OPENING STATEMENT OF NEWPAGE PORT HAWKESBURY CORP. AND BOWATER MERSEY PAPER COMPANY LTD.

Mr. Chair, Board Members, as you are aware, NewPage Port Hawkesbury Corp. and Bowater Mersey Paper Company Limited (NPB) are NSPI's two largest customers. As such, they have been actively involved for many years in all matters regarding NSPI's rates, including the various prior proceedings related to the implementation of DSM in Nova Scotia.

This specific proceeding began back on November 4, 2010, when the Board issued an Order establishing a timetable for its hearing to consider Efficiency Nova Scotia Corporation (ENSC)'s DSM Plan for 2012. In contrast to prior DSM proceedings, the Board's timetable included two specific DSM Stakeholder Sessions prior to the filing of the 2012 DSM Plan by ENSC. NPB understood that these sessions were intended to provide stakeholders, including Board consultants, with the opportunity to work collaboratively with ENSC in the development of the plan for 2012.

NPB believes that the collaborative process envisioned by the Board in setting the timetable for this hearing was successful and as the Board intended. ENSC held open sessions which were well attended, and ENSC and its consultants responded to the comments and concerns raised by various parties in a transparent fashion. The result is a 2012 DSM Plan that exceeds the aggressive savings targets included in the 2009 IRP Update by a significant margin, while minimizing to the extent possible the rate increases that customers will see on their bills in 2012 on account of DSM spending. NPB is here today in support of the DSM programming plans put forward by ENSC for 2012, and also understands that this proposed level of DSM investment is broadly supported by other ratepayer representatives including the Consumer Advocate, the Avon Group, and the Municipal Electric Utilities.

As a result, following our review of the Evidence and Information Request Responses filed by ENSC in this proceeding, NPB had not planned to formally participate in the hearing. Unfortunately, from NPB's perspective, last week various consultants filed

Intervenor Evidence that appears to suggest the Board should require ENSC to increase the proposed DSM spending levels in 2012, despite the fact that the plan as filed already exceeds the cumulative achievable energy savings targets that were identified and included in the 2009 IRP Update.

NPB is fully supportive of the development of cost-effective DSM in the Province. Each of Bowater and NewPage has, over the past number of years, carried out their own extensive internally-funded energy conservation and demand management initiatives outside of the ratepayer-funded DSM programs offered by NSPI and now ENSC, some of which is appropriately reflected in ENSC's 2012 DSM Plan.

However, in order to ensure that DSM spending maintains public support and continues to be implemented effectively to the benefit of ratepayers, parties must acknowledge that Nova Scotia is in the midst of an aggressive ramp-up in spending levels that will continue to present challenges. ENSC is a new entity that has only recently been tasked with the responsibility for administering DSM in the Province. And while the evaluation and verification of DSM spending in 2008 to 2010 indicate that DSM spending has been cost-effective to date, there is no experience in Nova Scotia as to whether cost-effective savings at annual DSM investment levels in excess of $40 million will remain achievable. The short-term rate impacts of these programs are also a significant concern, particularly to customers in competitive industries such as NPB, so it is crucial that DSM funding collected from ratepayers be spent as efficiently as possible.

In this context, NPB submits that it would not be appropriate for the Board to adopt any recommendations that would require ENSC to increase the proposed DSM spending levels as part of its 2012 Plan. As ENSC notes in its Reply Evidence at page 3, it has already "…given extensive consideration to various options regarding the appropriate level of program spending and energy savings in the development of the 2012 DSM Plan, including expert opinion and experience from leading sources and advice and input from stakeholders." In NPB's view, ENSC has succeeded in striking the appropriate balance in its first DSM Plan filing, and the Board should reject the suggestions of other consultants that further increases in DSM spending are required at this time.

Thank you.