply to behind the meter  
20 transactions in order to avoid contravening the no-cost transfer principles under Section  
21 3G(2) of the Act.  
22

23 MR. CARY: We come back to the fundamental principles that are guiding  
24 us here. If what you are doing is enabled by the RTR service provisions  
25 and is RTR service, then Nova Scotia Power is bound to submit tariffs that  
26 avoid cost transfer to others.  
27

28 So that follows, so therefore we are not talking basically about relief  
29 because of the different services. We're talking about following that  
30 fundamental principle that applies here.  
31

32 MR. LISI: Okay. But is it possible that when an RTR supplies a customer  
33 that your system actually incurs a savings? And what I mean is, when you  
34 transmit electricity from your generator all the way through transmission  
35 and through the distribution to the customer, you are utilizing machinery  
36 that requires maintenance, require replacements, that the legal  
37 transformers on the pole, everything from the point of generation to the  
38 customer has a certain life cycle which you need to maintain on a regular

---

<sup>66</sup> Transcript, January 18, 2016, pages 96-97, lines 13-22 and 1-10.

<sup>67</sup> Transcript, January 18, 2016, page 179, lines 7-18.

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1 basis for which you spend money to make sure they are working properly.  
2 The less you send through -- it's a little bit like an automobile doing less  
3 mileage. Probably you'll use less oil; you'll use less wear and tear.  
4

5 So what happens if all your system, because it's delivering less and it's --  
6 the machine is not producing as much, the lines are not being used that  
7 much, the transformers, your -- all your switches at the substations. Now  
8 you are losing less -- you are using less. You now have a savings. Would  
9 you then pass that saving on to the LRSs? Because we think it's going to  
10 save you money, not cost you money.  
11

12 MR. CARY: I think the basic -- the basic assets of any electrical system of  
13 fixed costs, and passing, you know, 1 megawatt less down an existing  
14 transmission system ---  
15

16 MR. LISI: But what if it's 200 megawatts or 500 megawatts?  
17

18 MR. CARY: --- does not -- does not make any -- I would think, any  
19 difference. Transmission experts here can probably pick this up, but it is  
20 certainly no material difference; that is, no perceptible difference here.  
21

22 MR. CASEY: I would concur that there's no real difference in scalability  
23 of 1 or 218 megawatts. Certainly as you use the system if we start to  
24 integrate more and more renewable energy on our system, as we've seen  
25 up to date, it changes the way we use our system.<sup>68</sup>  
26

27 Both the logic above and the legal interpretation below support confirmation by the  
28 Board of the application of the RtR regime to behind the meter generation.  
29

30 It is NS Power's position that the RtR amendments to the Act apply to a "behind the  
31 meter" generator in the context of the sale of renewable low-impact electricity. The  
32 Company's interpretation of the legislation is set out in NS Power's Rebuttal Evidence.<sup>69</sup>  
33

34 The term "retail supplier" and the term "retail customer" are defined in subsection 2(1) of  
35 the Act as follows:  
36

---

<sup>68</sup> Transcript, January 18, 2016, pages 157-59, lines 18-22, 1-22 and 1-22.

<sup>69</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016, pages 28-31.

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1 (c) “retail customer” means a person who uses, for the person’s own  
2 consumption in the Province, electricity that the person did not  
3 generate;

4  
5 (d) “retail supplier” means a person who is authorized to sell  
6 renewable low-impact electricity in accordance with this Act and  
7 the regulations, but does not include a wholesale customer;  
8

9 Thus, if the generating entity is supplying renewable low-impact electricity to its  
10 customer for that customer’s own consumption in the Province (assuming all other  
11 aspects of the RtR transaction are met) that entity will fall within the definition of “retail  
12 supplier” and the customer will fall within the definition of “retail customer” for the  
13 purposes of the Act. The entity will only be entitled to sell this electricity to its customer  
14 if it is issued a retail supplier license from the Board in accordance with the Act. Upon  
15 licensing, all the benefits and burdens of the RtR framework, including the RtR tariffs,  
16 would apply. Sections 3D and 3E of the Act provide as follows:  
17

18 3D (1) No person shall act or purport to act as a retail supplier unless the  
19 person has been issued a retail supplier license pursuant to Section  
20 3E.

21  
22 (2) Subsection (1) does not apply to a person who is

23  
24 (a) deemed to be a public utility by the regulations; or

25  
26 (b) a member of a class or category of retail suppliers  
27 prescribed by the regulations.  
28

29 3E (1) A person may apply for a retail supplier license in the form and  
30 manner prescribed by the regulations.  
31

32 (2) Subject to any qualifications prescribed by the regulations, the  
33 Board may issue a retail supplier license to an applicant, subject to  
34 any terms and conditions the Board considers appropriate and any  
35 terms and conditions prescribed by the regulations.  
36

37 Any entity selling or purporting to sell renewable low-impact electricity to a retail  
38 customer – whether behind the meter or otherwise – must obtain a license before it can do  
39 so, unless it fits within one of the exceptions in Section 3D(2). To date no entity has

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1           been deemed a public utility under the regulations, nor has any class or category of retail  
2           suppliers been prescribed by way of regulation. Indeed, Section 4 of the draft Board  
3           Electricity Retailers Regulations imposes the same blanket requirement as subsection  
4           3D(1) of the Electricity Act that all retail suppliers be licensed as such:

- 5
- 6                   (4)     In accordance with the s. 3D (sic) of the Act, any person who acts  
7                   or purports to act as a Retail Supplier shall hold a valid License  
8                   issued by the Board.<sup>70</sup>  
9

10           Section 9 of the Board Electricity Retailers Regulations also provides that a supplier who  
11           is issued a license must comply with all of the requirements of the RtR framework:

- 12
- 13                   (9)     It shall be a term and condition of a Licence that a Licence Holder  
14                   shall be subject to and comply with  
15
- 16                           (a)     the market rules, tariffs, and procedures approved by the  
17                           Board;  
18
- 19                           (b)     the Act, the Renewable Electricity Regulations, and these  
20                           Regulations;  
21
- 22                           (c)     the Code of Conduct approved by the Board pursuant to s.  
23                           27;  
24
- 25                           (d)     any applicable directives, rules, or orders of the Board; and  
26
- 27                           (e)     any direction by the Board for payment of any costs  
28                           reasonably incurred related to hearing complaints or  
29                           alleged infractions.<sup>71</sup>  
30

31           Port Hawkesbury Paper (PHP) asserts that NS Power’s interpretation of the legislation is  
32           incorrect and points to the fact that the Act defines a retail supplier as a person who is  
33           authorized to sell renewable low-impact electricity “in accordance with this Act and the  
34           regulations.” PHP states that in its view, “retail suppliers who sell behind the meter to a

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<sup>70</sup> Exhibit N-15, Board Electricity Retailers Regulations (Nova Scotia) enacted under the electricity Act, July 15, 2015, s. 4.

<sup>71</sup> Ibid, s. 9.

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1 single customer do not need to be authorized in accordance with the Act and regulations,  
2 since this type of supply is not precluded by the PUA.”<sup>72</sup> This argument, however,  
3 ignores the fact that such transactions are not currently authorized under any tariff or  
4 legislation other than the RtR amendments in the Act and in the absence of such, NS  
5 Power would need to determine whether or not it would need to develop a tariff to  
6 support it.

7  
8 Whether or not a sale behind the meter to a single customer is subject to the Public  
9 Utilities Act will depend upon a number of factors, including the particulars of the  
10 configuration, and would have to be determined on a case by case basis. Assuming,  
11 however, that such a sale is not within the ambit of regulation under the Public Utilities  
12 Act, Section 3D(1) of the Act states that “a person who acts or purports to act as a Retail  
13 Supplier” (i.e. engaged in the sale of renewable low-impact electricity) **must** be licensed.  
14 As such, even a person selling to a single customer would require a license regardless of  
15 whether it is otherwise encompassed under the Public Utilities Act or not, unless the  
16 person is exempted under Section 3D(2). Section 3D(2) expressly releases certain retail  
17 suppliers from the requirement for a retail supplier license. This is consistent with the  
18 Company’s view that the legislation was intended to apply broadly to all such sales of  
19 renewable low-impact electricity, while leaving the Province with the discretion to enact  
20 regulation to grant relief to such application if it determined that certain suppliers were  
21 unintentionally affected.

22  
23 PHP asserts that NS Power’s interpretation would negatively impact the rights of  
24 electricity customers. However, there has been no evidence of any existing customers  
25 who would be impacted by such a determination. Indeed, when asked on cross-  
26 examination about solar panels installed on a customer’s home, Mr. Sidebottom  
27 confirmed that the Company was not aware of any that were connected synchronously  
28 with NS Power’s system.<sup>73</sup> Moreover, while the fact that any such transactions will now

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<sup>72</sup> Exhibit N-47, Opening Statement of Port Hawkesbury Paper, page 2.

<sup>73</sup> Transcript, January 18, 2016, page 232, lines 18-21.

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1 be subject to regulation may create additional scrutiny for the supplier, it will serve to  
2 enhance the rights and protections of those electricity customers.

3  
4 In the Company's view, CBEX is seeking to take advantage of the benefits of the RtR  
5 market (i.e. exempt from regulation under the Public Utilities Act) while avoiding the  
6 obligations to which other LRSs and Retail Customers will be subject (i.e. payment of the  
7 RtR tariffs) and permitting a cost transfer to remaining customers. In its Opening  
8 Statement, CBEX stated:

9  
10 IN CLOSING, OUR COMPANY'S POSITION IS THAT THE DRAFT  
11 REGULATIONS TABLED BY THE BOARD'S CONSULTANT ARE  
12 ACCEPTABLE TO US AND WOULD ENABLE US TO CARRY OUT  
13 OUR BUSINESS PLAN PROVIDED THAT:

14  
15 1) BEHIND THE METER DELIVERY BE EXCLUDED FROM  
16 ANY TARIFFS PAYABLE TO NSPI...<sup>74</sup>  
17

18 Similarly, on questioning from the Chair, Mr. Lisi stated as follows:

19  
20 THE CHAIR: So there will be an electrical interchange between your  
21 system, whatever it is you're describing with backup, and the Nova Scotia  
22 Power system?

23  
24 MR. LISI: In some cases, yes, depending on the customer's needs, and in  
25 some cases not. In some cases it may be completely separate.

26  
27 THE CHAIR: Well, I guess what confuses me in the question -- and I'm  
28 just trying to get it straight in my mind -- you get to the point where you  
29 say you don't need any services from Nova Scotia Power, so why are you  
30 connected to them?

31  
32 MR. LISI: In some cases it will be necessary for customers to maintain  
33 that connection to Nova Scotia Power. And if there was a tariff, Mr.  
34 Chairman, they recognize that need for that connection, we would think it  
35 would be quite feasible for us to pay a certain amount for it. But to think  
36 that we would pay exactly the same amount as if we were using all the  
37 services that that entail doesn't make any sense.

---

<sup>74</sup> Exhibit N-44, Opening Statement of Cape Breton Explorations, page 3.

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1  
2 And also, it's very important for us to understand that if we did not have  
3 the transfer switch, that we were completely disconnected, that under the  
4 legislation we would not be declared to be delivering a service that is  
5 illegal in Nova Scotia. Because at the moment, under the Act, until this  
6 Act, only utilities are able to sell electricity. We could install a system and  
7 sell the system to a customer, to a private owner, but we could not sell the  
8 result of that system. And in our model, we prefer to sell the energy rather  
9 than sell the system.<sup>75</sup>  
10

11 Thus, if the Board ultimately determines that NS Power's interpretation of the Act is not  
12 correct and that the RtR framework does not apply to all "behind the meter" scenarios,  
13 the Company submits that the Board must assess and determine whether such  
14 transactions are still subject to scrutiny under the Public Utilities Act, which applies to  
15 sales of electricity "to or for the public." A determination would then have to be made  
16 based on the individual circumstances as to whether the behind the meter configuration  
17 was in fact precluded by the Public Utilities Act or attracted regulation under that Act.  
18 By contrast, a retail supplier, including a behind the meter supplier, who is issued an RtR  
19 license under the Act, will be deemed not to be a public utility under Section 3B of the  
20 Act. As such, all benefits and burdens of the RtR regime will apply to that retail supplier.  
21 To allow otherwise, would produce an unreasonable result and create a cost-transfer to  
22 NS Power's bundled service customers as well.

---

<sup>75</sup> Transcript, January 18, 2016, pages 154-56, lines 11-22, 1-22 and 1-5.

1 **11.0 DEFERRAL OF IMPLEMENTATION COSTS**

2  
3 In order to avoid any cost transfers to NS Power’s existing bundled service customers,  
4 any direct incremental costs incurred by NS Power in the development and  
5 implementation of the RtR market, including the costs of this regulatory proceeding  
6 (collectively the RtR Market Implementation Costs) will also have to be recovered  
7 through the RtR tariffs. However, NS Power has proposed deferring recovery of those  
8 costs until a future date after the RtR market has begun to develop.<sup>76</sup> As noted in the  
9 evidence, NS Power intends to amortize the RtR Market Implementation Costs over a  
10 reasonable period and include that expense in the future Annually Adjusted Rate  
11 processes. At present, the RtR tariffs do not include provision for the recovery of these  
12 costs as the amount remains uncertain.

13  
14 The Company can provide the Board with an updated estimate of the total amount of the  
15 RtR Market Implementation Costs as part of its Compliance Filing.

16  
17 As part of its Order in this proceeding, NS Power respectfully requests the Board include  
18 a provision approving the deferral of the Company’s recovery of its RtR Market  
19 Implementation Costs and permitting NS Power to record the deferred tax effect of the  
20 deferral to the Statement of Earnings to align the tax effect of the deferral with the period  
21 the deferral is recovered. The recovery of such costs and the tax-effect will be included  
22 as part of a future Annually Adjusted Rate process.

---

<sup>76</sup> See Exhibit N-16, NS Power Application, September 1, 2015, page 30, lines 12-17.



1 **12.0 CONCLUSION**

2  
3 The RtR framework submitted by NS Power reflects many months of extensive  
4 stakeholder consultation. The various tariffs and procedures that have been proposed by  
5 the Company as well as the amendments to the existing tariffs, regulations and Market  
6 Rules are all required by the Act to facilitate the purchase and sale of renewable  
7 electricity in the new RtR market. They were developed in accordance with the guiding  
8 principles set out in the legislation, namely that NS Power retains the obligation to serve  
9 in the event a Retail Customer elects to take service from an LRS or in the event the  
10 customer returns to take bundled service from the Company, that existing bundled service  
11 customers should not be negatively affected by the market opening and that the LRS and  
12 its Retail Customers are to be responsible for all costs related to the provision of RtR  
13 service by the LRS to its Retail Customers.

14  
15 The pace and extent of participation in the RtR market is unknown at this early stage. NS  
16 Power understands that improvements may be required to some of the processes over  
17 time as the Company gains experience with the RtR market. However, in NS Power's  
18 view, the framework proposed will provide the Company and stakeholders with the  
19 appropriate amount of flexibility to respond to the market as it develops while still  
20 avoiding cost transfer to NS Power's bundled service customers.

21  
22 Some Intervenors have been critical of the proposed RTT, however such a tariff is  
23 required in order to comply with the guiding principles of the Act and avoid customer  
24 transfer to NS Power's bundled service customers. SWEB has recommended that the  
25 RTT not be approved and that the costs of any resulting stranded assets should be borne  
26 by NS Power and its shareholders. This request ignores the requirement under the Act  
27 that the costs of the market be borne by the LRS and its customers, as well as the fact that  
28 NS Power is entitled under the Public Utilities Act to an opportunity for recovery of, and  
29 a return on, its regulated assets.  
30

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1 NS Power requests that the Board approve the Company's Application as filed subject to  
2 the revisions recommended by NS Power in the Company's Rebuttal Evidence.<sup>77</sup>

3 Specifically, NS Power requests as follows:  
4

5 (1) In response to the SBA's request for a Quarterly Market participation report, the  
6 Board accept the submission of an RtR market report within the annual Wholesale  
7 Market Report with a semi-annual update to the Board on the specific RtR market  
8 activity. The contents of the report and the update shall be as set out in Section  
9 3.4 of the Company's Rebuttal Evidence.<sup>78</sup>  
10

11 (2) In response to the SBA's recommendation with respect to the accounting for EBS  
12 Tariff services, the Board direct NS Power to account for EBS energy (top-up and  
13 spill) separately.  
14

15 (3) The Board not adopt the SBA's recommendation that EBS tariff be priced on a  
16 real time basis.  
17

18 (4) The Board not adopt the recommendation that NS Power unbundle its bundled  
19 service rates.  
20

21 (5) The Board not adopt the CA's recommendation that the distribution and  
22 transmission rates be the same as for bundled service customers and reflect the  
23 R/C ratios in generation charges.  
24

25 (6) The Board not adopt the CA's recommendations to "[r]educe the fixed energy  
26 charge to reflect the difference between the embedded energy-allocated costs and  
27 the marginal costs used in setting the spill rates" or to "[i]nstruct NS Power to

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<sup>77</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016.

<sup>78</sup> Exhibit N-42, NS Power Rebuttal Evidence, January 8, 2016, pages 10-12.

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1 include all avoidable energy-related costs in its computation of variable  
2 generation costs, further reducing the fixed energy allocated generation charge.”<sup>79</sup>  
3

4 (7) The Board not adopt the CA’s recommendation that the RtR rates recognize the  
5 effect of renewable generator location on line losses for LRS billing.  
6

7 (8) The Board not adopt the CA’s recommendation that the Company reconcile the  
8 RtR language on non-power charges with that in the full service tariffs.  
9

10 (9) The Board not adopt SWEB’s recommendation with respect to the removal of the  
11 RTT.  
12

13 (10) The revenue requirement in the DT, EBS, SS and RTT tariffs be reduced by the  
14 amount of the \$30.7 million deferral and the Board adopt Multeese’s  
15 recommendation to apportion this reduction among the generation and  
16 distribution and retail functional areas on the basis of relative shares of these areas  
17 in the total fixed cost revenue requirement.  
18

19 (11) The Board not adopt Multeese’s recommendation regarding the adjustment to the  
20 calculation of the top-up and spill rates in the EBS tariff.  
21

22 (12) The Board adopt the following ECI recommendations with respect to amendments  
23 the LRS T&Cs:  
24

25 (a) Section 9.1 of the LRS T&Cs be amended by deleting the word “written”.  
26

27 (b) Section 11.5 of the LRS T&Cs be amended to specify a maximum 14 day  
28 timeframe for NS Power to transfer a customer to Retailer-supply.  
29

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<sup>79</sup> Exhibit N-34, Evidence of Resource Insight, Inc. (Chernick), November 20, 2015, page 3, lines 20-25.

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- 1 (c) The Board adopt ECI's recommendation that sections 11.3 and 11.7 of the  
2 LRS T&Cs be amended to exclude current charges not yet in arrears.  
3
- 4 (d) The Board adopt ECI's recommendation to remove Section 14.5.5 of the  
5 LRS T&Cs, which requires the form of the LRS' bill to be in a form  
6 acceptable to NS Power.  
7
- 8 (13) The Board include a provision in its Order:  
9
- 10 (a) Permitting NS Power to include the costs associated with supporting the  
11 RtR market opening, including modifications to its metering and billing  
12 processes and systems and any capital investment that may be required by  
13 the Company, in future Annually Adjusted Rate processes; and  
14
- 15 (b) Approving NS Power's deferral of its recovery of the Company's RtR  
16 Market Implementation Costs and permitting NS Power to record the  
17 deferred tax effect of the deferral to the Statement of Earnings to align the  
18 tax effect of the deferral with the period the deferral is recovered and to  
19 recover such costs and the tax effect as part of its future Annually  
20 Adjusted Rate process.  
21
- 22 (14) The Board's Order provide for the requirement of a final Compliance Filing to be  
23 submitted by the Company to the Board, which filing is to include a final set of  
24 revised documents, including updated tariff rates to coincide with the date of  
25 implementation for the RtR Market.  
26
- 27 (15) The Board's Order not be made effective until a period of six months after the  
28 issuance of its Decision in order to allow for the completion of the Outstanding

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1                   Items as set out in Section 12 of the Company's Application<sup>80</sup> and the status of  
2                   such matters be included in the Compliance Filing.

3  
4                   NS Power reserves the right in its Rebuttal to Closing Submissions to respond to matters  
5                   raised in the Closing Submissions of the other Intervenors, including any new items for  
6                   which such parties have not yet put a position before the Board.

7  
8                   All of which is respectfully submitted.

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<sup>80</sup> See Exhibit N-16, NS Power Application, September 1, 2015, Section 12, pages 77-78.