

From: [Simmons, Daniel](#)
To: [Collins, Michael](#)
Cc: [Martin, Dana](#); [Admin](#)
Subject: MFI Request 029
Date: Saturday, May 25, 2019 11:10:47 AM
Attachments: [image001.png](#)
[Mimecast Large File Send Instructions.msg](#)

I'm using Mimecast to share large files with you. Please see the attached instructions.

Michael,

Auburn Warren has provided the following responses to your questions. Five models referred to are attached.

(1) [First, what energy prices were used to calculate the Base and UARB revenues?](#)

== the four files supporting the four columns discussed below are as follows:

Column B - MF Exports Status Quo - H:\Investment Evaluation\LCP\Additional Benefits\PWC Models\Big Benefit\RevModel.Gen5 BigBenefit v2 MLresidMIX.xlsm

Energy prices assumptions on last 2 worksheets on right side = =
MktPriceEnergyContractPeak and MktPriceEnergyOffPeak

Column C - MF Exports UARB/EAA - H:\Investment Evaluation\Gordo\Sharepoint Stuff\Backup\Projects\Rating Agency Review July 2013\Emera\RevModel.Gen5 BigBenefit v2 MLresidMIXref2012 UARB1 v2.xlsm

Energy prices assumptions on last 2 worksheets on right side = =
MktPriceEnergyContractPeak and MktPriceEnergyOffPeak -- same price assumptions as Base Case file - only difference is we added UARB markets and made the prices equal to NEISO to reflect the EAA pricing

Column F - Recall Sales Status Quo - H:\Investment Evaluation\Gordo\Sharepoint Stuff\Backup\PM\LRFP\Shared Documents\Emera\Energy Marketing Revenue Recall energy sold to UARB (converted to Base Case).xlsm

This file was recreated by deleting the inputs for non-NYISO markets of the UARB case (this is the only file we could find from this period - makes sense as we would have used Base case then copied / pasted over data into summary file and then loaded up inputs to do same thing for UARB scenario -- please note the outputs match what was in summary file) - I've coloured in purple - rows 154 to 158 and rows 169 to 172

Energy prices assumptions on 2nd last worksheet on right side = = Pricing

Column G - Recall Sales UARB/EAA - H:\Investment Evaluation\Gordo\Sharepoint

Stuff\Backup\PM\LRFP\Shared Documents\Emera\Energy Marketing Revenue Recall energy sold to UARB.xlsm

Energy prices assumptions on 2nd last worksheet on right side = = Pricing same price assumptions as Base Case file above (remember - we only changed the markets being served not the Pricing assumptions)

(2) The underlying question, of course, is how much of the \$100 million comes from energy price fluctuations and how much comes from selling to Nova Scotia rather than NY or NE.

Zero of the \$100 comes from energy price fluctuations as noted in (1) above we used the same base price assumptions between each Base Case and UARB comparison - the only change is that under UARB scenarios we have a new market which energy flows to in the models as the "netback" pricing for this new market is attractive relative to base case scenario markets.

We have built out the file we sent initially below to add summary sheets for the Recall Sales scenarios, but more importantly we also added "Inquiry" worksheet summary (columns R to W) that splits the \$217 million (100%) NPV increase in net revenue between Gross Revenue increase of \$93 million (less losses as more energy delivered at NS Delivery Point versus NEISO) and lower tariffs of \$124 million (as we don't incur tariffs to send beyond NS Delivery Point).

H:\Investment Evaluation\Gordo\Sharepoint Stuff\Backup\Projects\Rating Agency Review Work 2013\Emera\Big Benefit Scenario with UARB (AGA Added).xlsx

(3) Second, what is "Maritime Link netback residual"? It seems that some of the additional UARB sales are coming out of this "netback residual", and I don't really know what it is.

This market was the "catch all" market in which if there was leftover energy to be sold that was the market it went to - thus when UARB market is added this residual market would reduce.

(4) Third, is Mr. Warren prepared to estimate for us the 2012 net present value of the tariff savings? My own non-expert guess, in "Tariff UARB minus Base", was \$38 million.

Please see (2) above for the tariff delta.

Mr. Warren is available for the interview at 2:00 on Monday. As discussed yesterday, we understand the areas of interest to be:

- The \$300 estimated financing benefit
- The \$100 estimated energy sales benefit
- The overall net benefits analysis
- Assessment of the implications of changing the project completion dates and the impact on

fuel used at Holyrood.

Regards,
Dan

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