



ATTACHMENT 2

Slip Sheets Updates to the OATT Application filed July 30, 2021

6.0 SERVICES UNDER MARITIME ELECTRIC'S OATT

6.1 Transmission Service

Table 1 shows the rate for long-term firm Point-to-Point Transmission Service in Maritime Electric's proposed OATT and existing approved OATT as well as the corresponding rates in the New Brunswick and Nova Scotia.

Table 1	
Rates for Long-Term Firm Point-to-Point Transmission Service	
Jurisdiction	(\$/MW-year)
Maritime Electric proposed OATT	49,858.76 45,983.18
Maritime Electric existing approved OATT	36,619.25
New Brunswick proposed OATT²	32,739.48
New Brunswick ³ existing approved OATT	26,763.52
Nova Scotia ⁴	59,875.87

The proposed Maritime Electric rate for long-term firm Point-to-Point Transmission Service has been calculated using the same approach as used by NB Power for its OATT. The calculation of the rate is described in Section 7.0.

Under Maritime Electric's proposed and existing OATT, the rates for Network Service are the same as those for long-term firm Point-to-Point Transmission Service.

6.2 Capacity-Based Ancillary Services

Ancillary Services can be grouped into two main categories. Capacity-based services are provided from generation capacity that must be committed to the provision of the service and is not able to be used at the same time for other purposes. Non capacity-based services do not require the commitment of generator capacity for provision of the service.

The Maritime Electric OATT provides for the same Capacity-Based Ancillary Services ("CBAS") as are in the NB Power OATT. These CBAS services are:

1. Regulation and Frequency Response from Generation Sources Service [Schedule 3] composed of:

² Filed with NBEUB December 9, 2021.

³ Effective January 1, 2019.

⁴ 2017 rates, from NS Power Open Access Same Time Information System ("OASIS").

Maritime Electric

them from New Brunswick or elsewhere, the cost is a flow through with no mark up. To the extent that Maritime Electric provides Supplemental Reserve from one of its own generating units, the charge is as per the rates in the NB Power OATT (the rates for Capacity-Based Ancillary Services in the NB Power OATT are based on current day escalating proxy generating unit costs, not embedded costs for generating assets in New Brunswick).

6.3 Non Capacity-Based Ancillary Services

The Maritime Electric OATT provides for the same non capacity-based Ancillary Services as are in the NB Power OATT. These services are:

- i. Scheduling, System Control and Dispatch Service [**Schedule 1**];
- ii. Reactive Supply and Voltage Control from Generation or Other Sources Service [**Schedule 2**];
- iii. Energy Imbalance Service [**Schedule 4**]; and
- iv. Residual Uplift [**Schedule 10**].

Scheduling, System Control and Dispatch Service is required to schedule the movement of power through, out of, within, or into the Maritime Electric transmission system. This service is provided by Maritime Electric's Energy Control Centre. The rates for this service have been derived using the same approach as used by NB Power for its OATT. The calculations are shown in Appendix F.

Reactive Supply and Voltage Control from Generation or Other Sources Service is the operation of on-line generators or other sources to produce or absorb reactive power as needed in order to maintain transmission system voltages within acceptable limits. At the time of the 2019/2020 PEI winter peak, no reactive power was required from Maritime Electric's on-Island generators, but 25 MVAR would have been required in the event of an outage to one of the 138 kV transmission lines in New Brunswick between Memramcook and Murray Corner. The rates for this service have been derived as shown in Appendixes ~~G~~ and H.

Energy Imbalance Service is a service whereby energy is provided or taken during an hour so as to make up for the difference between a transmission customer's scheduled

Maritime Electric

use of the transmission system for the hour and their actual use of the transmission system for the hour.

Maritime Electric is unable to directly provide Energy Imbalance Service because for most of the year it does not run on-Island generators that could be used to regulate the energy flow on the NB/PEI interconnection. Instead, the Control Area Operator (“NB Power”) provides the Energy Imbalance Service associated with the NB/PEI interconnection through the use of on-line generators in New Brunswick to regulate the energy flow on the New Brunswick interconnection with New England. Maritime Electric purchases the service from NB Power and the costs are allocated among the users of the PEI transmission system in proportion to their imbalance. ~~along with FERC approved penalties to incent accurate scheduling.~~

When an unforeseen expense (or revenue) occurs that is not covered under one of the other schedules in the OATT, there must be a method that the Transmission Provider can recoup (or pay out) these costs. This is accomplished by using Schedule 10 – Residual Uplift. Residual Uplift includes revenues and expenses associated with such things as penalties for deficiencies, uncovered generation costs, and/or unrecovered costs associated with the purchase or sale of emergency energy.

6.4 Wholesale Transmission Access

Like the current NB Power OATT, Maritime Electric’s proposed OATT provides for only wholesale access. Retail access is not proposed to be made available because:

- Wholesale access is what is required under the FERC Pro Forma Tariff.
- Under the current legislation in PEI, Maritime Electric has the monopoly franchise for all of PEI except for the areas served by Summerside Electric.
- Apart from Summerside Electric, none of Maritime Electric’s other customers who take service at the transmission system level have expressed an interest in being able to purchase their electricity requirements from other suppliers.

7.0 CALCULATION OF TRANSMISSION SERVICE RATES

Maritime Electric’s current approved OATT rates are based on historical 2014 data (taken from Maritime Electric’s 2014 Cost Allocation Study) and known costs associated with the 2017 NB-PEI interconnection upgrade, plus an estimate of the amount of non-firm service for the 99 MW merchant wind farm at West Cape and an assumption that Summerside Electric would be taking Network Service.

The OATT rates proposed in this Application are based on historical 2020 cost data⁵ and the actual transmission system usage for 2020.

Table 2 shows how the transmission system revenue requirement for 2020 has been allocated by functional use (i.e., among the various users) for the proposed OATT rates compared to the allocation of the 2014 revenue requirement in the current OATT rates. The allocation of the 2020 revenue requirement is detailed in Appendix A. This revenue requirement includes all transmission asset related costs including amortization costs, operation, maintenance and administration costs, interest charges, income taxes and a regulated return on equity investment.

Table 2 Functional Allocation of Revenue Requirements (\$ thousands)		
Functional Use	2020 Revenue Requirement	2014 Revenue Requirement
Miscellaneous designated facilities	\$ 4543	\$ 54
Maritime Electric - contracted wind related	1,7831,268	1,121
Merchant wind related ⁶	224207	325
OATT related – Schedule 2	243	-
OATT related (shared by all users)	13,23812,209	8,766
Energy Control Centre related	338332	298
Total (rounded)	\$15,62814,302	\$ 10,563

The revenue requirement is a \$/year quantity. To determine a \$/MW-year rate for transmission service, the revenue requirement is divided by the transmission system usage, measured in MW. Table 3 shows the combined transmission system usages that

⁵ 2020 cost data is based on Maritime Electric’s 2020 Cost Allocation Study previously filed with the Commission on July 22, 2021 and updated on February 25, 2022.

⁶ The merchant wind related revenue requirement includes only a small amount of financing costs because most of the capital cost for the associated designated transmission facilities was covered by a contribution in aid of construction.

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Table 4			
Calculation of Rate for Long-Term Firm Service (Point-to-Point or Network)			
		2020	2014
Revenue requirement ⁷ (\$ thousands)	A	13,238 12,209	8,766
Firm transmission service or equivalent (MW)	B	265.5	239.4
Rate⁸ (\$/MW-year) (rounded)	C = A/B x 1,000	49,859 45,983	36,619

Additional calculation detail, including the calculation of charges for time periods shorter than a year, is provided in Appendices C, D and E.

A summary of the proposed rates for services is shown in Table 5, along with the existing approved rates. Maritime Electric proposes that its OATT Schedules 3, 5 and 6 continue to refer to the NB Power web site for current rates.

Table 5				
Rates for Services in Maritime Electric's Open Access Transmission Tariff				
Services	Schedule in OATT	Reference	Proposed Rates (\$/MW-month)	Existing Rates (\$/MW-month)
Scheduling, System Control and Dispatch	1	Appendix F	98.23 96.56	95.70
Reactive Supply and Voltage Control from Generation Sources	2	Appendix H	50.58 70.65	127.97
Regulation (Automatic Generation Control) ⁹	3(a)	NB OATT	8,210.57	8,210.57
Load Following ⁸	3(b)	NB OATT	8,175.68	8,175.68
AGC and Load Following for Non-Dispatchable Wind ⁸	3(c)	NB OATT	\$0.44/MWh	\$0.44/MWh
Energy Imbalance	4	Section 6.3	n/a	n/a
Operating Reserve – Spinning ⁸	5	NB OATT	8,164.06	8,164.06
Operating Reserve – Supplemental (10 minute) ⁸	6(a)	NB OATT	3,908.48	3,908.48
Operating Reserve – Supplemental (30 minute) ⁸	6(b)	NB OATT	3,908.48	3,908.48
Point-to-Point Transmission Service	7 and 8	Appendix D	4,154.90 3,831.93	3,051.60
Non-Capital Support Charge Rate	9	Section 8.0	1.88 1.77%	1.79%
Residual Uplift	10	Section 6.3	n/a	n/a
Network Transmission Service	Att. H	Appendix E	4,154.90 3,831.93	3,051.60

⁷ Rounded values, with the 2020 value presented in Appendix A.

⁸ Based on calculation using actual, not rounded figures.

⁹ These rates are taken directly from the NB Power OATT, effective January 1, 2019, and are shown for reference.

8.0 SCHEDULE 9 – NON-CAPITAL SUPPORT CHARGE

Schedule 9 is for operating, maintenance and administration (“OM&A”) charges to designated transmission facilities for which a contribution in aid of construction was provided. Under Schedule 9, direct OM&A costs, such as repairs, are charged against the designated facility as incurred, while indirect (administrative or general) costs are recovered through an annual charge against the gross asset value of the designated facility. The calculation of this annual charge is shown in Table 6.

Table 6		
Schedule 9 – Non-Capital Support Charge (\$ thousands)		
Transmission System Related	2020 Data	2014 Data
General Expenses (from Cost Allocation Study)	1,707 1,662	1,324
Insurance	464 408	185
Property Taxes	159 140	67
Total General Expenses	2,3402,210	1,576
Maritime Electric Gross Transmission Assets (mid-year)	124,661	88,094
Plus Direct Assignment Facilities to Mid-2007	included above	included above
Total Gross Transmission Assets	124,661	88,094
General Expenses as Per Cent of Gross Transmission Assets	1.881.77%	1.79%

10.0 COMPARISON OF 2020 AND 2014 OATT RATES

10.1 Schedule 1 – Scheduling, System Control and Dispatch Service

The proposed rate for Schedule 1, per Table 5, has increased 2.6 per cent from the 2014 rates. As shown in Table 2 – Energy Control Centre-related costs have increased by 11 per cent, from \$298,000 in 2014 to \$332,000 in 2020, which was partially offset by the 11 per cent increase in total system usage from 259.0 MW in 2014 to 286.7 MW in 2020.

10.2 Schedule 2 – Reactive Supply and Voltage Control from Capacitive Sources Service

The proposed rate for Schedule 2, per Table 5, has decreased 45 per cent from \$127.97 to \$50.5870.65 as a result of using a switched capacitive source to provide reactive power support instead of a synchronous condenser as the proxy unit. The derivation of the proposed Schedule 2 rate is shown in Appendix G and H.

The existing OATT rates for Schedule 2 were based on providing reactive power support through a synchronous condenser.

In 2016, the interconnection with New Brunswick had two submarine cables and two 138 kV transmission lines connecting the Memramcook, NB substation with the cable termination station at Richmond Cove, PEI. On-line generation operating on-Island was required under that system configuration to maintain voltage stability and provide sufficient capacitive support for the Island at peak under the worst-case single transmission contingency (i.e., the loss of one transmission line in New Brunswick).

The Interconnection Upgrade Project in 2016 and 2017 added two new submarine cables between PEI and New Brunswick, and a third 138 kV transmission line between Memramcook, NB and the New Brunswick cable termination stations. The submarine cables, by the nature of their construction, inherently produce reactive power, and by adding these cables, the Island has more reactive power at its disposal in the absence of on-Island generation. In addition, two 10 MVAR capacitors installed at the Charlottetown Substation in 2018 and two 5 MVAR capacitors installed in the Lorne Valley Substation in 2020 have added reactive power support in central and eastern PEI. This much-needed reactive power support results in less use of Combustion Turbine #3 for voltage support. The overall result of these projects is that switched capacitive sources were sufficient to

meet the Island's reactive power voltage stability needs at peak in 2020 and online operation generation was not needed.

10.3 Schedules 3, 5 and 6

The proposed rates for Schedules 3, 5 and 6 are dependent on services provided by the New Brunswick Transmission System Operator. Any costs to Maritime Electric for these Schedules are flowed through to the Transmission Customer with no markup.

10.4 Schedules 7 and 8 – Point-to-Point Transmission Service

The proposed rates for Schedules 7 and 8, per Table 5, have increased ~~36~~26 per cent due primarily to an increase in the Company's Total Gross Transmission Assets, per Table 6, which have increased 42 per cent over the same period.

From 2015 to 2020, the largest additions to the transmission system included transmission line Y-104¹⁰, transmission-connected capacitors at Charlottetown and Lorne Valley, and the Y-109 extension to Borden. Capital improvements were made to the existing infrastructure, including transmission lines and substation breakers, as the original 138 kV facilities were approaching 40 years of age. In addition, transmission line protection and control equipment reached their end of life and significant investments have been made to modernize this equipment.

The Church Road Substation was initially deemed a facility designated for Maritime Electric wind purchases when it was placed in service in 2013. The connection to line Y- 104 in 2017 changed this to an OATT facility as it is no longer used to solely connect the eastern PEI wind facilities to the system. It has been deemed an OATT facility in this Application.

10.5 Schedule 9 – Non-Capital Support Charge Rate

The proposed Non-Capital Support Charge Rate has ~~increased~~ decreased 50.2 per cent to ~~4.88~~1.77 per cent in 2020 from 1.79 per cent in 2014.

¹⁰ A portion of Y-104 is allocated to OATT transmission facilities, while the remainder is designated for Maritime Electric wind purchases and does not get reflected in the OATT charges.

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The Company's indirect OM&A costs have increased ~~48~~40 per cent from \$1.576 million to ~~\$2.34~~2.21 million as shown in Table 6, while the Total Gross Transmission Assets increased 42 per cent over the same period.

10.6 Schedule 10 – Residual Uplift

There are no proposed changes to the Schedule 10 terms and conditions.

Appendix A
ALLOCATION OF YEAR 2020 TRANSMISSION COSTS BY FUNCTION
(\$ thousands)

	Average gross plant in service	Average accum. amortztn	Average net plant in service	Amortztn expense	Amortztn including Allocated Indirects	OM&A initial assignmnt	Allocations of OM&A			Interest, return & taxes	Total from Cost Allocation Study	Accrued revenue adjustment	Total cost
							Unassignd	General by gross plant	Allocated OM&A expense				
					A	B	C	D	E = B + C + D	F	G = A + E + F	H	I = G + H
Transmission costs from 2020 Cost Allocation Study				3,014	3,014	9,016	-	-	9,016	5,607	17,638	(46)	17,592
Less adjustments				(79)	(79)	(3,211)	-	-	(3,211)		(3,290)	-	(3,290)
Total Transmission Costs from 2020 Cost Allocation Study after Adjustments				2,935	2,935	5,806	-	-	5,806	5,607	14,348	(46)	14,302
Miscellaneous designated amounts													
- substations (for MECL generation)	380	380	-	-	-	-	4	7	11	-	11	-	11
- substations (other)	133	34	100	-	-	-	1	2	4	-	4	-	4
- lines (other)	369	132	238	-	-	-	3	6	9	-	9	-	9
- telecommunications (other)	357	259	98	6	7	-	7	6	13	-	19	-	19
	1,240	804	436	6	7	-	15	21	37	-	43	-	43
Designated for MECL wind purchases													
- substations	623	154	469	10	12	-	7	11	18	39	68	(0)	68
- lines	9,052	1,804	7,248	266	312	-	75	157	232	602	1,146	(5)	1,141
- telecommunications	399	127	272	19	22	-	7	7	14	23	59	(0)	59
	10,075	2,085	7,989	295	346	-	89	175	264	663	1,273	(5)	1,268
Designated for IPP merchant wind													
- substations	1,441	374	1,067	(22)	(26)	-	-	25	25	-	(1)	-	(1)
- lines	16,497	4,329	12,168	(72)	(84)	-	-	286	286	1	203	-	203
- telecommunications	129	94	35	2	2	-	-	2	2	-	5	-	5
	18,068	4,798	13,270	(92)	(108)	-	-	313	313	1	207	-	207
System capacitors - Schedule 2													
- Charlottetown and Lorne Valley Caps	1,911	64	1,848	31	37	-	21	33	54	153	244	(1)	243
OATT transmission facilities													
- interconnection (incl. NB Sched 9 charges)	-	-	-	-	-	1,930	-	-	1,930	-	1,930	-	1,930
- submarine cables contingency fund	-	-	-	-	-	375	-	-	375	-	375	-	375
- substations	29,883	9,493	20,389	486	570	-	329	518	847	1,693	3,110	(14)	3,096
- lines	55,455	19,153	36,301	1,647	1,933	-	459	961	1,421	3,014	6,367	(25)	6,342
- telecommunications	2,062	1,346	716	98	114	-	39	36	74	59	248	(0)	248
- OATT administration	-	-	-	-	-	218	-	-	218	-	218	-	218
	87,399	29,992	57,407	2,230	2,617	2,523	827	1,515	4,865	4,766	12,248	(39)	12,209
Energy Control Centre	715	430	284	31	36	260	-	12	273	24	332	-	332
Unassigned OM&A													
- substation OM&A							363	allocate by substation gross plant					
- lines OM&A							537	allocate by lines gross plant					
- telecommunications OM&A							53	allocate by tele. gross plant					
Indirect													
- Insurance							408	allocate by gross plant with General					
- Vehicles	2,888	1,232	1,656	205			-						
- General	2,366	867	1,499	229			1,662	allocate by gross plant					
Totals	124,661	40,272	84,389	2,935	2,935	5,806	953	2,070	5,806	5,607	14,348	(46)	14,302

Note: Values shown are rounded for ease of presentation, and sums may not match exactly. OATT rates in Appendices A-I, and included in Schedules 1-10 and Attachment H, are based on actuals.

APPENDIX C
CALCULATION OF UNIT COSTS FOR TRANSMISSION AND SCHEDULING, SYSTEM CONTROL AND DISPATCH*

Services	Total usage by service (MW)	Total usage by service %	Total Cost Allocated to OATT Transmission Facilities (\$ thousands)	Total Allocated cost by service (\$ thousands)	Annual unit cost (\$ / MW - yr)	Monthly unit cost (\$ / MW - mo)
	A	B	C	D	E	F
	Appendix B		Appendix A	= B X C	= D X 1,000 / A	= E / 12
OATT Point to Point	51.7	19.5%	\$ 12,209	\$ 2,377	\$ 45,983	\$ 3,831.93
OATT Network	<u>213.8</u>	<u>80.5%</u>	\$ 12,209	<u>9,832</u>	\$ 45,983	\$ 3,831.93
Subtotal Transmission Services	265.5	100%		12,209	\$ 45,983	\$ 3,831.93
Misc. designated amounts				43		
MECL wind purchases				1,268		
IPP merchant wind				207		
Schedule 1						
Sched, Sys Control & Dispatch	286.7	100%	\$ 332	<u>332</u>	\$ 1,159	\$ 96.56
Total				<u>\$ 14,059</u>		

Note: Charges for firm Point-to-Point are the same as for Network service

* Calculations based on underlying whole number which has been rounded for presentation purposes

Appendix D
RATES FOR POINT-TO-POINT TRANSMISSION SERVICE

Total annual cost by class, per Appendix C		<u>2,377</u>	\$ thousands
Total usage by class ¹ , per Appendix C		<u>51.7</u>	MW
Yearly ² (same as for Network Service)		45,983.18	\$ / MW - yr
Monthly ³	= Yearly / 12	3,831.93	\$ / MW - mo
Weekly ³	= Yearly / 52	884.29	\$ / MW - wk
On-peak daily ^{3,5}	= Weekly / 5	176.86	\$ / MW - day
Off-peak daily ³	= Yearly / 365	125.98	\$ / MW - day
On-peak hourly ^{4,5}	= On-peak daily / 16	11.05	\$ / MWh
Off-peak hourly ⁴	= Yearly / 8,760	5.25	\$ / MWh

Notes: 1 Usage based on long term firm reservations or equivalent

2 Firm service only

3 Firm or Non firm service

4 Non firm service only

5 Exporters use the corresponding off-peak rate (non-Appalachian pricing)

Appendix E
RATES FOR NETWORK TRANSMISSION SERVICE
Attachment H

Total annual cost by class, per Appendix C	<u>9,832</u>	\$ thousands
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Total usage by class (average of 12 CP), per Appendix C	<u>213.8</u>	MW
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Yearly	45,983.18	\$ / MW - yr
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Monthly	= Yearly / 12	3,831.93 \$ / MW - mo
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Appendix F
RATES FOR SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE
SCHEDULE 1

Total annual cost (for Energy Control Centre), per Appendix C	332	\$ thousands
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Total usage, per Appendix C	286.7	MW
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For Point to Point Service¹

Yearly ²		1,158.77	\$ / MW - yr
Monthly ³	= Yearly / 12	96.56	\$ / MW - mo
Weekly ³	= Yearly / 52	22.28	\$ / MW - wk
On-peak daily ³	= Weekly / 5	4.46	\$ / MW - day
Off-peak daily ³	= Yearly / 365	3.17	\$ / MW - day
On-peak hourly ⁴	= On-peak daily / 16	0.28	\$ / MWh
Off-peak hourly ⁴	= Yearly / 8,760	0.13	\$ / MWh

For Network Service

Yearly		1,158.77	\$ / MW - yr
Monthly	= Yearly / 12	96.56	\$ / MW - mo

Notes: 1 Usage based on long-term firm reservations

2 Firm service only

3 Firm or Non firm service

4 Non firm service only

Appendix G
REVENUE REQUIREMENT FOR REACTIVE SUPPLY AND VOLTAGE CONTROL SERVICE
FROM CAPACITIVE SOURCES

THIS APPENDIX IS NO LONGER REQUIRED

Appendix H
RATES FOR REACTIVE SUPPLY AND VOLTAGE CONTROL SERVICE
FROM CAPACITIVE SOURCES

Total annual cost	(Appendix G)	<u>243</u>	\$ thousands
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Total usage	(Appendix B)	<u>286.7</u>	MW
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For Point to Point Service

Yearly		847.80	\$ / MW - yr
Monthly	= Yearly / 12	70.65	\$ / MW - mo
Weekly	= Yearly / 52	16.30	\$ / MW - wk
On-peak daily	= Weekly / 5	3.26	\$ / MW - day
Off-peak daily	= Yearly / 365	2.32	\$ / MW - day
On-peak hourly	= On-peak daily / 16	0.20	\$ / MWh
Off-peak hourly	= Yearly / 8,760	0.10	\$ / MWh

For Network Service

Yearly		847.80	\$ / MW - yr
Monthly	= Yearly / 12	70.65	\$ / MW - mo

Notes: 1 The transmission customer (Point to Point or Network) must purchase this service from the transmission provider.

APPENDIX I
FIXED CHARGES RATE FOR CAPACITIVE SOURCES

THIS APPENDIX IS NO LONGER REQUIRED

SCHEDULE 1

Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the Transmission Provider in which the transmission facilities used for transmission service are located. The Transmission Customer must purchase this service from the Transmission Provider. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below.

The charges for this ancillary service, payable monthly, are set forth below:

Point-to-Point:

1. Yearly Delivery: One twelfth of C\$**1,158.77**/MW of Reserved Capacity per year.
2. Monthly Delivery: C\$**96.56**/MW of Reserved Capacity per month.
3. Weekly Delivery: C\$**22.28**/MW of Reserved Capacity per week.
4. On-Peak Daily Delivery: C\$**4.46**/MW of Reserved Capacity per day.
5. Off-Peak Daily Delivery: C\$**3.17**/MW of Reserved Capacity per day.
6. On-Peak Hourly Delivery: C\$**0.28**/MW of Reserved Capacity per hour.
7. Off-Peak Hourly Delivery: C\$**0.13**/MW of Reserved Capacity per hour.

Network Integration C\$**96.56**/MW of Network Integration Service per month.

On-Peak days for the service are defined as Monday to Friday.

On-Peak hours for this service are defined as time between hour ending 09:00 and hour ending 24:00 Atlantic Time, Monday to Friday.

SCHEDULE 2

Reactive Supply and Voltage Control from **Capacitive** Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing this service that are under the control of the Control Area Operator (in the Control Area where the Transmission Provider's transmission facilities are located) are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from **Capacitive** Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from **Capacitive** Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider. Reactive Supply and Voltage Control from **Capacitive** Sources Service is to be provided directly by the Transmission Provider (Maritime Electric). The Transmission Customer must purchase this service from the Transmission Provider. The charges for such service will be based on the rates set forth below.

The charges for this ancillary service, payable monthly, are set forth below:

Point-To-Point:

1. Yearly Delivery: One twelfth of C\$**847.80**/MW of Reserved Capacity per year.
2. Monthly Delivery: C\$**70.65**/MW of Reserved Capacity per month.
3. Weekly Delivery: C\$**16.30**/MW of Reserved Capacity per week.
4. On-Peak Daily Delivery: C\$**3.26**/MW of Reserved Capacity per day.
5. Off-Peak Daily Delivery: C\$**2.32**/MW of Reserved Capacity per day.
6. On-Peak Hourly Delivery: C\$**0.20**/MW of Reserved Capacity per hour.
7. Off-Peak Hourly Delivery: C\$**0.10**/MW of Reserved Capacity per hour.

Network Integration C\$**70.65**/MW of Network Integration Service per month.

SCHEDULE 7

Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below:

1. Yearly Delivery: One twelfth of the demand charge of C\$45,983.18/MW of Reserved Capacity per year.
2. Monthly Delivery: C\$3,831.93/MW of Reserved Capacity per month.
3. Weekly Delivery C\$884.29/MW of Reserved Capacity per week.
4. On-Peak Daily Delivery: C\$176.86/MW of Reserved Capacity per day.
5. Off-Peak Daily Delivery: C\$125.98/MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

6. Discounts: Three principal requirements apply to discounts for transmission service as follows (1) any offer of a discount made by the Transmission Provider must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt(s) to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Non-Firm Point-To-Point Transmission Service at the sum of the applicable charges set forth below:

1. Monthly delivery: C\$3.831.93/MW of Reserved Capacity per month.
2. Weekly delivery: C\$884.29/MW of Reserved Capacity per week.
3. On-Peak Daily delivery: C\$176.86/MW of Reserved Capacity per week.
4. Off-Peak Daily delivery: C\$125.98/MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5. On-Peak Hourly delivery: C\$11.05/MW of Reserved Capacity per hour.
6. Off-Peak Hourly delivery: C\$5.25/MWh of Reserved Capacity per hour.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any

SCHEDULE 9

Non-Capital Support Charge Rate

The Non-Capital Support Charge Rate is an OM&A related carrying charge and shall include, without limitation, all indirect OM&A expenses. This rate is calculated as the indirect OM&A component of the Transmission Provider’s revenue requirement divided by the total plant (fixed assets) upon which the revenue requirement is based. This rate is applied to assets for which the Transmission Customer has been assigned an obligation to make support payments to the Transmission Provider. A Direct Assignment Facility for the interconnection of a generator that is paid for by the Transmission Customer but maintained by the Transmission Provider is one such example. The rate is as follows:

Non-Capital Support Charge Rate = 1.77%

The capital charges that are subject to support for a particular Transmission Customer are to be identified in the respective interconnection agreement.

Calculation of the support rate:

OM&A (Indirect)	C\$2.210	million/year
Fixed Assets (Gross Book Value)	C\$124.661	million
OM&A ÷ Fixed Assets	1.77	%

This rate will be updated by Maritime Electric subject to the approval of IRAC and will be used to calculate the support payments for capital charges that are subject to support payments. One-twelfth of the Capital Support Rate Charges will be paid monthly by the Transmission Customer.

In addition to the Non-Capital Support Rate Charge the Transmission Customer will be billed monthly on a time and materials basis for all OM&A direct costs (labour, materials and transportation) associated with the Direct Assignment Facilities.

ATTACHMENT H
Annual Transmission Revenue Requirement
For Network Integration Transmission Service

1. The rate charges for Network Integration Service will be C\$3,831.93 per MW-per month.

This rate will be applied to the Network Integration Transmission provided for Network Load.

2. The Network Customer's monthly Network Load is its hourly load at the time of the PEI hourly peak load for the month and the Network Customer's monthly Network Load includes all electrical consumption regardless of source including losses and also includes its designated Network Load not physically interconnected with the Transmission Provider under Section 31.3 of the OATT.