Nova Scotia Energy Board

3rd Floor, 1601 Lower Water Street
Halifax, Nova Scotia B3J 3P6

Mailing Address
PO Box 1692, Unit M
Halifax, Nova Scotia B3J 3S3

TEL 902-424-1332
FAX 902-424-3919
TF 1-833-809-0040

board@novascotia.ca
nserbt.ca/nseb

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mark.peachey@nspower.ca

Mark Peachey, LL.B.
Manager, Regulatory System Planning & Innovation
Nova Scotia Power Inc.
1223 Lower Water Street
P.O. Box 910
Halifax, NS B3J 2W5

Dear Mr. Peachey:

M12247 – Nova Scotia Power Inc. – 2025 Evergreen IRP Action Plan and Roadmap Update

On April 30, 2025, NS Power filed its 2025 Evergreen Integrated Resource Plan (IRP) Action Plan and Roadmap Update (IRP Update). This is the fourth annual Action Plan Update since the 2020 IRP. It outlines recent changes to the electricity planning environment and updates to matters in the Action Plan and Roadmap items.

The panel assigned to this matter is Roland A. Deveau, K.C., Vice Chair; Richard J. Melanson, LL.B., Member; and Steven M. Murphy, MBA, P.Eng., Member.

NS Power held a technical conference on June 6, 2025, to review the IRP Update. The Board considered this matter by way of a paper hearing process, including Information Requests (IRs) and submissions from the parties. The Board directed that participants in Matters M10504 and M11307 had formal standing in this proceeding, along with new participants who wished to intervene. On July 15, 2025, NS Power responded to IRs from the Board, the Board Counsel's Consultants, Synapse Energy Economics, Inc. (Synapse), Consumer Advocate, Small Business Advocate, Industrial Group, Energy Storage Canada and Natural Forces. Synapse filed its written comments on August 5, 2025. Written comments were filed on August 19, 2025, by the Consumer Advocate, Small Business Advocate, Solar Nova Scotia, Energy Storage Canada and Natural Forces.

It is important to note at this point that there has been a significant change in responsibility for integrated resource planning of Nova Scotia's electricity system. In February 2024, the Province introduced Bill 404, the *Energy Reform (2024) Act*, SNS 2024, c 2, Sch B (*More Access to Energy Act*), which provided for the creation of the Nova Scotia Independent Energy System Operator (NSIESO) and, when proclaimed, would transfer the system operator functions from NS Power to the NSIESO.

Sections 10 and 11 of the *More Access to Energy Act* provide:

Duties of IESO

10 **(1)** In furtherance of the objects of the IESO, the IESO shall

(a) develop terms of reference for and carry out an integrated resource planning exercise as required;

(b) carry out competitive procurements of energy resources consistent with the results of the integrated resource planning exercises referred to in clause (a) and as provided for by the regulations;

(c) issue administrative penalties in accordance with the Market Rules and Procedures; and

(d) carry out transmission interconnection studies and implement transmission connected generation interconnection procedures in a timely manner and in accordance with the regulations to support the purpose of this Act.

(2) The IESO shall carry out procurements of energy resources, subject to any additional or alternative requirements as may be prescribed by the regulations or considered appropriate by the IESO in accordance with the Province's 2030 Clean Power Plan, the purpose of this Act and the objects of the IESO.

(3) <u>Prior to carrying out the integrated resource planning exercise referred to in subsection (1), the IESO shall operate on the basis of the results of the most recent update to the integrated resource plan filed by NSPI with the Utility and Review Board.</u>

Integrated resource planning exercises

<u>**11** **(1)** The IESO shall commence its first integrated resource planning exercise within one year following the coming into force of this Section.</u>

…

(3) The IESO shall file the results of its integrated resource planning exercises with the Energy Board once they are complete. [Emphasis added]

These sections were proclaimed into force effective October 24, 2024. The NSIESO did not file a notice of intervention in the present matter.

DISCUSSION AND ANALYSIS

Transition to the Nova Scotia Independent Energy System Operator

As noted in prior IRP Updates, NS Power must meet important environmental targets by 2030, which include the phase-out of coal-fired generation and achieving 80% of its sales from renewable resources. The successful execution of the Evergreen IRP Updated Action Plan and Roadmap is integral to meeting these goals.

A predominant concern repeated in most of the comments filed with the Board was the importance of continuing the integrated resource planning work, including continuing NS Power's work on its Evergreen IRP Updates and the NSIESO proceeding as soon as possible with its IRP modeling and releasing the next complete IRP. Synapse noted the importance of not delaying the conduct of the next IRP process with "updated core assumptions".

In the present and other matters, NS Power has indicated it is cooperating with the NSIESO in the transition of integrated resource planning functions to the latter. In its reply submission, NS Power stated that the NSIESO has established a Board of Directors and hired a Chief Executive Officer. It added that the NSIESO has filed its first Expenditure and Revenue Requirement application with the Board for its initial test year ending March 31, 2026, which is being considered in Matter M12412. NS Power cited that application as stating:

> …during the test period [i.e., the test year ending March 31, 2026], the NSIESO will begin exercising responsibility over its functions including System Planning and Grid Interconnection, and plan for the operational functions of System Operations to transition from Nova Scotia Power Inc. to the NSIESO. The full transition is not expected to be complete until Q2 2027.
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> …
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> In the first phase of the transition, the system planning, transmission interconnection and energy and capacity procurement functions will be assumed by the NSIESO. This phase is expected to occur during Q4 of 2025.
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> …
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> The responsibility for conducting Integrated Resource Planning will be transitioned to the NSIESO by October 2025 as the Act requires that the NSIESO commence its first integrated resource planning exercise by October 24, 2025.
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> [NS Power Reply Submissions, pp. 5-6; NSIESO Application, Matter M12412, pp. 1, 8 and 21]

NS Power stated it understands that the NSIESO is planning to start its IRP work by October 23, 2025. The Board recognizes the urgency noted by the parties who filed comments in this matter that the integrated resource planning process needs to continue without delay during the transition of these functions from NS Power to the NSIESO. Some requested that the Board direct NS Power to continue all this IRP planning work during the transition and to cooperate with the NSIESO to ensure a seamless transition. Synapse made several recommendations directed specifically to the NSIESO as it undertakes its first integrated resource planning process. The Board considers these recommendations to be useful and they should be considered as part of the new IRP process. However, as noted above, the NSIESO did not file a notice of intervention in the present matter. In these circumstances, the Board does not consider it appropriate to direct the NSIESO to carry out these recommendations. However, the Board anticipates that the new system operator is monitoring these regulatory proceedings and the Board cites Synapse's recommendations for its consideration, as well as many of the other issues identified by the parties.

NS Power's IRP-related studies and activities

Synapse expressed concerns that NS Power has not conducted new IRP modeling since the 2022/2023 Evergreen IRP study and that it is important not to delay the process of conducting the next IRP with updated core assumptions. Synapse stated that there are current studies that must be completed by NS Power as inputs to the IRP modeling:

> Furthermore, it is imperative for NSPI and other entities to complete the studies that they are working on in an expeditious manner so the results can be used by the NSIESO as inputs to the next IRP. The six driving factors we identify that require updating and will affect resource determinations for 2030 include, in addition to the two studies noted here (ELCC and Net Zero Atlantic's hybrid peak assessment): the load forecast, the relative cost of new firm capacity resources, the existence of more battery energy storage resources online or planned for 2030 (compared to the preferred plan of the 2023 Evergreen IRP), and the ability of obtaining additional firm import capacity through New Brunswick by the 2029/2030 period.

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> NSPI did not update any production cost or capacity expansion modeling to inform any part of the Action Plan Update, nor did it use the results associated with modeling in the Reliability Intertie case (M12217). The Action Plan Update did not use the most recent (i.e., 2025) load forecast, DSM, or load management assumptions. Critically, it does reference the updated 10-Year System Outlook from 2025 and the Path to 2030 reports (both the original from December 2023 and the update from December 2024). The resource plans in those reports reflect changes made by NS Power (in 2023) based on its assertion that the effect of updates to the load forecast in 2023 and 2024 lead to more CTs. However, it did not examine or explain how it determined that the "slightly modified" resource plan should reflect more CTs, rather than any other path for increasing firm resources to meet an increased need.
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> The Action Plan Update directly relies upon the Path to 2030 report (2024 update) for the resource plan associated with the update. NS Power did not directly compare the resource plan associated with this Action Plan update, as contained in the Path to 2030 report (2024 update), to that of the 2023 IRP.
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> [Synapse comments, pp. 2 and 6-7]

Such concerns were repeated in other submissions, particularly those of the Small Business Advocate:

> There are recent policy changes, such as the Clean Electricity Regulations (CER), that could have important implications for Nova Scotia's near-term resource planning decisions. Key provisions of the CER, such as the banking of emissions credits, have not been evaluated by NS Power within the resource planning context, and NS Power has stated that those rules " ... can be considered in future IRP studies conducted by the NSIESO." NS Power has also stated that it is not planning to conduct a rate impact analysis capturing impacts of recent policy changes because that should be done after NSIESO completes the next IRP.
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> …
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> There are multiple key IRP assumptions that will need to be updated prior to the next IRP, and NS Power should use its expertise to support the development of the inputs to be used by NSIESO.
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> Of particular note are the CT price assumptions. As noted above, global demand for CTs has reached historically high levels, and capital costs have more than doubled in the past few years. NS Power has stated that it has not updated the CT assumptions because NSIESO will be responsible for procuring future fast-acting generation, but will be critical for NSIESO to have accurate, Nova Scotia-specific cost estimates to conduct a new IRP, and NS Power is currently the entity best situated to develop such estimates at this time.
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> [SBA comments, pp. 1-3]

The Board recognizes that the integrated resource planning environment is not static. The policy backdrop continues to evolve, technological advances occur which present both opportunities and challenges, and other circumstances will develop and assumptions will need to be updated as some aspects of the IRP are advanced. The Board considers that the Evergreen IRP must also continue to evolve with the changing environment. The integrated resource planning process is in transition at the moment as the NSIESO is literally taking over the reigns of this responsibility from NS Power pursuant to the *More Access to Energy Act*. The Board believes that NS Power should continue activities that will provide updated information to the IRP process, but this process is now the NSIESO's function. Having both NS Power and the NSIESO conducting the same or overlapping IRP process would be inefficient, risk duplication and waste resources. In the circumstances, the Board finds that

NS Power should continue the activities that are clearly identified and can serve as inputs to the NSIESO's IRP process.

In its reply submission, NS Power said it will continue to advance work on the Effective Load Carrying Capacity (ELCC) study and continue to participate in the Net Zero Atlantic Hybrid Peak study being conducted by the Province. The Small Business Advocate stated that NS Power has not yet started the updated ELCC study. The utility provided a two-page draft scope of work in February, with the final version filed at the end of July 2025. At the time of the Small Business Advocate's comments, NS Power had not started looking for a consultant to complete the study. These are two important inputs to the IRP process. The Board directs NS Power to conduct the ELCC study without delay. It is also directed to continue its participation in the Net Zero Atlantic Hybrid Peak study. NS Power has indicated it is assisting and coordinating with the NSIESO with the transition. The Board also directs NS Power to provide an update by May 31, 2026, on the status of the ELCC study and the Net Zero Atlantic Hybrid Peak study.

As to the other IRP activities mentioned by Synapse, the Small Business Advocate and the other participants in this matter, except for a few comments below about some of the issues, the Board considers these activities are more appropriately canvassed and considered in a comprehensive IRP process conducted by the NSIESO. The Board expects the NSIESO will advise NS Power or the Board of any guidance it requires during the transition.

NS Power did not agree with some of the above concerns and other submissions made by the participants about items which they claimed were not incorporated into the Evergreen IRP Update.

> In addition, NS Power would like to reinforce the applicability of the Evergreen IRP's outcomes and additional PLEXOS modeling conducted in other proceedings (for example, the Reliability Intertie application (M12217)) as it relates to the changes observed in the planning environment. Specifically, comments provided by intervenors with respect to the forecasted Fast Acting Generation capacity additions, the updates to the Clean Electricity Regulations, and the impacts of hybrid-peak heating program are well reflected in the existing Evergreen IRP and the Reliability Intertie modeling (in which 600MW of fast acting generation was economically selected, considering updated costs, load forecast including hybrid peak benefits, and environmental policy assumptions). The currently available modeling work provides an appropriate representation for the current planning environment until the completion of the NSIESO's first IRP.
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> [NS Power Reply Submission, p. 7]

The Board shares Synapse's concerns about the issues it identified, including the ones outlined earlier in this decision, as well as issues relating to modeling for the Mersey hydro system rehabilitation. Issues related to how much, and when, fast acting generation should be added; how load forecasts should be modeled into the IRP; and the impact of the NS-NB Reliability Intertie on the IRP, should be considered in a comprehensive IRP modeling exercise being conducted by the NSIESO. The issues raised by Energy Storage Canada may also be considered as appropriate during the NSIESO's IRP process, including which firm capacity needs should be canvassed in the IRP exercise. Similarly, the issues raised by Natural Forces about pumped storage hydro are more appropriately canvassed in the IRP exercise. Energy Storage Canada and Natural Forces asked for the Board's direction on how policy factors such as “sustainable prosperity” and “energy security” should be applied in the IRP process. The Board considers again that such factors should be considered as appropriate in the context of the IRP exercise and any related consultation process. Any Board direction at this point would be given in the abstract and may limit the broad considerations to be assessed in the IRP. Further, the Board finds that Solar Nova Scotia's comments about the Distributed Energy Resource (DER) Integration Roadmap should be addressed in that matter (M12177), but it agrees the findings and recommendations in that matter are appropriate to the IRP process. NS Power has stated it expects to file the final DER Integration Roadmap report by year-end 2025.

The Consumer Advocate's consultant, GridStrategies, submitted that Phase 2 of the NS-NB Reliability Intertie should be studied in NS Power's Evergreen IRP Update. The Board considered the potential for Phase 2 in its recent decision approving the Reliability Intertie Project, 2025 NSEB 12 (M12217), at para. 226. The Board adopts those comments here. GridStrategies and the Small Business Advocate also said that NS Power should prepare an updated rate impact evaluation. The Board agrees that such an exercise is more appropriate when the IRP has been completed, unless the NSIESO requires it earlier.

Conclusion

The Board directs NS Power to conduct the ELCC study without delay and to continue its participation in the Net Zero Atlantic Hybrid Peak study. The Board also directs NS Power to provide an update by May 31, 2026, on the status of the ELCC study and the Net Zero Atlantic Hybrid Peak study.

The Board accepts NS Power's Evergreen IRP Update, as filed.

Yours very truly,

Roland A. Deveau, K.C.
Vice Chair

Richard J. Melanson, LL.B.
Member

Steve M. Murphy, MBA, P.Eng.
Member

c. William L. Mahody, K.C., Board Counsel
Participants M12247