Blackburn Law Inc.

October 4, 2024

VIA EMAIL

Ms. Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax NS B3J 3S3

Dear Ms. Henwood:

Re: M11764 - Nova Scotia Power Inc. (NSPI) 2024 10-Year System Outlook Report

The Small Business Advocate (SBA) has reviewed NSPI's 2024 10-Year System Outlook (the "System Outlook") and NSPI's responses to Information Requests and has the following submissions.

In general, NSPI's System Outlook is consistent with NSPI's planning processes, as documented in the *Evergreen IRP* and the *Path to 2030* report. The System Outlook presents a reasonable forecast of loads and resources to meet system needs in the near-term, considering known policies and constraints. There are few areas in which the resource outlook presented in the System Outlook differed from the prior planning documents. For example, the Rate Base Procurement was expected to yield 373 MW of wind capacity in the Path to 2030 report but is now only expected to deliver 306 MW of new capacity.[1] NSPI provided a full summary of the differences in the resource forecasts.[2] The discrepancies are relatively minor, and do not necessarily impact the ability of NSPI to meet its obligations to serve load.

There are a few areas in which the System Outlook highlights potential risks to NSPI's planning. While these risks do not require immediate changes to the System Outlook, the SBA has summarized these areas in order to flag the issues for additional consideration by NSPI and the Board.

- **Delays in resource development**. As noted above, NSPI summarized the differences between the resource plan in the System Outlook as compared to prior planning documents. In general, many of the discrepancies relate to delays in project in-service or programs in which less generating capacity is being developed than previously

[1] NSPI 10-Year System Outlook, p. 21.
[2] Response to NSPI (SBA) IR-2.

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anticipated. If these delays or shortfalls become worse over time, it could eventually impact resource adequacy.

- **Load growth**. The System Outlook uses an updated load forecast, revised since the last Evergreen IRP update. The SBA notes that the new long-term load forecast has increased in the near term.[3] Many regions in North America are experiencing rapid load growth, and NSPI should continue to assess the impact of load trends on supply planning to ensure that any needed modifications are incorporated in a timely manner to allow least-cost planning and robust stakeholder engagement in the decision-making process.

- **Peaking plant regulations**. One of the significant policy risks impacting NSPI's long-term resource plan is the Environment and Climate Change Canada (ECCC) Clean Electricity Regulations (CER), specifically the rules regarding the use of greenhouse gas emitting resources. In the System Outlook, NSPI noted that, based on stakeholder feedback, the ECCC has proposed changes to the CER which may allow additional flexibility to continue to use emitting generators in a peaking capacity, providing more time for a full transition to non-emitting generation.[4] In response to Information Requests, NSPI has stated that given the proposed changes, NSPI "is not considering an alternative plan without the inclusion of emitting generation at this time."[5] This approach represents a risk if the final regulations are not as permissive as NSPI is currently expecting, or if additional regulations are enacted in the future.

- **Reserve margin deficiency beginning in 2031**. The Load and Resources Outlook included in the System Outlook shows that the expected planning reserve margin (PRM) dips below the 20 percent target for the final three years of the outlook horizon.[6] While NSPI has identified a few measures it can take to mitigate any impacts,[7] NSPI has not made any modifications to its resource plan at this time.[8] However, this is an important risk and NSPI should keep the Board and stakeholders updated on resource adequacy as conditions change. Additionally, given that the resources developed under non-NSPI programs (such as the Renewable to Retail program) are included as capacity contributing to resource adequacy requirements, a shortfall in the development of those

[3] Response to NSPI (SBA) IR-1.
[4] NSPI 10-Year System Outlook, p. 42.
[5] Response to NSPI (SBA) IR-4(b).
[6] NSPI 10-Year System Outlook, pp. 48-50.
[7] NSPI 10-Year System Outlook, p. 48, lines 26-27 and p. 49, lines 1-3.
[8] Response to NSPI (SBA) IR-1(b) ("As this drop in PRM occurs at the end of the assessment period, NS Power has chosen not to show any additional resource build requirements at this time, due to the degree of uncertainty associated with assessing periods at the end of the planning horizon.")

resources may lead to uncertainty regarding the responsible party to identify replacement capacity.

The risks highlighted above represent areas which the SBA encourages NSPI and the Board to focus additional consideration as NSPI's long-term resource plan unfolds.

Lastly, the SBA notes that the expected establishment of the Nova Scotia Independent Energy System Operator (NSIESO) and the Nova Scotia Energy Board (NSEB) may result in significant changes to the roles and responsibilities for system planning and reliability. Future 10-year system outlook reports could be the responsibility of another entity besides NSPI. Given the uncertainties and key issues flagged above, it will be important to ensure clarity and transparency if there is any transition in system planning and forecasting obligations.

All of which is respectfully submitted this 4th day of October, 2024.

Yours very truly,

Melissa P. MacAdam
Small Business Advocate