

File No: SM002557-00003

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April 4, 2014

***Delivered by E-mail***

Nicole Godbout  
Regulatory Counsel  
Nova Scotia Power Inc.  
1223 Lower Water Street  
PO Box 910  
Halifax NS B3J 2W5

Dear Ms. Godbout:

**Re: Integrated Resource Plan (IRP) 2014 – M05522/P-884.14**

We have had the opportunity to review the materials that were circulated by NSPI on March 28, 2014, which included further information on assumptions related to DSM and Demand Reduction (DR), as well as responses to questions raised by various parties, including the Industrial Group. We offer these comments now and, after Monday when the ENSC legislation is made public, will consider whether further comments are warranted.

**DSM AND DR ASSUMPTIONS – LEVELS AND COST**

*DSM Potential*

At page 2 of the materials, NSPI proposed to model a range of DSM Potential. The Industrial Group notes that the ENSC/Navigant DSM Potential Study (January 2014) provided for Technical Potential, Economic Potential and Achievable Potential results. We would expect that NSPI would use the Achievable Potential results for the IRP, but this is not clear within the materials that were provided.

NSPI intends to develop models with the High and Low cases from the DSM Potential Study and an option that is 50% of the Low case. It is noted that the DSM Potential Study High scenario is set at twice the Base incentive and that the Low scenario is set at half of the Base. The model using 50% of the Low case would be 25% of the Base year.

The Industrial Group is unclear why NSPI would not have included the Base year in the levels of DSM Potential to be modeled. Without the Base year NSPI would be modeling extreme ends of DSM potential without modeling the average or expected Potential. We would suggest that NSPI include the Base case from the ENSC/Navigant DSM Potential Study in the DSM levels to be modeled in the IRP.

*DR Programs*

While we appreciate the additional materials related to DR programs, the Industrial Group notes that the slides provided are not sufficiently detailed for stakeholders to understand and analyze

the proposed Demand Reduction Projects and how these will be incorporated into the IRP. Although we understand that NSPI intends to provide more detail at the June technical conference, this will be too late for stakeholders provide feedback that will shape the IRP assumptions.

In order to be able to provide meaningful input, the Industrial Group requests that NSPI provide more detailed information about the DR programs, including the rationale for the programs, the methodology that the programs will follow and the ways by which the programs will be measured. Also, the Industrial Group requests that NSPI provide information with respect to the full range of Demand Reduction Programs that are or could be made available in this jurisdiction including programs for commercial, residential and industrial customers.

## **RESPONSES TO INDUSTRIAL GROUP REQUESTS**

### *PIRA Forecasts*

We note that the PIRA assumptions include assumptions related to pipeline completion dates. While we believe that these are reasonable, it is not uncommon for major projects such as these to exceed planned timelines. The Industrial Group feels that it would be prudent to model the effects of a three-year delay for each of these projects. We would ask NSPI to consider whether this would impact fuel choices in the IRP.

Also, as was noted in our submissions regarding the IRP assumptions, the EIA is now using a flat oil price forecast for modeling its low case. We understand that this is not the case in the PIRA forecasts. We would request that NSPI consider the impact of a flat oil price when developing IRP models.

### *Carbon Tax*

The PIRA Key Assumptions for the reference case for natural gas include modest carbon prices to be imposed directly or indirectly by 2020. The Industrial Group asks that NSPI confirm that the carbon prices assumed by PIRA are consistent with the carbon prices that are assumed for imported power included elsewhere in the NSPI IRP assumptions. The Industrial Group believes that it would be appropriate for these to be consistent assumptions.

### *PHP Load*

NSPI states that it forecasts PHP's energy requirements using the same assumption that is applied to other large industrials: "*load is assumed unchanged year over year unless supplemental information is known about a customer's expected operating conditions.*"

Given that NSPI and PHP are in contact on a daily (if not hourly) basis regarding PHP's energy needs, it seems unwise to simply *assume* that the PHP load will be unchanged. The Industrial Group believes that NSPI should request information from PHP as to planned operating conditions and anticipated energy needs.

### *PHP Line Losses*

The Industrial Group notes that in other NSPI filings (such as the 2011 GRA filing), transmission losses for the PHP plant (then under NewPage) have been estimated at 2.04%. The Industrial

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Group expects that NSPI would use the most current transmission losses for the IRP; further, it is expected that the PHP transmission losses assumptions are consistent with the losses that are used for calculating the incremental cost of serving PHP.

*PHP Contribution to Firm Peak*

The Interruptible Base and Low load cases in the IRP assumptions drop by 56 MW after 2019. NSPI explains that this is due to the removal of PHP from the forecast after 2019 and that PHP is assumed to contribute 65 MW to firm peak. It is unclear whether the assumed PHP contribution to firm peak is 56 or 65 MW.

Yours truly,

signed by:

*Nancy Rubin*

Nancy G. Rubin

NGR/lmc

c. IRP Participants