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Request IR-8:

Re: Section 2.10 "Status of Benefits to NS Power Customers" which states "Customer benefits received to date are being report by NS Power with its Quarterly Fuel Adjustment Mechanism Report".

a) Has NSPI changed the way it has calculated benefits associated with the Maritime Link since its first quarterly benefits report? Please explain.

b) Has the projected delay in start-up from 2020 Q2 to mid-2021 reduced the customer benefits received to date relative to what was anticipated in the 2020 interim assessment application? Please explain.

c) Please explain the impact, if any, of the projected delay in start-up from 2020 Q2 to mid-2021 on NSPI's compliance (and its cost) with its environmental requirements, including emissions and greenhouse gas/cap and trade.

d) What impact would a delay in start-up beyond June 1, 2021 have on the anticipated benefits?

Response IR-8:

a) The formulas for calculating benefit remain the same, with the exception of an error in the Holyrood Offset calculation that has since been corrected. In the first quarterly benefits report (Q1 2018) the calculation did not consider losses on MW flow across the Maritime Link between Bottom Brook and Woodbine. The corrected formula includes this loss. This error and the accompanying overstatement of 2018-2019 benefits of $103,823 was reported in April 2020 during the 2020 FAM Audit. It is noted that the overstated amount was more than offset by understatement of benefits [redacted]

[redacted] leading to an estimated net understatement of benefits for the two years in the range of $130,000.

b) The 2020 interim assessment application did not include an estimate of benefits to be received in 2020. Rather, in that application, NSPML proposed to continue the interim assessment framework approved by the Board in 2018 and 2019 into 2020. In applying that framework, NSPML confirmed that it was proposing to continue the deferral of depreciation and amortized financing costs and the monthly holdback associated with the $10 million per year holdback ordered by the Board for each of 2018 and 2019, for the full 2020 year pending delivery of the NS Block. That is, NS Power would continue to collect the assessment from ratepayers, but holdback from NSPML one-twelfth of the $10 million amount each month, or approximately $833,000. The Board ordered the continuation of a $10 million holdback be prorated to all days in 2020 prior to commencement of delivery of the NS Block, whether that date is June 1, 2020, or some later date. The Board further ordered that disposition of the holdback will be directed by the Board following year end.

c) NS Power remains committed to meeting its environmental requirements and believes it has the tools to achieve compliance with emission caps in 2020 and 2021 even with the currently projected start date for the NS Block. While the NS Block is an important component of NS Power's environmental compliance program, NS Power can [redacted] These actions will increase fuel costs; however, due to the favourable commodity pricing experienced thus far in 2020, NS Power does not currently project a significant FAM deferral balance at the end of the 2020-2022 Fuel Stability Period if NS Block does not commence until mid-2021. NS Power continues to manage

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its GHG emissions in the context of the current four-year compliance period and does not believe that there is presently any significant risk to compliance.

d) NS Power would continue to report quarterly achievement of benefits until such time as Muskrat Energy is received. An updated forecast for anticipated benefits to accrue in advance of receipt of Muskrat Falls Energy has not been prepared.

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Request IR-9:

Re: New letter of credit as discussed on page 25 lines 8 to 15.

a) **Please confirm that the letter of credit referenced has not yet been established.**

b) **At what point does NSPML anticipate establishing the letter of credit?**

c) **What contingencies has NSPML examined if it is unable to establish a letter of credit?**

d) **Was the 0.6% cost estimated to ensure that cost of the letter of credit exactly offsets interest revenue of $0.2 million on cash in its accounts? If not, what is the basis for the estimated rate of 0.6% on the letter of credit?**

Response IR-9:

(a-c) NSPML has established the Letter of Credit. Please refer to response to CA IR-3.

(d) No, the 0.6% Letter of Credit forecasted rate was not tied to the estimated interest revenue and was based on NSPML's forecast of a market rate. The rate has now been determined as noted in the response to CA IR-5.