

---

# **Nova Scotia Utility and Review Board**

**IN THE MATTER OF**

*The Maritime Link Act, S.N.S 2012 c.9  
and the  
Maritime Link Cost Recovery Process Regulation, N.S. Reg. 189/2012*

**NSPML Quarterly Report Q2 2023**

**June 15, 2023**

---

**Table of Contents**

1.0 Introduction..... 3

2.0 Update of Project Schedule..... 4

    2.1 Gates and Milestones ..... 4

    2.2 Safety..... 4

    2.3 Commercial Activities..... 4

        2.3.1 Land Access Agreements..... 4

        2.3.2 Joint Development Agreements..... 5

    2.4 Engineering Activities..... 5

    2.5 Submarine Cables..... 5

    2.6 Converters and Substations ..... 6

    2.7 Transmission Lines ..... 6

    2.8 Independent Engineer..... 6

    2.9 Status of Nalcor Project and Muskrat Falls..... 6

    2.10 Status of Benefits to NS Power Customers..... 7

3.0 Updated Cost Summary ..... 8

4.0 Cost Flow ..... 10

5.0 Assessment Financial Update 2023 ..... 11

1 **1.0 INTRODUCTION**

2

3 This is the Q2 2023 Quarterly Report for the Maritime Link as directed by the Utility  
4 and Review Board (UARB) where the UARB ordered in its Supplemental Decision:

5

6 [115]....detailed reports must be filed by NSPML on a semi-  
7 annual basis, on June 15 and December 15 each year. The reports  
8 shall commence December 15, 2013. Updated status reports must  
9 be filed quarterly.

10

11 As per the UARB's order in its Decision regarding NSPML's Application for final  
12 approval of Maritime Link Project Costs and approval of the 2022 cost assessment  
13 (M10206), NSPML continues its quarterly reporting to the UARB by way of this Report.

14

15 Given that the benefits to ratepayers of the Nova Scotia Block and Nalcor market-priced  
16 energy are secured by Nova Scotia Power through the Maritime Link, Nova Scotia  
17 Power continues to report on these in its Quarterly Maritime Link Benefits Report.

1 **2.0 UPDATE OF PROJECT SCHEDULE**

2

3 The Maritime Link was placed in-service on January 15, 2018.

4

5 Details respecting the status of the Nalcor Project and Muskrat Falls are outlined in  
6 Section 2.9.

7

8 **2.1 Gates and Milestones**

9

10 On August 6, 2021, NSPML signed an Acceleration Agreement with Nalcor which  
11 commenced delivery of the NS Block starting August 15, 2021.

12

13 **2.2 Safety**

14

15 Safety is a fundamental core value and integral part of every aspect of NSPML's  
16 business. NSPML continues to be risk-focused on the assessment of all work activities.  
17 There have been no recordable incidents to date in 2023.

18

19 **2.3 Commercial Activities**

20

21 All key major procurement initiatives are now closed.

22

23 **2.3.1 Land Access Agreements**

24

25 The majority of land rights are now in place. In NS, NSPML continues to await final  
26 review and determination from the NS Government regarding expropriations for 54  
27 parcels of land, many of them being small anchor easements where the anchor for the  
28 transmission line towers is underground. These easements do not affect the ability of the  
29 Project to operate according to plan. The Newfoundland & Labrador Government has  
30 formalized the expropriation panel, and related land matters in NL are currently with the  
31 panel. All lands have been expropriated; however, there are some lands where owners

1 could not be found where funds will be paid into trust, as well as a claim regarding  
2 mineral rights.

3  
4 **2.3.2 Joint Development Agreements**

5  
6 The Regulation Service Agreement between NS Power and Nalcor (NLH) has  
7 progressed pending establishment of protocols for usage by NS Power. NLH has  
8 completed their filing with the NL PUB and there is now a tariff for regulation service  
9 in Newfoundland & Labrador. It is noted that presently operations are not constrained  
10 by this and there are no commercial needs for the agreement. The remainder of the  
11 agreements are completed, other than the two agreements relating to internal matters to  
12 Nalcor to assign the agreements to an affiliate. The status of these agreements does  
13 not impact the ability of the company to operate in fulfilment of its obligations.

14  
15 **2.4 Engineering Activities**

16  
17 All engineering for the Project phase has been completed.

18  
19 **2.5 Submarine Cables**

20  
21 Following the receipt of the 2022 Survey and the Post Hurricane Fiona survey, NSPML  
22 has conducted further assessment of the submarine cable protection.

23  
24 NSPML has determined that the Maritime Link submarine cable remains well protected  
25 and within industry norms. However, additional cable protection is being considered  
26 for a number of areas that NSPML has been monitoring.

27  
28 NSPML is preparing a procurement solicitation which will determine the market  
29 capabilities and options to complete the work requirements. NSPML will update the  
30 UARB regarding the status of this assessment and work as it progresses in subsequent  
31 reporting.

1 **2.6 Converters and Substations**

2  
3 The Converters and Substations have been in service since January 2018 and continue  
4 to perform well.

5  
6 Currently monopole shutdown maintenance activities are planned in Q3 for the  
7 Maritime Link facilities. There is no bipole outage planned for 2023.

8  
9 Energy availability for the Maritime Link up until May 30, 2023 is 99.4% and monopole  
10 availability stands at 99.9%.

11  
12 **2.7 Transmission Lines**

13  
14 The overhead transmission system continued to perform well into the fifth year of  
15 operations with no significant reliability or availability issues experienced.

16  
17 **2.8 Independent Engineer**

18  
19 NSPML remains engaged with the Independent Engineer (IE) related to the Operations  
20 phase of the Maritime Link, as per the Federal Loan Guarantee requirements.

21  
22 The IE completed site visits of NSPML's assets in Newfoundland & Labrador in May  
23 2023.

24  
25 **2.9 Status of Nalcor Project and Muskrat Falls**

26  
27 **Muskrat Falls Assets**

28  
29 All four units continue to operate (subject to planned maintenance activities) under  
30 control of the Newfoundland and Labrador System Operator ("NLSO").

1           **Synchronous Condensers at Soldiers Pond**

2  
3           As requested previously by the UARB, NSPML will file the GE root cause analysis  
4           report for the SC1 outage once it becomes available. All three units have been handed  
5           over to operations.

6  
7           **Labrador Island Link**

8  
9           The commissioning certificate was received by Nalcor on April 14, 2023. As with the  
10          Maritime Link commission certificate received in 2018, there are a number of punch  
11          list items that will be addressed over the coming months.

12  
13   **2.10 Status of Benefits to NS Power Customers**

14  
15          Customer benefits received to date are being reported by NS Power with its Quarterly  
16          Maritime Link Benefits Report and otherwise in accordance with the Board's directions  
17          in Decision M10206.

18  
19          In April, 98% of the NS Block was delivered with 99% being delivered in May.  
20          Including make up energy, these delivery figures increase to 147% and 149%  
21          respectively. As of the end of May, 2023, 104.6% of the contracted NS Block has been  
22          delivered in 2023 when redeliveries are included.

1 **3.0 UPDATED COST SUMMARY**

2  
3 As per Enerco U-31, section 6, the details below outline the DG3 forecasted costs.

4  
5 Table 2 provides an updated cost summary for the Maritime Link, which includes all  
6 actual costs incurred as of March 31, 2023 and forecasted total costs to close out the  
7 Project's construction activities. Both actual and forecasted totals have been updated to  
8 reflect the Board's Decision relating to NSPML's Final Capital Cost Application. Given  
9 the current minimal level of Project activity, commencing with the October 2023 Report,  
10 please note that NSPML will not be providing Tables 2 & 3 below, unless there is a  
11 significant update regarding the Project closeout activities.

12  
13 NSPML continues to track and report costs, actual and forecast, consistent with the  
14 methodologies used in the cost forecast represented in the Maritime Link Project  
15 Application. Capitalized Project costs reported to the end of March 2023 have been  
16 updated to reflect the Board's Decision in relation to unrecoverable costs. Costs  
17 continue to be recorded in accordance with the Affiliate Code of Conduct. All costs  
18 provided are in Canadian dollars.

19  
20 Actual AFUDC has been tracked and recorded monthly up to December 31, 2017 and  
21 has been adjusted from approximately \$209 million to approximately \$208 million in  
22 accordance with the Board's Decision, and below the \$230 million amount originally  
23 estimated.



1 **Table 2 Updated Cost Summary for the Maritime Link Project**

(000's of Canadian Dollars)	Actual Costs						Estimate to Completion	Total Project Estimate at Completion (A)
Description	2011-2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Total Project to Date		
<b>Emera NL Project Management Costs</b>	189,294	114	-	-	-	189,408	5,697	195,105
<b>Nalcor Project Support Costs</b>	16,214	-	-	-	-	16,214	2	16,216
<b>Construction and Engineering Initiatives</b>	1,351,702	-	-	-	-	1,351,702	(59)	1,351,712
Environmental Approval	18,416	-	-	-	-	18,416	1	18,417
Submarine and related	343,449	-	-	-	-	343,449	2	343,451
Converters, structures, and other ancillary equipment	549,042	-	-	-	-	549,042	1,036	550,078
AC and DC Transmission	440,864	-	-	-	-	440,864	(1,098)	439,766
<b>Grand Total</b>	<b>1,557,209</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,557,323</b>	<b>5,641</b>	<b>1,563,033</b>

2  
3  
4 **Total Actual Project Costs as of the end of Q1 2023**

5 As reflected in Table 2, the total actual Project capital costs incurred during Q1 2023  
6 was \$114,016 primarily relating to land and legal costs incurred for Project close-out  
7 activities.

1 **4.0 COST FLOW**

2

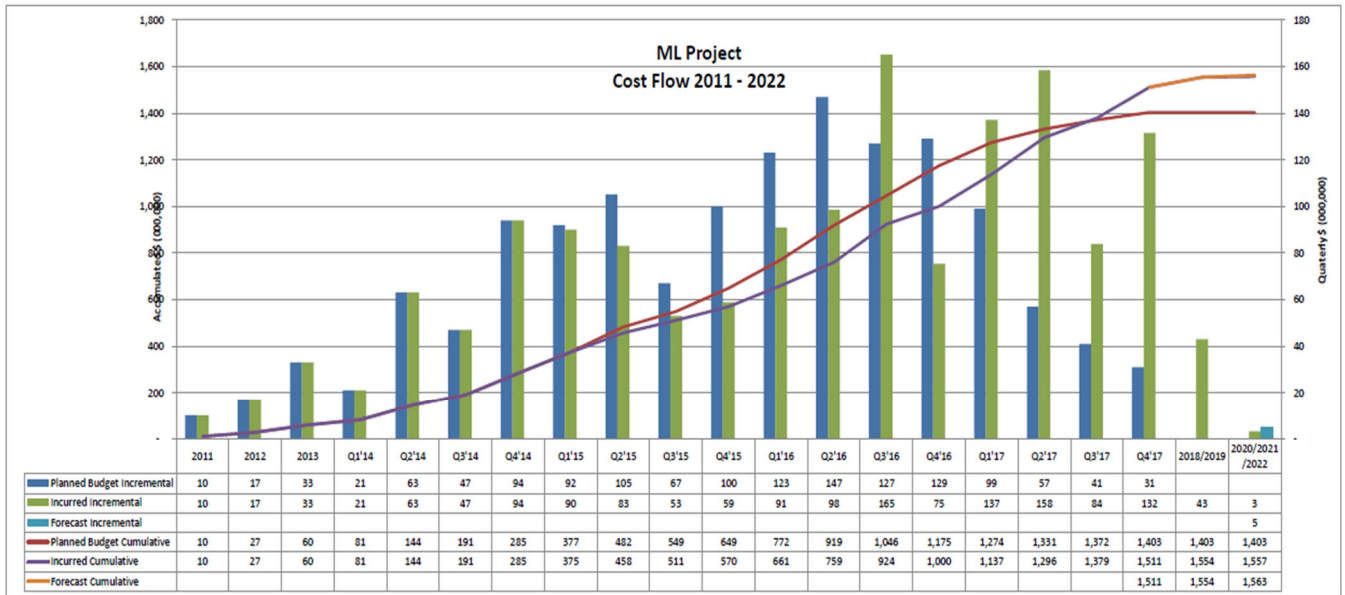
3 As per Enerco U-31, section 2.2, please refer to Table 3 below for the cost flow of the  
 4 Maritime Link. This cost flow report for the base capital spending is forecast at \$1.563  
 5 billion in accordance with the Board’s decision relating to NSPML’s final capital cost  
 6 application.

7

8 The remaining budget primarily relates to Project closeout activities and outstanding  
 9 land related items.

10

11 **Table 3 Maritime Link Cost Flow**



12

1 **5.0 ASSESSMENT FINANCIAL UPDATE 2023**

2  
3 NSPML receives monthly cost recovery revenues from NS Power pursuant to the  
4 Board's order.

5  
6 With respect to the holdback mechanism, the threshold of 90% deliveries was not fully  
7 achieved in Q1 2023. Accordingly, NS Power paid \$2 million of holdback revenues in  
8 Q1 2023 for the month of February in which 90% or more of deliveries were achieved,  
9 \$18 million (\$4 million related to 2023 and \$14 million related to 2022) of holdback is  
10 under review as part of the ongoing holdback regulatory process.