NON-CONFIDENTIAL

Request IR-1:

Reference: Exhibit N-3, GRA Direct Evidence, Page 13

(a) At page 13, NS Power states that securitization could save customers as much as $90 million over 2026-2027. Please provide the calculation of the $90 million including all inputs and clarify if this is $90 million in each of 2026 and 2027.

(b) What assumptions has NS Power made with respect to the cost of servicing the securitized debt? Is this accounted for in the $90 million?

Response IR-1:

(a-b) Please refer to MPA IR-7 for inputs into the calculation and an updated calculation that shows savings for customers of approximately $85 million over the two-year period. The cost of servicing the securitized debt is accounted for in the calculation of net savings for customers.

NON-CONFIDENTIAL

Request IR-2:

(a) Please provide an update on each step which needs to be completed so securitization can be in place by January 1, 2026.

(b) When does NS Power expect to file for approval and what regulatory timeline does NS Power contemplate to enable this to take place?

(c) Does NS Power have any information suggesting that securitization will not be possible?

Response IR-2:

(a-c) Please see NS Power's response to NSEB IR-89 (a-c). NS Power does not have any information suggesting that securitization will not be possible.

NON-CONFIDENTIAL

Request IR-3:

(a) Where NS Power has not included forecasted recovery of securitization costs in its revenue requirement and base rates, is it correct that NS Power plans to recover these costs through a rider? If not, please explain.

(b) What are the pros and cons of recovery in a rider rather than in base rates?

(c) What is the *approximate* rate impact, if approved as a rider, (i) overall and (ii) by customer class? Please state all assumptions but do not refuse to answer on the basis that the options regarding the term, rate and recovery mechanism have not been settled and securitization has not been applied for and approved.

(d) Please explain the treatment of any such securitization rider in relation to retail customers of the LRS and how securitization costs will be recovered.

Response IR-3:

(a) Yes, NS Power plans to recover these costs through a rider.

(b) NS Power proposes to recover securitization costs through a rider as this will be a requirement of the credit rating agencies and bond holders in order to achieve satisfactory credit rating treatment for the securitization bonds.

(c) Renewall has correctly identified some of the critical inputs that would dictate an approximate rate impact. The recovery term, the financing rate, the timing of the debt issuance(s), and the cost of service treatment will all influence the rate impact. Furthermore, as Renewall has also identified, NS Power is not seeking approval of the Securitization Rider as part of this GRA. It will be the subject of a separate application. For those reasons, NS Power is not currently in a position to respond to this question.

What is relevant for this application are the following facts:

- Given the 2030 energy transition requirements, securitization will support the transition to 2030 by allowing the approximately $700 million in rate base incurred to serve customers to date, including RtR customers, to be recovered over a longer period than would otherwise be possible with conventional depreciation.

- Securitization will allow the approximately $700 million to be financed with 100 percent debt, rather than a 60/40 debt/equity ratio.

- Given the Provincial Government backing, securitization will allow the debt financing rate of the approximately $700 million to be lower than could otherwise be obtained by NS Power.

Consequently, regardless of the Securitization Rider rate impact, customers will realize savings as a result of the proposed securitization.

(d) Class responsibilities for prospective annual securitized rider amounts are expected to be based on class shares in the non-fuel generation costs from the most recent cost of service studies (COSS) on regulatory record. Given that the LRS' customers will also be taking service from NS Power under the Distribution Tariff, it is expected they will pay the same securitization riders in cents per kWh as their counterparts in the bundled service rate classes. That is, the domestic customers in the RtR market will pay the same securitization rider as the domestic customers taking the bundled service and the same goes for other rate classes such as the Small General, General etc. The approach will be similar to that used in recovery of the DSM and Storm Cost Recovery riders.

Request IR-4:

Reference: At page 16 of the Direct Evidence, NS Power states that the rates that are being applied for in this Application will therefore result in an overall average increase for customers of approximately 1.8% in 2026 and 2.4% in 2027, but with rate decreases for certain customer classes and provides a breakdown of fuel and non-fuel changes in Figure 2-1.

(a) In limiting to "in this Application", please confirm NS Power is not representing that the rates shown in Figure 2-1 will be the actual and only rate impacts experienced by customers in 2026.

(b) On October 21st, NS Power filed its September 2025 FAM Monthly Report showing a FAM balance of $66.9 million as of the end of Q3. Is this the amount NS Power will be applying to recover in the FAM AA/BA? If not, please explain.

(c) When will NS Power file its FAM AA/BA Application?

(d) If the BCF is approved as filed, and the 2026 FAM AA/BA rider is approved as filed, and if the forecast bears out, should the FAM balance be nil at the end of 2027 for all customer classes? If not, please explain, and provide details of the anticipated variances.

(e) Although this is a two-year rate application, please confirm that the riders will continue to operate (FAM AA/BA, storm, DSM) so there will be additional impacts in 2027.

Response IR-4:

(a) Confirmed. The scope of this application is specific to the relief requested in Section 16 of the Direct Evidence which includes, for this application, adjustments to the electricity rates summarized in Figures 2-2 and 2-3 for 2026 and 2027, respectively. For clarity, Figure 2-1 summarizes the proposed rate impacts in 2026 and 2027 as a percentage, rather than the proposed rates themselves.

(b) It has not been determined what the Company will seek to recover. Please also refer to NSEB IR-1 Attachment 1, specifically Schedule A on PDF page 9 and PDF pages 11-12.

(c) Please refer to NSEB IR-36.

(d) Please refer to BW IR 10.

(e) Please refer to the following sections of the Company's Direct Evidence:

- FAM AA/BA – Section 2.2, page 21, lines 2-3 provides "With respect to the fuel-related GRA amounts and Actual Adjustment / Balance Adjustment (AA/BA) riders and rates, the FAM will continue to operate."

- DSM Cost Recovery Rider – Section 13.5, page 82, lines 17-19 provides "Since the GRA, the NSEB has approved the DSM Rider for 2024 and 2025. NS Power proposes to continue recovering the DSM program costs through the rider." NS Power filed its 2026 DSM Cost Recovery Rider Application on October 22, 2025 (M12521) for recovery of E1's DSM expenditures for the 2026 Plan Year.

- Storm Cost Recovery Rider (SCRR) – Section 13.6, page 85, lines 16-17 provides "NS Power proposes the base rate allowances for storm restoration OM&G costs during the GRA period as set out in Figure 13-2." The Company confirms that the

2025 SCRR, for collection of 2023 storm-related costs, is in effect until December 31, 2025. Storm costs were not in excess of those contained in rates for 2024; therefore, no SCRR will be in effect on January 1, 2026, and until such time as the 2025 calendar year has elapsed, it is yet to be determined whether an SCRR will be required in 2027.

Request IR-5:

Reference: Exhibit N-3, Proposed Rates Figure 2-2, and Figure 2-3 pages 18-19.

(a) Why do the charges for the DSM in 2026 and 2027 not show an increase, when it is known that there is a legislated increase in the DSM budget in 2026?

(b) Recognizing that the 2027-2031 DSM Plan and Budget is still in development, what is NS Power's best information presently regarding E1's plan and budget for 2027? Please provide an order of magnitude to compare 2026 to the range of budgets under development for 2027.

(c) Please restate Figures 2-2 and 2-3, including the 2026 DSM Plan and budget, as applied for, and NS Power's assumptions for 2027.

(d) Please explain why the distribution cost adder for the Large Industrial Tariff is proposed to increase 42.9% in 2026.

(e) Please provide a version of Figure 2-2 and 2-3 which includes all the riders (known or forecasted), breaking down into their components.

Response IR-5:

(a) Please refer to Renewall IR-4 and NSEB IR-143. NS Power has included DSM expense at the 2026 legislated amount in its 2026 and 2027 GRA forecast.

(b) The Company does not have an estimate or an order of magnitude of E1's range of budgets for E1's 2027 DSM activities as the 2027-2031 DSM application has not yet been filed.

(c) Please refer to NSEB IR-143, part (c).

NON-CONFIDENTIAL

(d) Please refer to IG IR-1.

(e) The FAM AA/BA and DSM Cost Recovery Riders are not proposed as part of this Application. Please also refer to Renewall IR-4.

Request IR-6:

Reference: Exhibit N-3, page 25, lines 22-24

(a) NS Power states that migration to RTR reduces sales but has no impact on forecast peak demand. Why?

(b) Is this premised on NS Power's view that it must maintain its generation capacity in the event that departed retail customers return to NS Power's bundled service? If not, please explain.

(c) In NS Power's view, is this an indefinite obligation for it to plan to maintain sufficient capacity to serve all retail customers?

(d) Is this obligation modified if retail customers in the RTR market (or a certain percentage of retail customers) choose to take service under a long-term contract with the LRS?

(e) Does NS Power consider it has any ability to mitigate costs and potentially reduce capacity by virtue of competitive retail sales? Please explain.

Response IR-6:

Preamble: the competitive retail market in Nova Scotia has not yet materialized, despite having been anticipated for several years. The foundational regulatory framework for the Renewable to Retail (RTR) market began with the development of the applicable Tariffs under Matter M06214, which were approved in 2016. Subsequently, in 2021, the Board approved Renewall's Application for a Retail Supplier Licence under Matter M10293. Since that time, Renewall has submitted three separate requests to extend its deadline for selling renewable low-impact electricity under the terms of its licence, citing delays outside of its control. These extensions were granted by the Board on

May 30, 2024 and again on November 12, 2024. Most recently, on September 26, 2025, the NSEB approved a further extension of Renewall's deadline to March 31, 2027.

In the absence of an active market, it is premature to comment with certainty on the long-term obligations or conditions that may arise for the Company when, and if, the RTR market materializes. NS Power remains committed to continuing its collaborative efforts with Renewall to design any tariffs, procedures and standards of conduct, and to make any amendments to existing tariffs, procedures and standards of conduct that are necessary to facilitate the purchase of renewable low-impact electricity. As the market develops, more information will become available which may warrant review of these issues. The following responses are provided in light of the continued development of the RTR market, and the Company's best available information at this time.

(a) Please refer to NSEB IR 22.

(b) Confirmed; NS Power also provides top-up energy and capacity to the Licensed Retail Supplier under the Energy Balancing Service (EBS) and Standby Service (SS) Tariffs and must plan to potentially serve the full load of the RTR market even when that load is under contract with an LRS. As the market develops, this premise could change.

(c) In its role as system operator, NS Power is required by NERC and NPCC standards to ensure sufficient firm capacity is available to meet the forecast firm demand in the province and maintain a planning reserve margin above the forecast firm demand. Whether in-province demand comes from RTR customers, Municipal customers, or NS Power customers is irrelevant to this obligation. Please refer to the 2025 Ten-Year System Outlook (M12386) for more details.

(d) No. Please refer to the preamble and parts (b) and (c).

NON-CONFIDENTIAL

(e) In resource adequacy assessments, NS Power considers the firm capacity contributions from third-party generators, including those built to serve the competitive retail market, when determining the necessary firm capacity needed to meet forecast peak demand in the province.

Request IR-7:

Reference: Exhibit N-3, Section 13.10 Distribution Tariff, pages 88-89 and Exhibit N-4, PR-01, Attachment 2U Distribution Tariff Rates Redline.

(a) Please describe the "recent engagement undertaken" referenced at line 24 and whether this included engagement with REI, currently the only licensed retail supplier?

(b) If not, why was this issue not raised in advance with REI?

(c) The evidence states that:

> **"NS Power has reviewed and updated charges for the distribution and retail services offered under the Distribution Tariff (DT) and Distribution Tariff Rates (DTR). The methodology for the DT remains unchanged from the 2023-2024 GRA with the exception of the Large Industrial Rate (LIR) which is proposed to include separate charges for distribution- and transmission-connected customers."**

(i) Please provide a copy of the current Distribution Tariff ("DT")

(ii) Is NS Power proposing any amendments to the DT itself? If so, please provide a redline.

(d) Where the DT explicitly states under SCOPE, that "This Distribution Tariff is not applicable to RtR Customers directly connected to the Transmission System", how does NS Power reconcile its proposal to impose rates under the DTR on transmission-connected RTR customers?

(e) The stated premise for the addition of new charges for transmission-connected LIR RtR customers is their reliance on retail services "such as" metering, meter data

services, call centre, etc. Please specify where in the COSS spreadsheet, (include the tab, row and column) can we find the breakdown of costs assigned to Large Industrial customers (transmission-connected) of the LRS associated with these retail services.

(f) Please list and compare the components of the "updated charges" for distribution and retail services offered under the DT and DTR for the past five years. Is the update in charges solely due to changes in Cost-of-Service methodology? If not, please identify and explain other updates.

(g) In the DTR at PR-01, Att. 2U, what is the significance of the red font and blue font?

(h) Please provide a table showing the proposed rate impacts (percentage change) for each component of the DTR for each class. Where the change is greater than 10% for a particular component, please provide an explanation.

Response IR-7:

(a-b) The recent engagement referenced on pages 88-89 of the Direct Evidence refers to NS Power's takeaways from ongoing bi-weekly check-in calls with Renewall that occurred before or at the time of drafting. Due to changes in the LRS's commercial operation date, these check-ins moved to monthly as of May 2025. NS Power takes opportunities where possible to raise items impacting the LRS in advance, but that is not always possible or practical. NS Power notes that all stakeholders have equal opportunity to review the proposed changes in the course of this GRA.

(c) (i) The in-effect Distribution Tariff can be found on OASIS at the following link: https://www.nspower.ca/oasis/renewable-to-retail

(ii) Please refer to part (d).

NON-CONFIDENTIAL

(d) Within the RTR market, NS Power service to customers is governed by the Distribution Tariff, which includes the Distribution Tariff Rates (DTR) as Appendix A. Until recently, the Distribution Tariff has only included provisions for RTR Distribution-connected customers. Within the GRA,[1] the Company has expanded the DTR to include service to RTR Transmission-connected customers. It was an oversight to not make accompanying revisions to the main body of the Distribution Tariff. To address this, pending a Board determination with respect to the proposed changes to the DTR, the Company proposes to update the Distribution Tariff, to align with the proposed DTR revisions, in the Compliance Filing to follow the GRA Decision.

(e) Please refer to Cell I461, "Exh 6.1" tabs of 2026-2027 SR-01 Attachment 2 PCON and 2026-2027 SR-01 Attachment 3 PCON.

(f) The update in charges in 2026 and 2027 are due to changes in the Cost-of-Service methodology and more investment in distribution since the 2023-2024 GRA. Please also refer to the response in part (h).

(g) The red and blue fonts do not have significance; in this instance, they are the result of two separate "authors" editing the text using Microsoft Word with the "Track Changes" option on.

(h) Please refer to SR-01 Attachment 15, tab "2026-2027 Tariff Var Report." Those rates components that are greater than 10 percent as shown in SR-01 Attachment 15, tab "2026-2027 Tariff Var Report" is a result of the change in the COSS of service methodology, increased Distribution and Retail cost since the 2023-2024 GRA, and reduction of the usage which forms the calculations of the charges. Please refer to Attachment 1.

[1] Please refer to Section 13.10 of the Direct Evidence.

2026-2027 GRA Renewall IR-07 Attachment 1 that has been filed electronically.

NON-CONFIDENTIAL

Request IR-8:

What is NS Power's transmission loss factor in each of 2026 and 2027. If that differs from prior years, please explain why.

Response IR-8:

The System Average Loss Factor (SALF) applicable to Network Integration Transmission Service is calculated annually and posted on OASIS.[1] The calculation for SALF is based on historical hourly data from the prior year. Since this data is not yet available for 2025 and 2026, the SALF values for 2026 and 2027 have not been calculated.

SALF varies year-over-year due to variations in system dispatch which are typically driven by factors including system load, fuel and purchased power prices, environmental constraints, transmission system constraints, and system outages.

[1] Loss Factors are posted in the System Reports and Messages folder on the NS Power OASIS found at this link: https://www.nspower.ca/oasis/system-reports-messages

NON-CONFIDENTIAL

Request IR-9:

When will NS Power be filing its application for approval of the 2026 Annually Adjusted Rates?

Response IR-9:

The Company filed its 2026 Annually Adjusted Rates Application on November 7, 2025.

Request IR-10:

Reference: **Exhibit N-3, s. 13.11 FAM Tariff, page 89, and POA Updates.**

(a) **Regarding LRS-related load migrations, NS Power says it is working "to determine a viable solution." Please outline the options considered addressing FAM balances for RtR market-related migrations.**

(b) **NS Power listed certain criteria in its consideration of options, i.e., leveraging established regulatory processes, minimizing FAM class impacts, and minimizing administrative burden to NS Power. Please list any other considerations beyond those three factors. In addition, does NS Power agree that other factors could include minimizing impacts to the LRS? Minimizing impacts to retail customers? Promoting competition?**

(c) **Please provide a table outlining the options for LRS-related load migrations and evaluate the options, by scoring against each of the above criteria (along with any additional considerations or factors).**

(d) **At page 90, NS Power states that "*future changes to the FAM Tariff, and to the POA, may be required to accommodate treatment of small volume customer load migrations resulting from the RtR Market*". Given the planned launch of the RtR Market and load migration in 2026, when does NS Power expect to apply for approval of such changes?**

Response IR-10:

(a) As noted in NS Power's June 24, 2024 letter to Renewall, under section 3.1 of the FAM Plan of Administration, when a customer transitions its load, whether in whole or in part, from a FAM class to a non-FAM class, NS Power shall determine the outstanding fuel cost imbalance of the customer at the time of transition. The determined imbalance will be adjusted as necessary in future FAM proceedings concerned with apportionment of fuel costs incurred in the period in question. The adjustments will be subject to Board approval. The outstanding imbalance and subsequent adjustments will be paid (or reimbursed) in full, and on reasonable terms acceptable to the customer and NS Power, or if the parties are unable to agree, as determined by the Board. Where payment is made over time, the transitioning customer shall pay, in addition, any carrying costs such that remaining customers and NS Power are kept whole. There has been discussion regarding options to recover the fuel cost imbalance at the time of transition.

As noted in the June 24, 2024 letter, the options are:

a. Utilizing a methodology based on historical usage to calculate the balance of a transitioning customer;

b. Billing the FAM cost imbalance to the LRS customer under the Distribution Tariff; and

c. Seeking full recovery from the LRS in one year outlining process, payment terms, evidenced in a formal agreement.

As also indicated in the June 24, 2024 letter, NS Power is open to discussing a solution wherein NS Power provides the LRS with an annual summary of customers that have migrated to the LRS with a calculation of the outstanding balance based on the set of given principles outlined above. The calculation might consider a September 30th date to align with the AA/BA process that is annually before the Board. The LRS would then pay NS Power in a lump sum and would determine its own terms for collection from its customers.

Additionally, in the June 24, 2024 letter, NS Power requested a written proposal from Renewall regarding the process and terms by which it, or its customers, will repay the FAM imbalance caused by migrating customers. To date, NS Power has not received a written proposal from Renewall.

As described in Sections 6 and 13.4 of the Direct Evidence, the Company has since made revisions to the FAM Tariff and Section 3.1 of the FAM POA to account for load migrations for other FAM and non-FAM classes. When NS Power has received a written proposal from Renewall, the discussions to incorporate RTR-related FAM provisions can continue.

(b) NS Power is guided by the following principles in assessing the FAM impact on NS Power customers as noted in its June 24, 2024 letter:

(i) Costs cannot be transferred to FAM customers as a result of establishment of the RtR Market;

(ii) Terms must allow for timely recovery of Fuel costs;

(iii) Terms must be simple for customers;

(iv) Terms should achieve simplicity in administration for both the LRS and NS Power; and

(v) Parties should make use of existing regulatory processes where possible.

(emphasis added)

Accordingly, NS Power will consider achieving administrative simplicity for both NS Power and the LRS; however, its obligations do not extend to consideration of "promoting competition." As noted in the Board's Decision Letter in M11874 issued April 9, 2025:

> …Renewall is responsible for establishing its own business model. NS Power's obligation to assist in the development of the RtR market is to

establish tariffs, procedures, and standards to facilitate the purchase of renewable low-impact electricity in the RtR market.

(c) Renewall and NS Power meet monthly to discuss workflows. That is the appropriate venue to first learn of Renewall's proposal regarding approach to collection of the FAM balance for customers migrating to the LRS, and then to assess viability.

(d) Once Renewall provides NS Power with its written proposal regarding the process and terms by which it, or its customers, will repay the FAM imbalance caused by migrating customers, NS Power can determine the appropriate regulatory path forward.

Request IR-11:

Reference: Exhibit N-4, PR-01 Attachment 2S, FAM Tariff.

While "BA" is defined, there is no definition of BA 1 and BA 2 as shown in the table. Please explain and provide a definition of each.

Response IR-11:

The FAM Plan of Administration (Appendix 6B, page 5) provides:

2. The Balancing Adjustment Component (BA)

    a. The Balancing Adjustment Component will provide for a correction to ensure that over/under-recovery produced by the Actual Adjustment Component is tracked and refunded to or recovered from customers.

    b. The Balancing Adjustment Component may also include, subject to specific Board approval, deferrals of fuel and purchased power costs existing at the time of FAM adoption or that result from any future Board decision.

While this does not explicitly define a "BA-1" and "BA-2," it provides the relevant definition for what is broken down as "BA-1" and "BA-2" in the redline FAM Tariff (PR-01 Attachment 2S). As the Company is not seeking to set FAM AA/BA Riders as part of the 2026-2027 GRA,[1] the BA-2 is blank in the redline FAM Tariff. In accordance with the Board's approval of NS Power's $117 million deferral,[2] the redline FAM Tariff set BA-1 to collect this balance. Providing BA-1 and BA-2 provides additional clarity regarding amounts being collected on behalf of Invest NS and the amounts being collected/refunded in relation to NS Power's FAM balance.

[1] Please refer to Section 2.2 of the Direct Evidence.
[2] M11393 – Board Decision, 312470. April 17, 2024.

NON-CONFIDENTIAL

Request IR-12:

Please explain, with specific examples, how NS Power's application supports the development of a competitive energy market.

Response IR-12:

Section 6 (2) of the *More Access to Energy Act* states:

> In approving or fixing rates, tolls, charges, tariffs, capital applications and all other matters over which the Energy Board has authority, the Board shall give **appropriate consideration to the extent to which** such rates, tolls, charges, tariffs, capital applications or other matters
>
> (a) support competition and innovation in the provision of energy resources in the Province;
>
> (b) support the development of a competitive electricity market;
>
> […]

Therefore, the Board must, as appropriate, consider these factors when making a decision, but an application itself need not address all or any of these in order to be approved by the Board. In NS Power's submission, the enumeration of these factors does not change the Board's mandate or alter what the Board has historically considered in the context of a general rate application.

In any event, the rates provided for in NS Power's GRA are non-discriminatory, transparent, and accurately signal costs to the market. Competitors can clearly understand the costs, which supports their ability to enter the market or develop competing services.

Request IR-13:

Reference: **Cost of Service by Functional Area in Cents per KWh**

While we were able to locate published pdfs of rate breakdown by class by functional area for 2023 and 2024 by searching Google (2023: https://www.nspower.ca/docs/default-source/pdf-to-upload/rate-breakdown-by-cost-of-service9d170487-74a3-4285-beb1-a41fcdb02a18.pdf?sfvrsn=1c9a1f6_1 and 2024: https://nspower.ca/docs/default-source/regulatory/rate-breakdown-by-cost-of-service-2024.pdf), we could not find anything more current.

(a) **Please provide a copy of the 2025 rate breakdown by class by functional area and the path to locate this document on NS Power's website. If the 2025 rate breakdown was not published, why not?**

(b) **Please provide the rate breakdown by class, by functional area for each of 2026 and 2027, as applied for, stating the assumptions and stating what is included and what is excluded (e.g. which riders are not reflected).**

Response IR-13:

(a-b) The latest version of the Rate Breakdown by Cost of Service is for the 2024 calendar year. This is available on NS Power's website at https://www.nspower.ca/about-us/producing/rates-tariffs under the Resources section at the "Rate Breakdown by Cost of Service" link. It was also filed as Appendix 2 to the 2024 Wholesale and Renewable to Retail Market Report (M12339) on February 28, 2025, in accordance with the Board's direction in M06214.

The 2025 Rate Breakdown by Cost of Service will be included in the 2025 Wholesale and Renewable to Retail Market Report, to be filed in Q1 2026, and published on the

Company's website at the link provided above coincident with the filing of the 2025 Report. The Rate Breakdown by Cost of Service for the 2026 and 2027 calendar years will be included in the 2026 and 2027 Wholesale and Renewable to Retail Market Report, to be filed in Q1 2027 and 2028, respectively.