

November 13, 2020

Via Email

Ms. Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 33

Dear Ms. Henwood,

Re: M09880 – Nova Scotia Power Inc. – Affiliate Code of Conduct – Brooklyn Power

The Department of Energy and Mines intends to have a limited role in this proceeding. The Department does not intend to take a position on the request for an exemption from the Affiliate Code of Conduct.

The Department of Energy and Mines seeks to clarify some details regarding the Alternative Compliance Plan issued by the Minister on May 15, 2020 and clarify the policy of the Government of Nova Scotia in relation to this matter.

In March 2020, the continued delays associated with the Muskrat Falls Project were compounded by the COVID-19 pandemic, and it became apparent that any deliveries of energy from the Muskrat Falls project to Nova Scotia were unlikely to arrive in 2020. This would result in a significant challenge for Nova Scotia Power to meet the 2020 Renewable Energy Standard (RES), section 6A of the *Renewable Electricity Regulations*, made under Section 5 of the *Electricity Act* (the “Regulations”).

Minor amendments to section 7 of the Regulations, which deals with shortfalls and overages, were completed on May 5, 2020. These amendments allowed for energy contracts, including those associated with the Maritime Link and Muskrat Falls projects, to be included under section 7(1), and provided the Minister with the authority to set terms and conditions for the utility to make up the expected shortfall from these energy contracts.

On May 11, 2020, the Chief Executive Officer of Nova Scotia Power wrote to the Minister of Energy and Mines seeking relief under section 7(2) of the Regulations, stating that the expected shortfall of renewable energy from contracts associated with the Muskrat Falls Project was likely to last more than 12 months.

The Minister, using his powers under section 7(2), issued an Alternative Compliance Plan, attached to this submission, directing Nova Scotia Power to make up the shortfall for the Renewable Energy Standard for 2020.

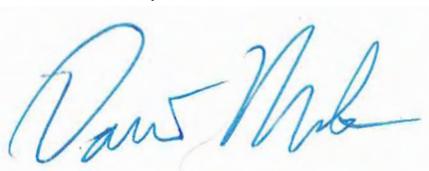
In summary, the Minister's Alternative Compliance Plan directs Nova Scotia Power to make up the shortfall in two ways:

- by extending the compliance period for meeting the 40% renewable energy standard over the three calendar years of 2020, 2021, and 2022.
- by enabling NS Power to maximize the use of dispatchable renewable electricity from its own facilities and those of dispatchable renewable electricity power producers in Nova Scotia, excluding COMFIT generation sources.

The Minister recognized that requiring additional output will create a burden on suppliers and directed Nova Scotia Power to make payments exceeding current contracts by \$30/MWh to account for additional costs to suppliers.

This Alternative Compliance Plan specified *dispatchable renewable energy*, which was the source expected to provide additional renewable energy in the near term and maximize the use of Nova Scotia resources while balancing the potential impacts to ratepayers. Constructing new facilities or expanding existing facilities to supply additional renewable energy in the compliance period is beyond the scope of the Alternative Compliance Plan.

Sincerely,



David Miller

Director of Electricity Policy and Programs

Nova Scotia Department of Energy and Mines