

January 21, 2020

Doreen Friis
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

Dear Ms. Friis:

Re: P-887 FAM19 - Fuel Adjustment Mechanism (FAM) Monthly Report – December 2019

Please find enclosed Nova Scotia Power's FAM Monthly report for December 2019. The confidential versions of the report and the FAM Calculation Model have been uploaded to the Board's confidential website.

The 2019 Base Cost of Fuel was ordered to be between \$671.1 million and \$731.8 million, with the higher amount recognizing the election of the Consumer Advocate and Small Business Advocate to assign a January 1, 2020 start date to the delivery of Maritime Link Nova Scotia Block energy. Table 1a and Report M2 use a 2019 BCF of \$731.8 million ("FAM Budget"). AA and BA information in Report M2 is compared against the amounts presented in the AA/BA filing on January 21, 2019.

High level adjustments were made to the 2019 BCF Refresh Budget filed May 27, 2016, to arrive at the \$671.1 million and \$731.8 million BCF figures, meaning detailed fuel cost information is not available for comparison. As a result, all fuel cost variance analysis is based on the 2019 BCF Refresh Budget of \$653.7 million ("BCF Refresh Budget"). This includes Figure 1 and 2, Table 1b, Table 2, Table 3, as well as reports M1, M6, and M7.

Report M3 includes NS Power's updated expectations of future month FAM Balances as per NS Power's internal 2019 Q3 Forecast completed in September 2019.

December 2019 Results

As shown in Figure 1 and Figure 2 below, in December 2019 there was no generation from Maritime Link NS Block and decreased generation from imports, HFO and COMFIT, partially offset by increased generation from solid fuel, IPPs, Natural Gas, Biomass and NSPI Wind & Hydro. There was an overall decrease in generation compared to budget due to lower load.

Figure 1

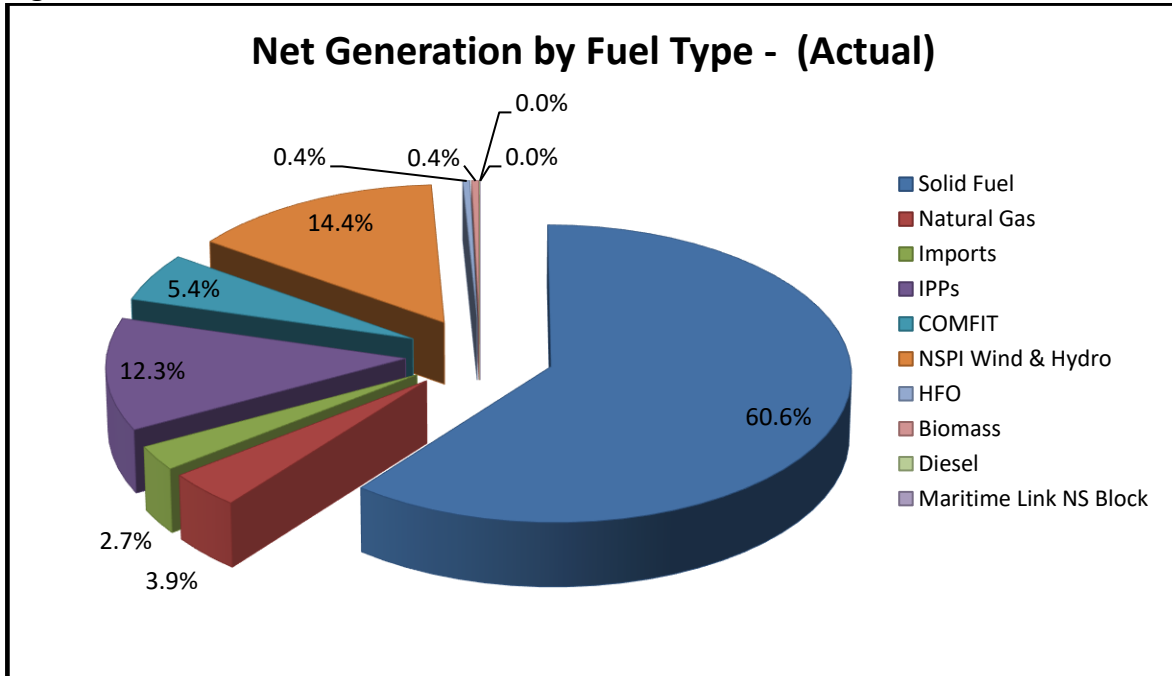


Figure 2

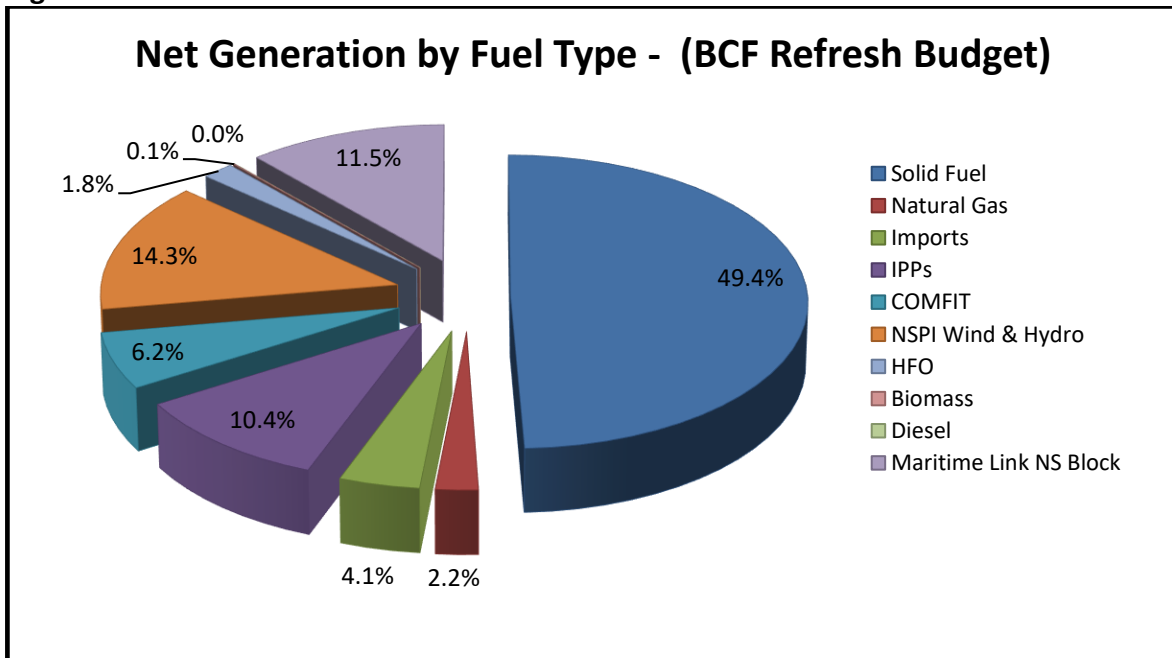


Table 1a

FAM (Over)/Under-Recovery (in \$ millions)			
	Actual	FAM Budget	Variance
Total fuel and purchased power	\$66.4	\$68.6	(\$2.2)
Fuel Adjustments	(\$3.8)	(\$7.0)	\$3.2
Total Adjusted Fuel Costs	\$62.6	\$61.6	\$1.0
Revenue	(\$57.8)	(\$57.5)	(\$0.3)
FAM (Over)/Under Recovery	\$4.8	\$4.1	\$0.7

*Figures presented are rounded to one decimal place which may cause rounding differences on some line items. Figures are presented as follows: (Favorable)/Unfavorable in the variance column. FAM Budget reflects the 2019 BCF Compliance filing (CA/SBA Request) of \$731.8 million.

Table 1b

FAM (Over)/Under-Recovery (in \$ millions)			
	Actual	BCF Refresh Budget	Variance
Total fuel and purchased power	\$66.4	\$59.8	\$6.6
Fuel Adjustments	(\$3.8)	(\$3.3)	(\$0.5)
Total Adjusted Fuel Costs	\$62.6	\$56.5	\$6.1
Revenue	(\$57.8)	(\$55.3)	(\$2.5)
FAM (Over)/Under Recovery	\$4.8	\$1.2	\$3.6

*Figures presented are rounded to one decimal place which may cause rounding differences on some line items. Figures are presented as follows: (Favorable)/Unfavorable in the variance column. BCF Refresh Budget reflects the 2019 BCF Refresh filing of \$653.7 million.

In December 2019 there was a variance of \$3.6 million in the (over)/under-recovery as compared to the BCF Refresh Budget (\$4.8 million actual under-recovery as compared to \$1.2 million under-recovery in the BCF Refresh Budget).

Decreased Port Hawkesbury Paper (PHP) load served by NS Power generation resulted in \$0.5 million lower fuel costs than the BCF Refresh Budget. Please note that PHP load is included in the total fuel and purchased power BCF Refresh Budget. Fuel costs for PHP are recovered from the mill under its Load Retention Tariff. As such, PHP's fuel costs have no impact on FAM customers. Information about PHP sales can be found in Report M8.

Excluding PHP, domestic load was approximately 9.7 GWh higher than the BCF Refresh Budget, resulting in an increase to fuel costs of \$0.4 million. Export costs were higher than the FAM Budget by \$0.8 million.

The December variance between the actual total fuel and purchased power cost and the FAM Refresh Budget total fuel and purchased power costs (excluding load and PHP fuel

cost) is unfavorable by \$5.9 million. The following table sets out the components of the variance between actual fuel and purchased power cost as compared to the BCF Refresh Budget.

Table 2

Fuel and Purchased Power Variance (in \$ millions)*	
	Actual vs BCF Refresh Budget
Solid fuel pricing and mix, additives, and adjustments	\$6.1
Maritime Link Assessment	(\$5.2)
Natural gas, HFO, and LFO pricing and mix	\$0.5
Generation Mix	\$4.1
Purchased power pricing and mix	(\$2.4)
Plant Performance	\$2.1
Inventory Survey Adjustments	\$0.7
Total excluding load and PHP fuel costs	\$5.9

*Figures presented in Table 2 are rounded to one decimal place which may cause rounding differences on some line items. Figures are presented as follows: (Favorable)/Unfavorable. FAM Budget reflects the 2019 BCF Refresh filing of \$653.7 million.

As shown in Table 3 below, natural gas consumption was higher than budget. This was as a result of increased natural gas dispatch compared to the BCF Refresh Budget primarily due to favorable pricing relative to other generation sources, as well as increased dispatch due to the later start date for Maritime Link NS Block as compared to the BCF Refresh budget.

Table 3

	Variance from BCF Refresh Budget*
Natural gas consumption (MMBtu)	236,630
Natural gas price (\$/MMBtu)	\$0.12

*Variances are against the FAM Budget which reflects the 2019 BCF Refresh filing of \$653.7 million. Positive numbers reflect amounts higher than forecast; Negative numbers reflect amounts lower than forecast.

The NSUARB's Order dated November 11, 2017 regarding the NSPML Interim Cost Assessment (M07718) required NS Power to return the \$36 million of Maritime Link depreciation and deferred financing amortization costs collected in 2018, plus interest, to customers. As of December 31, 2019, \$35.1 million has been returned to customers.

As of December 31, 2019, the 2019 Maritime Link depreciation and deferred financing amortization costs collected through BCF rates totals \$52.3 million.

January 21, 2020
D. Friis

Please contact me with any questions or concerns with respect to the FAM Monthly report for December 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicole Godbout". The signature is written in a cursive style with a large initial "N".

Nicole Godbout
Director, Regulatory

c. Intervenors – P-887

Encl.

Nova Scotia Power Inc.
Monthly FAM Reporting
For the Period Ended December 31, 2019

NON-CONFIDENTIAL



Nova Scotia Power Inc.
Monthly FAM Reporting
Summary of Fuel Costs
For the Period Ended December 31, 2019
(millions of dollars)

NSPI (FAM) M-1
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	Current Month		Year-to-Date		2019 Budget	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Full Year Budget</u>	<u>% of Budget Spent</u>
Fuel for Generation - Domestic Load						
Solid Fuel	\$ 28.6	\$ 17.1	\$ 202.4	\$ 152.9	\$ 152.9	132.4%
Natural Gas	3.8	1.8	92.4	19.6	19.6	471.4%
Biomass	2.3	0.2	7.1	2.7	2.7	263.0%
Bunker C	0.5	1.5	4.4	12.3	12.3	35.8%
Furnace	0.3	0.2	3.3	1.7	1.7	194.1%
Diesel	0.1	0.0	1.6	0.0	0.0	0.0%
Additives	1.0	1.5	15.4	13.0	13.0	118.5%
Subtotal	\$ 36.6	\$ 22.3	\$ 326.7	\$ 202.2	\$ 202.2	161.6%
Import Purchases	1.7	2.5	50.2	62.4	62.4	80.4%
Maritime Link	8.5	13.7	107.0	164.0	164.0	65.2%
Non-Wind IPP Purchases	1.5	3.2	11.7	33.6	33.6	34.8%
Wind Purchases	9.1	7.6	82.5	81.5	81.5	101.2%
COMFIT Purchases	8.2	10.4	75.8	108.9	108.9	69.6%
Fuel for Resale Net Margin	(0.0)	0.0	(0.1)	0.0	0.0	0.0%
Exports	0.8	0.0	8.4	0.0	0.0	0.0%
Fuel and Purchased Power	\$ 66.3	\$ 59.7	\$ 662.1	\$ 652.6	\$ 652.6	101.5%
Water Royalties	0.1	0.1	1.0	1.1	1.1	90.9%
Total Fuel and Purchased Power	\$ 66.4	\$ 59.8	\$ 663.2	\$ 653.7	\$ 653.7	101.5%
Less: Load Retention Revenue	(2.9)	(3.0)	(42.5)	(39.2)	(39.2)	108.4%
Total Fuel and Purchased Power Less LRT Revenue	\$ 63.6	\$ 56.8	\$ 620.7	\$ 614.5	\$ 614.5	101.0%
Less: Export Revenues	(0.8)	(0.2)	(9.5)	(2.5)	(2.5)	380.0%
Less: 1PT RTP	(0.0)	(0.0)	(0.5)	(0.3)	(0.3)	166.7%
Less: Shore Power	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0%
Less: Back Up / Top Up	(0.1)	0.0	(1.5)	0.0	0.0	0.0%
Less: GRLF Fuel Costs	(0.0)	0.0	(1.2)	(0.5)	(0.5)	240.0%
Loss / (Gain): Foreign exchange - Fuel Other	0.0	0.0	0.0	0.0	0.0	0.0%
Net Fuel and Purchased Power	\$ 62.6	\$ 56.5	\$ 608.0	\$ 611.1	\$ 611.1	99.5%
Total System Requirements (GWh)	1,124.8	1,125.4	11,202.7	11,331.1	11,331.1	98.9%
Less: Export Sales and Attributed Losses	(4.7)	(4.5)	(127.4)	(50.0)	(50.0)	254.8%
Less: GRLF Requirements	(0.3)	(0.8)	(18.5)	(23.9)	(23.9)	77.4%
Less: Load Retention	(70.1)	(80.7)	(860.6)	(1,058.3)	(1,058.3)	81.3%
Less: Shore Power	0.0	0.0	(0.7)	(1.0)	(1.0)	70.0%
Less: 1PT RTP	(0.5)	(1.0)	(10.0)	(9.8)	(9.8)	102.0%
Less: Back Up / Top Up	(1.6)	0.0	(24.2)	0.0	0.0	0.0%
Less: Losses*	(96.8)	(90.4)	(727.4)	(725.6)	(725.6)	100.2%
Total FAM Sales	950.8	948.1	9,433.9	9,462.5	9,462.5	99.7%

Figures presented are rounded to one decimal place which may cause \$0.1M in rounding differences on some line items.

The FAM Budget reflects the 2019 BCF Refresh filing of \$653.7M.

*Includes losses for all customer classes, with the exception of Export Sales.

Nova Scotia Power Inc.
 Monthly FAM Reporting
 Summary of Cost Recovery
 For the Period Ended December 31, 2019
 (millions of dollars)

NSPI (FAM) M-2
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Base Fuel Component (BCF)

	<u>Actual</u>	<u>Budget</u>
2019 Beginning BCF Balance	-	-
(Over)/Under-recovered Prior to Current Month	34.05	89.90
(Over)/Under-recovered in Current Month	4.80	4.15
Balance Yet to be Recovered	38.85	94.04
(Over)/Under-recovery- Remainder of the Year	N/A	-
Interest on BCF Balance	0.35	3.20

Actual Adjustment Component (AA)

	<u>Actual</u>	<u>Budget</u>
2019 Beginning AA Balance	15.30	15.30
Recovered/(Refunded) Prior to Current Month	(35.07)	(35.89)
Opening Balance as of Dec 1, 2019	50.37	51.19
Recovered/(Refunded) in Current Month	(0.07)	-
Closing Balance as of Dec 31, 2019	50.44	51.19
Recovered/(Refunded) Remainder of the Year	N/A	-
Interest on AA Balance	3.01	3.07

Balancing Adjustment Component (BA)

	<u>Actual</u>	<u>Budget</u>
2019 Beginning BA Balance	(176.62)	(176.62)
Recovered/(Refunded) Prior to Current Month	(0.01)	-
Non-fuel amounts applied to FAM prior to current period	(17.62)	(0.16)
Opening Balance as of Dec 1, 2019	(194.23)	(176.78)
Recovered/(Refunded) in Current Month	-	-
Non-fuel amounts applied to FAM in current period	0.05	0.05
Closing Balance as of Dec 31, 2019	(194.28)	(176.83)
Recovered/(Refunded) Remainder of the Year	N/A	-
Interest on BA Balance	(13.04)	(12.12)
FAM Deferral (Over)/Under-Recovery	(114.68)	(37.45)

Figures presented are rounded to two decimal places which may cause \$0.01M in rounding differences on some line items.

The FAM Budget reflects AA/BA filing on January 21, 2019.

Commentary for Month:

Nova Scotia Power Inc.
 Monthly FAM Reporting
 2019 Total Accumulated Unrecovered FAM Balance
 For the Period Ended December 31, 2019
 (millions of dollars)

NSPI (FAM) M-3
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Month	BA Total Outstanding	AA Total Outstanding	BCF Variance		Accumulated Interest	Total Outstanding
			To Current Month	Current Month		
January	(176.6)	19.3	0.0	(2.8)	(0.9)	(161.1)
February	(176.6)	19.3	(2.8)	(2.3)	(1.8)	(164.3)
March	(182.1)	36.0	(5.2)	(3.0)	(2.7)	(157.1)
April	(182.1)	49.7	(8.2)	(1.0)	(3.5)	(145.1)
May	(182.1)	49.9	(9.2)	0.2	(4.3)	(145.6)
June	(196.6)	49.9	(9.0)	0.8	(5.2)	(160.1)
July	(196.6)	50.2	(8.2)	3.5	(6.1)	(157.2)
August	(212.0)	50.4	(4.7)	7.9	(7.0)	(165.4)
September	(194.2)	50.4	3.2	7.2	(7.8)	(141.2)
October	(194.2)	50.4	10.5	11.4	(8.5)	(130.5)
November	(194.2)	50.4	21.9	12.2	(9.1)	(118.9)
December	(194.3)	50.4	34.0	4.8	(9.7)	(114.7)

Figures presented are rounded to one decimal place which may cause \$0.1M in rounding differences on some line items

Future months reference the NS Power Q3 Forecast from September 2019.

**Nova Scotia Power Inc.
Monthly FAM Reporting
Fuel Policies and Organizational Changes
For the Period Ended December 31, 2019**

**NSPI (FAM) M-4
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Fuel Manual Updates

No Fuel Manual updates to report.

POA Updates

POA revisions proposed as part of the Fuel Stability Plan filing were accepted and approved by the NSUARB on December 6, 2019.

Organizational Updates

No Organizational updates to report.

Nova Scotia Power Inc.
 Monthly FAM Reporting
 Mercury Abatement Program
 For the Period Ended December 31, 2019
 (millions of dollars)

NSPI (FAM) M-5
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Generating Unit	Additive Type	Current Month			Year-to-Date		
		Quantity	Cost	\$/MWh ^a	Quantity	Cost	\$/MWh ^a
Lingan - Unit 1	Powder Activated Carbon						
Lingan - Unit 2	Powder Activated Carbon						
Lingan - Unit 3	Powder Activated Carbon						
Lingan - Unit 4	Powder Activated Carbon						
Point Tupper	Powder Activated Carbon						
Trenton 5	Powder Activated Carbon						
Trenton 6	Powder Activated Carbon						
Lingan	Calcium Chloride						
Point Tupper	Calcium Chloride						
Trenton	Calcium Chloride						
Total Costs - Powder Activated Carbon		48,086	kgs	\$0.106	4,034,794	kgs	\$9.237
Total Costs - Calcium Chloride		23,116	L	\$0.009	1,110,224	L	\$0.410
Total Mercury Sorbent Costs				\$0.115			\$9.647

^a Calculated using actual MWh produced by unit.

Commentary for the month:

YTD emissions are estimated at 59.1kg. The start of the year forecast indicated YTD emissions by December 2019 of 65.0kg.

NSPI Environmental Report for Mercury Emissions (b)

Annual Limit = 65 kg (c)

Month	Reported this month (d)	Reported last month	Variance	Reason for variance	2018 Actuals (e)
Jan	8.3	8.3	0.0	Estimated data updated with actual data	8.6
Feb	8.3	8.3	0.0		7.1
Mar	10.4	10.4	0.0		6.5
Apr	5.2	5.2	0.0		5.2
May	2.4	2.4	0.0		3.4
Jun	2.8	2.7	0.1		1.8
Jul	3.9	3.9	0.0		3.5
Aug	3.2	3.2	0.0		4.5
Sep	1.6	1.4	0.2		3.9
Oct	1.8	1.8	0.0		5.4
Nov	3.1	3.4	-0.3		7.2
Dec	8.1				6.3
Year to Date (f)	59.1	51.0	0.0		63.4

^b As reported by NSPI's Environmental Services.

^c Province of Nova Scotia Air Quality Regulations - Schedule C section 3(2).

^d This value is an estimate based on incomplete laboratory results and consumption figures. Environmental Services will finalize this result next quarter.

^e Shown for comparative purposes

^f Figures presented are rounded to one decimal place which may cause \$0.1M in rounding differences on some line items

Nova Scotia Power Inc.
 Monthly FAM Reporting
 Volume and Pricing Summary
 For the Period Ended December 31, 2019

NSPI (FAM) M-6
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	Current Month			Year-to-Date		2019 Budget
	<u>Actual</u>	<u>Budget</u>	<u>% Change</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Solid Fuel						
Solid Fuel Consumption Costs (\$)						
Solid Fuel Consumption (MMBtu)						
Solid Fuel Price (\$/MMBtu)						
Solid Fuel Price (\$/MWh)						
Natural Gas						
Natural Gas Consumption Costs (\$)						
Natural Gas Consumption (MMBtu)						
Natural Gas Price (\$/MMBtu)						
Natural Gas Price (\$/MWh)						
Biomass						
Biomass Consumption Costs (\$)						
Biomass Consumption (MMBtu)						
Biomass Price (\$/MMBtu)						
Biomass Price (\$/MWh)						
Bunker						
Bunker Consumption Costs (\$)						
Bunker Consumption (MMBtu)						
Bunker Price (\$/MMBtu)						
Bunker Price (\$/MWh)						
Light Fuel Oil						
Light Fuel Oil Consumption Costs (\$)						
Light Fuel Oil Consumption (MMBtu)						
Light Fuel Oil Price (\$/MMBtu)						
Light Fuel Oil Price (\$/MWh)						
Imports						
Imported Power Volume (MWh)						
Imported Power Price (\$/MWh)						
Non-Wind IPP Purchases						
IPP Purchase Volumes (MWh)						
IPP Purchase Price (\$/MWh)						
Wind IPP Purchases						
Wind Purchase Volumes (MWh)						
Wind Purchase Price (\$/MWh)						
COMFIT						
COMFIT Purchase Volumes (MWh)						
COMFIT Purchase Price (\$/MWh)						

The FAM Budget reflects the 2019 BCF Refresh filing of \$653.7M.

Consumption cost totals above are at the forecasted effective USD rate for the year. These figures do not include the impact of monthly foreign exchange rate variations that are reflected in Summary of Fuel Costs (Report M-1).

Nova Scotia Power Inc.
 Monthly FAM Reporting
 Volume and Pricing Summary
 For the Period Ended December 31, 2019

NSPI (FAM) M-7
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<u>Category</u>	<u>Variance from budget</u>	<u>Details</u>
Total Fuel and Purchased Power Expense	11.0% above Budget for the month	
Total System Requirements	0.1% below Budget for the month	
Total FAM Sales	0.3% above Budget for the month	December's 950.8 GWh was more than the FAM Budget of 948.1 GWh
Net Fuel and Purchased Power Costs	10.8% above Budget for the month	December's \$62.6M was more than the FAM Budget of \$56.5M
Purchased Power Costs	13.5% below Budget for the month	December's \$20.5M was less than the FAM Budget of \$23.7M. This is primarily due to lower COMFIT and imports costs.
Solid Fuel Costs	67.3% above Budget for the month	December's \$28.6M was more than the FAM Budget of \$17.1M. Solid Fuel expenditure was higher as a result of increased generation from solid fuel due to the later start date for Maritime Link NS Block and higher pricing.
Natural Gas	111.1% above Budget for the month	December's \$3.8M was more than the FAM Budget of \$1.8M. There was increased natural gas dispatch primarily due to favorable pricing relative to other generation sources, as well as increased dispatch due to the later start date for Maritime Link NS Block.
Biomass Fuel Costs	1050.0% above Budget for the month	December's \$2.3M was greater than the FAM Budget of \$0.2M. Biomass Fuel expenditure was higher as a result of increased generation from Biomass due to favourable pricing compared to alternative generation sources and inventory adjustments.
Heavy Fuel Oil	66.7% below Budget for the month	December's \$0.5M was less than the FAM Budget of \$1.5M due to lower dispatch.
Mercury Sorbent/Additives	33.3% below Budget for the month	December's \$1.0M was less than the FAM Budget of \$1.5M primarily due to volume.
Mercury Emissions	Below Budget for the month	December's 8.1kg was lower than the forecast of 12.1kg.

