



## Nova Scotia Utility and Review Board

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Dear Mr. Williams:

### **M10872 – Nova Scotia Power – Commercial Net-Metering Program (P-188)**

On November 25, 2022, Nova Scotia Power Incorporated (NS Power) filed its Commercial Net Metering Program (CNMP) Terms and Conditions and standard form net-metering agreement with the Board for approval, as required under Section 37C(1) of the *Renewable Electricity Regulations*.

On January 13, 2023, Information Requests (IRs) were sent to NS Power by Board Staff, Board Counsel consultant Synapse, Solar Nova Scotia (SolarNS), East Port Properties, Polycorp Properties Inc. (Polycorp) and the Small Business Advocate (SBA). After receiving approval from the Board for an extension to file its IR responses, NS Power responded to IRs on February 10, 2023

On February 24, 2023, Synapse, the SBA and SolarNS filed evidence with the Board. NS Power filed Reply Evidence on March 24, 2023.

Letters of Comment could be filed until March 27, 2023. Letters were received from: Deep Cove Aqua Farm; Nova Scotia Federation of Agriculture; Charge Solar Renewables Inc.; Solar Ascent; SKYLIT Energy; CanREA; Energy Storage Canada; and MCC Energy Strategies Inc.

Closing Submissions were filed by the Ecology Action Centre, SolarNS, Polycorp, the SBA, Department of Natural Resources and Renewables (DNR), the Consumer Advocate (CA) and NS Power on April 6, 2023. Reply comments were filed by SolarNS and NS Power on April 14, 2023.

## Agreed Program Changes

The Board notes that NS Power agreed to many of the changes proposed by Intervenors.

Banked Credits: Several Intervenors raised concerns about the anniversary date of January 1 and the treatment of banked generation credits. Intervenors recommended that customers be allowed to select their own anniversary date, as opposed to January 1. NS Power submitted that legislation established January 1 as the start of the annual measurement period for the CNMP. The Intervenors considered that the *Electricity Act* allows banked energy credits to be rolled over a calendar year, for credits not exceeding the customer's consumption for the calendar year. NS Power clarified that under its proposal, a customer's banked energy credits remaining at the end of a calendar year will be credited against billed energy in the following year until the credits are fully offset by customer consumption.

Backlog: Several Intervenors expressed concern about an existing backlog of applications and the potential for a further backlog of applications at the commencement of the CNMP. In its Reply to Closing Submissions, NS Power did not agree that there is a backlog of applications but stated it will redistribute resources to prevent a backlog when the program begins and will ensure processes are established to address this issue. The Board accepts this, but notes that the processing of applications will be tracked and monitored in NS Power's annual reports for the CNMP.

Study Groups: Intervenors highlighted the timing of the Board's review of NS Power's Interconnection Process, in Matter M10905, and that any changes from that review might not be updated before the CNMP begins. These issues include improper cost subsidization or distorted price signals. To bridge the gap until methods are established in M10905, Intervenors proposed that NS Power study CNMP applications in "clusters" by distribution zone, which is more efficient and spreads the distribution upgrade costs among a greater number of participants. NS Power agreed with this recommendation and noted this was anticipated under s. 4.2 of its Distribution Generator Interconnection Procedures. NS Power confirmed that studies would be grouped if they are received within a Distribution System Impact Study window, they are all in the same distribution zone and will contribute to common system impacts. The Board directs NS Power to implement such groupings of Distribution System Impact Studies. Any complaints about how NS Power is administering study groupings can be referred to the Board for resolution.

Nameplate Capacity: Intervenors consider that energy storage devices should not be included in the nameplate capacity of a facility to avoid double counting. NS Power considered it appropriate for study and design purposes to combine the capacities because both the generator and storage device can produce energy at the same time under certain circumstances. However, it agreed that storage device capacity will not be counted toward the facility's nameplate capacity limits under s. 37D of the *Renewable Electricity Regulations*. The Board accepts this treatment of storage capacity and directs NS Power to revise its Commercial Net Metering Program Terms and Conditions to clarify this point.

Treatment of RECs: Intervenors expressed some concern with the definition of "renewable energy certificate" NS Power used and indicated that the proposed Terms and Conditions do not include an option for participants to retain control of the renewable attributes of their energy. They suggested that requiring participants to give up control of these attributes undermines the purpose of participating in the program. In response to proposed revisions in the contract language made by Intervenors, NS Power acknowledged that the legislation makes it clear that it is the participant

who owns the renewable attributes associated with renewable energy certificates, but did not believe its definition was inconsistent with the legislation or needed to be changed. NS Power also agreed to alter Clause 7(e). However, NS Power asked to retain the language that prevents the customer from using the attributes in a way that interferes with NS Power's right to count the energy toward its Renewable Energy Standards obligations. NS Power proposed the following language for Clause 7(e):

The parties agree that the total electrical energy output of the Customer's Facility while the Customer is a participant in the Program, whether delivered to NSPI or self-supplied to the Customer, shall be counted by NSPI toward its compliance with the renewable portfolio standard requirements set forth in the *Renewable Electricity Regulations* (N.S. Reg. 155/2010), and the Customer shall take no actions to utilize or take credit for the Facility's environmental attributes in a manner that could hinder NSPI from doing so.

The Board agrees that NS Power's revisions are appropriate and directs NS Power to revise Clause 7(e) as quoted above and to ensure the revisions are reflected in the final version of the Participant Agreement. The Board does not believe changes to NS Power's definition of "renewable energy certificate" are required. NS Power is directed to include this amendment in its compliance filing in this matter.

### **Board Determination on Outstanding Issues**

Program Start: NS Power requested 90 days to implement the CNMP based on the timeframe required in the 2010 net-metering program. Intervenors consider it inappropriate to adopt the 2010 timeline because that program involved a significant change to the old net-metering program, in addition to the creation of two net-metering classes and the introduction of reimbursement for excess generation. Intervenors regard the changes to the CNMP as modest. Many of the key features come from previous Net Metering programs or are unchanged, reducing the burden of starting the CNMP. NS Power offered to submit a report within 30 days of the Board's decision detailing its progress towards full program implementation.

The Board directs NS Power to implement the Class 1 Net Metering Service within 30 days of the Board's order in this matter and to confirm this has been done in the report it will file with the Board within that 30-days. If the Class 1 program has not been implemented at that time, the Utility is to provide a detailed explanation for the delay in processing Class 1 applications. NS Power will have 90 days after the Board's order in this matter to ensure all necessary administrative processes relating to the processing of Class 2 Net Metering applications are in place. Following the commitment in its Reply Comments, NS Power is to provide an update on its progress toward completing the necessary tasks for full program implementation in its 30-day report and should implement the Class 2 Net Metering Service earlier than 90 days if it is able to do so.

Program Review: Intervenors recommended that the CNMP program undergo a review of its effectiveness and implementation, without suspending the program. NS Power stated that Section 37E of the *Renewable Electricity Regulations* outlines annual reporting for net-metering programs, which include the CNMP. Therefore, NS Power submitted that a review is unnecessary. The Board agrees that an evaluation will ensure a quality Net Metering program and intends to initiate a review proceeding for the CNMP approximately two years after the Class 1 component is implemented. The review may occur earlier if the Board is made aware that there are issues with the CNMP that need to be further addressed.

Pre-application Reports: Synapse recommended the development of a pre-application report as recommended by the Interstate Renewable Energy Council's 2019 Model Interconnection Procedures. The pre-application report would contain information about local grid conditions that would better inform potential applicants before commencing a full application. Each report would warrant a payment from the applicant, equivalent to the effort to create the report. NS Power deemed that the Preliminary Assessment report, which is already part of the Distribution Generator Interconnection Procedures, acts as a screening tool offering distribution system data to the customer. The Board finds that the proposed pre-application report would enhance the efficiency of the application process. Given such a report only requires general and existing grid information from NS Power, the cost could be significantly less than the Preliminary Assessment. The Board directs NS Power to develop a pre-application report that is broadly consistent with the pre-application report described in Appendix B of Exhibit N-9 in this matter. The process, content, timeframes and fees for pre-applications reports should be developed by NS Power and submitted to the Board within 60 days of the date of the Board's order in this matter. The Board will provide parties in this matter with an opportunity to comment on the proposed pre-application report processes at that time. Any changes to the Commercial Net Metering Program Terms and Conditions or the participation agreement required to implement the pre-application report process can be addressed in a further order in this proceeding.

Annual Program Reports: Intervenors requested that NS Power provide statistics on application timelines and other program developments. NS Power identified Section 37E of the *Renewable Electricity Regulations* specifies annual reporting for net-metering programs. As part of its annual report, in accordance with the *Renewable Electricity Regulations*, NS Power is directed to include, in its annual reports, all of the information outlined by Synapse in Items (2) and (3) in its response to Q23 in Exhibit N-9, broken out separately for Class 1 and Class 2 on the CNMP.

The Board also directs NS Power to include in the next annual report updates on developments including the hosting capacity analysis and the Interconnection Process from M10905 and any planned or pending CNMP improvements. The first annual report for the CNMP will be no later than March 31, 2024.

Hosting Capacity Information: Intervenors submitted that there is not enough information available to participants in the CNMP about the grid conditions and the interconnection queue. They consider the interconnection review process has led to asymmetric information about the technical criteria for additional upgrades, timelines for completion and steps that will be taken when timelines are missed. NS Power agreed to publish a draft analysis of the "hosting capacity" of the Company's substations and feeders as soon as possible. This analysis will then be refined and updated within eight months. The Company submitted that further enhancements, such as a dynamic hosting map, would be examined in M10905. The Board accepts NS Power's approach and directs the Company to provide its initial analysis within 30 days of the Board's order in this matter and to include an update on its progress refining and updating this information in its annual net-metering report to be filed on or before March 31, 2024. The matter will be further considered in M10905.

Service Standards: Intervenors submitted that service standards should be introduced for application and interconnection processes. NS Power noted that Class 2 applications are governed by its Distribution Generator Interconnection Procedures and should be considered in M10905 and not revised as part of this proceeding. The Utility said it is establishing Service Standards for Class 1 applications and has set timelines for each step: 25 business days for review and pre-approval; 20 business days for field inspections; and 10 business days for authorization. NS Power said it would provide its proposed standards to the Board in advance of or concurrently with program implementation, which (as discussed above) should occur within 30 days of this decision. The Board agrees that standards for Class 2 should be considered in M10905 and expects proposed Class 1 standards in 30 days of its order in this matter. The Board will allow parties to provide additional comments on NS Power's proposed Class 1 service standards when they are provided to the Board.

Intervenors also recommended that NS Power develop technical criteria to allow it to fast-track approvals where the generator capacity is not significant compared to circuit load and connection factors. NS Power agreed that where the proposed Class 2 generator capacity is not material compared to circuit load and connection characteristics, it is reasonable for the request to follow an expedited process. NS Power said it would work to develop acceptable criteria for Class 2 but did not consider that a similar "fast-track" option for Class 1 would provide a material benefit to applicants because Class 1 generation projects are typically less complex and requiring less study than Class 2 projects. The Board accepts this and directs NS Power to update the Board on its progress developing criteria for fast-tracking Class 2 approvals in the 30-day report noted above.

Distribution System Upgrade Costs: The allocation of distribution system upgrades costs was a significant area of concern for Intervenors. NS Power currently uses a "cost-causer pays" approach. Intervenors identified serious drawbacks associated with the cost-causer pays approach, saying it is an unfair allocation of costs that results in a market failure by distorting prices and leading to potential free riding of subsequent participants. NS Power submitted that this issue should be addressed in matter M10905, and the Board agrees. Intervenors said that an alternative approach should be used in the interim, but NS Power submitted that the "cost-causer pays" approach was the most common and traditional approach so it should continue pending further consideration in M10905. The Board agrees.

Definitions: Intervenors requested the definition of Distribution Zone reflect the legislative definition and provide the ability for Net Metering to span transformers in the same substation. In their opinion, such an amendment to the definition could allow housing developers to invest in renewable energy. NS Power believes its current approach is consistent with the definition approved in previous Net Metering programs. Specifically, a Distribution Zone is defined as all NS Power feeders from a single distribution supply transformer within a substation. The expansion of Net Metering to permit generation in a distribution zone avoids the use of transmission system assets in the path between the generation and customer accounts, which avoids tariffs associated with transmission system use. The Board agrees with NS Power's definition of Distribution Zone.

Some intervenors recommended the definition for “Customer” should be restricted to a distribution zone, rather than the whole of the province, to allow housing developers to invest in renewable energy. NS Power stated that the difference in the definition of “Customer” between the *Electricity Act* and in the Program’s Terms and Conditions and Participation Agreement are subject to different contexts. NS Power clarified in its response to Polycorp IR-11 that the Terms and Conditions and the Participant Agreement do not vary from the legislative requirements in the *Act*. The Board agrees that the Terms and Conditions and Participation Agreement do not change the legislative requirements of the *Act*.

Class 1 and Class 2 thresholds were questioned as to the appropriateness of a facility’s size. A Class 1 facility has a nameplate capacity greater than 27 kW but less than or equal to 100 kW. A Class 2 facility has a nameplate capacity of more than 100 kW but less than 1,000 kW. In NS Power’s Closing Submission, it indicated the limit of 100 kW is based on the review of Net Metering program adoption and the impact to the system peak levels. It added that categorizing classes by capacity limits provides a clear approach for the operation of the distribution system. Further, the 100kW divide aligns with existing interconnection procedures which allows for efficient program management. However, the Board notes that the Terms of Reference in M10905 identifies that the 100kW threshold for the distribution system should be reviewed for interconnection studies. Accordingly, the Board finds that this issue may be addressed in M10905. In the interim, the Board accepts NS Power’s threshold for Class size.

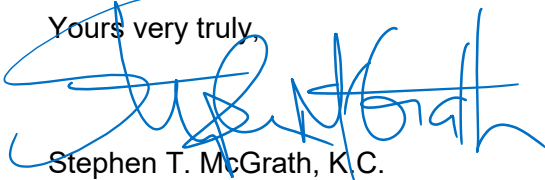
Multiple Meters: There were several recommendations about group consumption from multiple meters in the same distribution zone. It was recommended that customers with multiple metered locations in a single distribution zone be permitted to aggregate consumption under more than one rate code. NS Power explained that a customer with more than one metered service may offset consumption through a single generation facility by assigning a primary account to which credits will be applied and any accounts connected to the primary account must be in the same distribution zone, registered to the same business and have the same rate code. However, Section 37D(3) of the *Renewable Electricity Regulations* requires net-metering participants with multiple accounts be billed under the same non-residential rate. The Board accepts NS Power’s submission that it is restricted from allowing multiple meters to be grouped in the same distribution zone for multiple rate codes as outlined in the *Renewable Electricity Regulations*.

## **Conclusion**

NS Power filed its Commercial Net Metering Program Terms and Conditions and standard form net-metering agreement to the Board for approval, as required under Section 37C(1) of the *Renewable Electricity Regulations*.

NS Power agreed to many of the recommended changes proposed by Intervenors. The Board also made findings on a number of issues that remained unresolved between NS Power and the Intervenors. NS Power is directed to provide a compliance filing on or before July 18, 2023, to update the CNMP terms and condition and participation agreement to clarify the exclusion of storage capacity for program availability and the treatment of renewable energy credits as directed above. Other parties may provide comments to the Board about the compliance filing within a week of its filing.

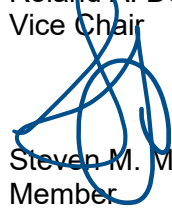
Yours very truly,



Stephen T. McGrath, K.C.  
Chair



Roland A. Deveau, K.C.  
Vice Chair



Steven M. Murphy, MBA, P.Eng.  
Member

c. William L. Mahody, K.C., Board Counsel  
M10872 Interested Parties