



OPENING STATEMENT

by
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This is an application by Nova Scotia Power for approval of a load retention rate.

The purpose of the rate is to enable Nova Scotia Power to retain large customer loads that would otherwise leave the system for an alternate supply, by offering the customer a rate that would make the customer indifferent with respect to the alternate supply option. In keeping with Nova Scotia Power's commitment to all of its customers to maintain stable pricing, the rate would only be offered where the impact on Nova Scotia Power's other customers can be mitigated by offering the customer in question the load retention rate.

Like all other players in the marketplace, Nova Scotia Power and its customers are experiencing the continuous change that the technology revolution is forcing on all aspects of our society. Where once we operated in markets that were confined to geographic areas because of economics, we are now influenced by markets that are becoming increasingly globalized. Freer trade, combined with improvements in communication systems, information technology and transportation are providing easy access to markets around the world, and creating new choices, challenges and opportunities for all. The primary challenge, of course, is to remain competitive and businesses are addressing this through strategies that range from in-house cost control to the pursuit of efficiencies through mergers and acquisitions.

One part of in-house cost is energy, and many of our customers are evaluating how these costs can be controlled.

In Nova Scotia an additional energy choice is being offered in the form of natural gas. One of the opportunities that natural gas has created is the potential for some customers to leave Nova Scotia Power's system and procure an alternate supply. For some of our customers, preliminary investigations indicate that such a strategy may be economically attractive, and while that is a good thing for the customer in question, other customers could be negatively impacted by the resulting loss of load.

To meet this concern Nova Scotia Power proposes to establish a load retention rate. Such a load retention rate would allow Nova Scotia Power to offer large customers a choice that would see them stay on the system, thus benefiting all of Nova Scotia Power's customers while maintaining stable energy prices.

Nova Scotia Power proposes a two-stage process. In Stage 1, which is the subject of this Hearing, Nova Scotia Power is seeking UARB approval of a generic load retention rate. Assuming Board approval of Stage 1, Nova Scotia Power proposes Stage 2, during which prices to be charged under that rate would be established on a case by case basis where participation would be limited to Nova Scotia Power and the customer, both of whom would operate within the confines of a confidentiality agreement. The resulting price, terms and conditions would then be submitted to the UARB for approval.

We believe the load retention rate is needed to help maintain stable energy prices for Nova Scotians. The rate is similar in design to rates approved by regulatory authorities in other jurisdictions and we respectfully request the Board's approval.