

November 4, 2020

Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Re: M09880 - Affiliate Code of Conduct – Brooklyn Power

Dear Ms. Henwood:

Nova Scotia Power Incorporated (NS Power, Company) is in receipt of the Nova Scotia Utility and Review Board's (NSUARB) letter dated October 8, 2020. The NSUARB's letter was issued in response to the letter from NS Power dated October 7, 2020 in which the Company sought confirmation that its purchase of dispatchable renewable electricity from Brooklyn Power Corporation (BPC) pursuant to the Alternate Compliance Plan issued by the Minister of Energy and Mines (Minister), was exempt from the pricing and documentation requirements of NS Power's Affiliate Code of Conduct (Affiliate Code).

In its letter, the NSUARB advised that it would not pursue the Company's requests in the absence of further additional information. The NSUARB provided a list of specific information that it stated was missing from the Company's original request.

Please accept the following additional information in response to the questions identified in the NSUARB's letter.

- 1. The Minister's Alternative Compliance Plan quoted in your letter does not direct NS Power to acquire the additional energy from Brooklyn or, indeed, require that it be biomass energy;***

Under the terms of the Minister's Alternate Compliance Plan, NS Power must maximize the use of dispatchable renewable electricity both from its own facilities, as well as those of renewable electricity power producers in Nova Scotia (excluding COMFIT generation sources). NS Power confirms that it is maximizing the use of dispatchable renewable electricity from the Company's own facilities. The Company also confirms that BPC is the only other renewable electricity power producer in Nova Scotia that can provide both

dispatchable and renewable electricity as required under the terms of the Alternate Compliance Plan. There are no other sources in Nova Scotia from which NS Power can acquire dispatchable renewable electricity, whether biomass or otherwise. In order to meet the terms of the Minister's Alternate Compliance Plan, the Company must acquire the additional dispatchable energy from Brooklyn Power.

2. *Why the power and energy has to be acquired from Brooklyn Power Corporation and not other sources. Is Brooklyn the cheapest alternative to comply with this directive and were other alternatives exhausted;*

Please refer to NS Power's response to Question 1. BPC is the only alternate source from which the Company can acquire the dispatchable renewable electricity necessary to comply with the Minister's Alternate Compliance Plan. As such, NS Power has no alternative in which to assess BPC's costs.

3. *Why, if pursuant to the Minister's direction this is a prudent acquisition, you need a Code exemption;*

Please refer to NS Power's response to Question 1 and Question 2. NS Power is seeking to be fully transparent in its dealings with BPC. Notwithstanding that the Alternate Compliance Plan requires NS Power to acquire the additional energy from BPC for compliance purposes, the Company was concerned that questions might later arise regarding the provisions of the Affiliate Code and whether NS Power was required to apply to the NSUARB for an exception under Section 6.3.5 of the Affiliate Code. As such, rather than apply its own interpretation to this potential ambiguity, NS Power is seeking an exemption from the general pricing principles and documentation requirements in the Affiliate Code and confirmation that sections 6.2 and 7.1.2 of the Affiliate Code do not apply.

4. *Why the transaction simply couldn't be reviewed in the ordinary course under the next FAM Audit; and*

Please refer to NS Power's response to Question 1 and Question 2. NS Power would anticipate that during the next FAM Audit, the Auditor may review the transactions to confirm whether the additional payments to BPC were made pursuant to the Minister's Alternate Compliance. However, because there are no other sources of dispatchable renewable electricity in Nova Scotia and the Company is required to purchase from BPC and pay the additional RES Rider for compliance purposes, the Auditor would not be assessing them to determine if BPC was the cheapest alternative source.

5. What provisions of the Affiliate Code NS Power is seeking an exemption from and why?

Specifically, NS Power is seeking an exception to the general pricing principles as contemplated in Section 6.3.5. and confirmation that the general pricing principles under Section 6.2 of the Affiliate Code and the documentation requirements under 7.1.2 of the Affiliate Code (which sets out NS Power's obligations when there are changes contemplated to a regularly recurring Affiliate Transaction) do not apply to NS Power's payment of the RES Rider to BPC under the terms of the Minister's Alternate Compliance Plan for the reasons set out in Questions 1 and 2.

Yours truly,



Brian Curry
Senior Regulatory Counsel

c. Judith Ferguson
David Landrigan
Bruce Outhouse, QC