

Nova Scotia Energy Board

IN THE MATTER OF *The Public Utilities Act*, R.S.N.S., 1989, c. 380, as amended

and

IN THE MATTER OF an application by Nova Scotia Power Incorporated for Approval of Certain
Revisions to its Rates, Charges and Regulations
M12451

Evidence Filed By:

Bates White Economic Consulting

On behalf of:

The Nova Scotia Energy Board Counsel

December 2, 2025

PUBLIC REDACTED VERSION

Nova Scotia Energy Board
In the Matter of
NSPI's 2026-2027 General Rate Application (M12451)
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I. Introduction

Q. What is the purpose of your evidence in this proceeding?

A. On September 18, 2025, Nova Scotia Power Inc. (“NSPI”) filed an application for approval of “certain revisions to its rates, charges, and regulations” as part of its 2026-2027 General Rate Application (“GRA” or “Application”).¹ As an independent consultant retained by the Nova Scotia Energy Board² (“NSEB” or “Board”), Bates White Economic Consulting (“Bates White”) was asked to review and address certain aspects of the Application.

Q. On what issues is Bates White offering an opinion?

A. The Application seeks increases in both non-fuel cost-related rates and fuel cost-related rates.³ Bates White was engaged to review aspects of the fuel cost-related rates only. Specifically, Bates White is reviewing the Application with respect to NSPI’s fuel and purchased power costs including the Base Cost of Fuel (“BCF”), the AA and BA adjustments, the load forecast report, the accuracy of NSPI’s commodity price forecasts, and determining whether NSPI has adequately represented the fuel component in the

¹ Nova Scotia Power Incorporated (“NSPI”), “2026-2027 General Rate Application,” M12451, September 18, 2025 (“Application”).

² On April 1, 2025, on proclamation of the *Energy and Regulatory Boards Act*, S.N.S. 2024, c. 2, Sch. A, the Nova Scotia Energy Board succeeded the Nova Scotia Utility and Review Board for all applications involving the production, transmission, delivery or furnishing of electrical energy under the *Public Utilities Act*, R.S.N.S. 1989, c. 380l; the *Electricity Act*, S.N.S. 2004, c.25; and the *More Access to Energy Act*, S.N.S. 2024, c. 2, Sch. B.

³ N15(i) 2026-2027 GRA OR-01 Att 01.xlsx on the tabs labeled “2026 Smoothed” and “2027 Smoothed.”

1 Application. Additionally, Bates White has been asked to review the treatment of PHP
2 rate proposal which treats the company as its own rate class via a new above-the-line
3 tariff. Bates White was not engaged to review or opine on the non-fuel cost-related rates.

4 **Q. Who from Bates White is sponsoring this Reply Evidence?**

5 A. The authors of this Reply Evidence are Vincent Musco and Karen Morgan.

6 **II. Summary of Fuel Cost-Related Rate Increases**
7

8 **Q. Please generally describe how NSPI recovers fuel and purchased power costs.**

9 A. NSPI's approach is complex. In short, NSPI recovers most (over 90%) of its fuel and
10 purchased power costs through from customers subject to the fuel adjustment mechanism
11 ("FAM").⁴ The FAM is a rate mechanism where fuel and purchased power costs are
12 passed through at cost to customers, subject to biennial audits. There are three
13 components of the FAM: the Base Cost of Fuel, the Actual Adjustment Component, and
14 the Balancing Adjustment Component. The primary component of NSPI's rates for fuel
15 and purchased power are based on forecasts of total fuel and purchased power costs over
16 a certain period—this is the so-called "Base Cost of Fuel," or BCF. Since forecasted costs
17 will necessarily differ from actual costs, NSPI applies rate adjustments to reconcile any
18 differences—these are the "Actual Adjustment," or AA, and "Balancing Adjustment," or

⁴ See N17 2026-2027 GRA SR-01-04 RED Attachment 5, page 3 and Attachment 6, page 3.

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1 BA. NSPI tracks differences between its outflows (for actual fuel and purchased power
2 costs) and its inflows (the revenues it receives from customers paying the fixed BCF
3 rate). At the end of each September and subject to Board review and approval, the
4 accrued difference for the prior 12-month period is moved to the AA account and
5 recovered (or refunded) over the next year. The BA captures any additional over- or
6 under-recoveries by NSPI from FAM customers, such as those related to imbalances
7 driven by non-FAM customers or non-fuel costs applied to the FAM.⁵

8 **Q. Please describe the existing fuel cost-related rates currently in place.**

9 A. The current rates for FAM customers are those approved by the Board on February 2,
10 2023, in M10431.⁶ In that proceeding, the Board approved BCF rates for 2023 and 2024.
11 However, as part of the 2023 GRA Order, NSPI was ordered to complete an updated Cost
12 of Service Study (“COSS”) and Line Loss Study “before the next GRA or by December
13 31, 2025, whichever is sooner, subject to stakeholder engagement.”⁷ That process was
14 initiated by NSPI on December 14, 2023 and carried out during 2024 and into early
15 2025.⁸ The 2026-2027 GRA was developed incorporating the results of the COSS
16 process set forth in M11475.

⁵ See, for example, 2026-2027 GRA Direct Evidence Appendix 6A pages 4-5.

⁶ Nova Scotia Utility and Review Board, Decision, M10431, February 2, 2023 (“2023 GRA Order”).

⁷ 2023 GRA Order, ¶12, as discussed on page 8 lines 16-19 of the Application.

⁸ See N9 2026-2027 GRA Appendix 12 A, page 7 lines 3-5 and page 9 lines 1-2. The Board also made findings related to the AA and BA adjustments and riders. See Response to NSPI (BW) IR-3(a).

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1 **Q. Please describe the fuel cost-related rate increases sought by NSPI in the current**
2 **Application.**

3 NSPI is proposing average annual smoothed fuel rate increases for the total of FAM
4 classes of 2.3% in 2026 and -1.7% in 2027.⁹ These increases reflect the BCF and AA/BA
5 portions of NSPI's revenue requirement. The BCF amounts (for forecast fuel and
6 purchased power costs) amount to \$1.8 billion over the two-year period with \$919
7 million in 2026 and \$918 million in 2027.¹⁰ The 2026 and 2027 values for the AA rider
8 are zero.¹¹ The BA amounts are \$17.0 million in 2026 and \$16.7 million in 2027.¹² The
9 AA/BA amounts are subject to revision and finalization once NSPI submits its next
10 AA/BA Application expected by the end of 2025.¹³ Further, Supplemental Federal Loan
11 Guarantee ("FLG") costs are included as in 2025 these costs were collected through the
12 AA Rider as the BCF was not reset in 2025. For 2026 and beyond these will be included
13 in the BCF and not collected through the FAM riders.¹⁴

14 Including non-fuel charges, the overall increases are 1.8% in 2026 and 2.4% in 2027.¹⁵

15 These increases are based NSPI's total revenue requirement – not just fuel costs – and

⁹ "N15(i) 2026-2027 GRA OR-01 Att 01.xlsx".

¹⁰ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 27, lines 15-16; 2026-2027 GRA SR-01 Att 05.xlsx and 2026-2027 GRA SR-01 Att 06.xlsx on the "Data Inputs" worksheets.

¹¹ N15(i) 2026-2027 GRA OR-01 Att 01.xlsx.

¹² N15(i) 2026-2027 GRA OR-01 Att 01.xlsx.

¹³ Response to NSPI (NSEB) IR-36 (c) ii.

¹⁴ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 27, lines 16-19 and Response to NSPI (BW) IR-3.

¹⁵ "N15(i) 2026-2027 GRA OR-01 Att 01.xlsx," tab "% Changes".

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1 include the BCF, the DSM rider, Storm Cost Recovery Rider, and the AA and BA
2 riders.¹⁶ The DSM rider amounts are \$60.2 million for 2026 and \$59.5 million for 2027.¹⁷
3 The 2026 and 2027 values for the SCRR rider are zero.¹⁸

4 **Q. With reference to the three components of the FAM (BCF, AA, and BA), please**
5 **briefly explain what NSPI seeks in its Application.**

6 With respect to the BCF, NSPI is seeking approval of the new BCF amounts for 2026 and
7 2027. NSPI has adjusted the fuel rates by over-collecting fuel costs in 2026 and under-
8 collecting fuel costs in 2027 to produce “an overall smoothed increase in the total
9 rates.”¹⁹

10 With respect to the FAM AA and BA Riders, there was a separate FAM AA/BA process
11 in 2025 to establish the amount of outstanding FAM balances from prior periods to be
12 collected. In February 2025, as part of M11902, it was decided that the AA Rider would
13 be “used to collect the revenue requirement for the Supplemental FLG until these costs
14 could be incorporated into a future BCF rate.”²⁰ For 2026 and 2027, the amounts related

¹⁶ “N15(i) 2026-2027 GRA OR-01 Att 01.xlsx”.

¹⁷ N15(i) 2026-2027 GRA OR-01 Att 01.xlsx.

¹⁸ N15(i) 2026-2027 GRA OR-01 Att 01.xlsx.

¹⁹ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 27, lines 10-14.

²⁰ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 27, lines 16-19 and Response to NSPI (BW) IR-3(a). The FLG costs are not listed as a separate item but are incorporated via the “full Maritime Link Assessment costs” as shown in the OE-01 Attachment 1 and Attachment 2 excel files on the Output 1 tab.

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1 to interest and principal on the \$500 million FLG are \$41.5 million and \$40.6 million,
2 respectively.²¹ As noted in the M11902 decision, the Board found:²²

3 ... the Board finds that the recovery of payments relating to NSPML's approved
4 \$500 Million regulatory asset from NS Power's customers over the next 28 years,
5 whether they be existing customers, new customers or PHP, match the costs of the
6 Maritime Link with its benefits much better than was previously the cast because
7 of issues with historical non-delivery and under-delivery of energy over the
8 Maritime Link. As a result, the Board finds that any future payments related to the
9 regulatory asset are more appropriately associated with future service from the
10 Maritime Link and are better characterized as costs incurred to provide service at
11 that time, rather than as recovery of historically incurred costs.
12

13 Regarding AA/BA amounts for the 2026 and 2027 period, those values are subject to
14 revision and finalization in an upcoming filing by NSPI. As noted in response to NSPI
15 (NSEB) IR-36 (c) (ii), NSPI has not completed the rate impact analyses with the final
16 actual results to September 30, 2025. Those will be provided in the FAM AA/BA
17 application NSPI anticipates by the end of 2025.

18 **Q. Does NSPI seek to defer recovery of any FAM costs?**

19 A. Yes. NSPI explains that it is forecasting a FAM liability of \$10.2 million at the end of
20 2026 and \$0.8 million at the end of 2027.²³ Interest on FAM balances accrues at NSPI's

²¹"N-5(C) - 2026-2027 GRA Appendix 1-6 PCON.pdf," Appendix 5A, page 34 of 38, Figure 26, footnote 1.

²² Nova Scotia Energy Board, "Board Decision re: M12004 and M11902," M11902, April 30, 2025, ("M12004 and M11902 Decision"), ¶ 6. The Board declined to provide a similar request from the OATT MEUs related to the portion of the outstanding FAM balance that accrued between 2020-2022 when they were not FAM customers. See M12004 and M11902 Decision, ¶ 8.

²³ Response to NSPI (BW) IR-10 (b).

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1 weighted-average cost of capital, which is currently 6.66%.²⁴ NSPI expects to incur
2 interest expense on the deferral of \$1.0 million in 2026 and \$1.3 million.²⁵

3 **Q. Does the 2026-2027 GRA Application have the support of NSPI's customer**
4 **representatives?**

5 A. Yes. On September 2, 2025, prior to filing its Application, NSPI advised the Board that it
6 had engaged in an “extensive collaborative process”²⁶ with its customers to reach
7 consensus on a 2026-2027 GRA; that process resulted in a settlement agreement between
8 NSPI and several customer representatives (“Settlement Agreement”).²⁷ The parties
9 involved were the Consumer Advocate (“CA”), Small Business Advocate (“SBA”),
10 counsel for the Industrial Group (“IG”),²⁸ counsel for the Berwick Electric Commission,
11 Riverport Electric Light Commission, the Town of Mahone Bay, and the Town of
12 Antigonish (Municipal Electric Utilities or “MEUs”), and Counsel for Port Hawkesbury
13 Paper (“PHP”) (collectively the “Customer Representatives” or “Parties”).²⁹ In response
14 to NSPI, the Board outlined its approach to settlement agreements is “similar to what was

²⁴ Response to NSPI (BW) IR-10 (d).

²⁵ Response to NSPI (BW) IR-10 (c).

²⁶ “Board Letter re: Response to NSPI’s letter,” M12451, September 5, 2025, page 1.

²⁷ NSPI (NSEB) IR-1, 2026-2027 GRA NSEB IR-001 Attachment 1, M12451, page 1.

²⁸ Representing CKF Inc., Crown Fibre Tube Inc., Irving Shipbuilding Inc., K+S Windsor Salt Ltd., Maritime Paper Products Ltd., Michelin North American (Canada) Inc., Compass Minerals Canada Corp., Farnell Packaging Ltd., P&H Milling Group, and PSA Halifax.

²⁹ NSPI (NSEB) IR-1, 2026-2027 GRA NSEB IR-001 Attachment 1, M12451, page 1 of 21.

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1 outlined by the Nova Scotia Utility and Review Board in its decision on NS Power's last
2 general rate application."³⁰

3 **Q. Does the existence of NSPI's Settlement Agreement with its customers change the**
4 **Board's review process?**

5 A. Not entirely. The Board must "ensure that any subsequent approval is based on a
6 thorough evidentiary record."³¹ While engagement with customers in advance of
7 significant filings is a "positive step," though "in the context of a general rate application,
8 the Board must always be satisfied that approving a settlement agreement results in
9 customer rates that are just, reasonable and in the public interest."³² Therefore, the "usual
10 processes cannot be eliminated" although the existence of the Settlement Agreement
11 would likely reduce "the volume of information requests and evidence it will need to
12 respond to."³³

13 **Q. NSPI's Application was filed on September 18, 2025 incorporating effective dates of**
14 **fuel cost-related rate increases of January 1, 2026 and January 1, 2027. Will the**
15 **effective date of January 1, 2026 be met?**

16 A. That appears unlikely. The Board informed NSPI that "[w]ith a filing this late in the year
17 and the need for a process that ensures that Board Counsel consultants and other potential

³⁰ "Board Letter re: Response to NSPI's letter," M12451, September 5, 2025, page 1. The key points are repeated in the letter citing 2023 NSUARB 12 and, in turn, NSPI's 2007 GRA decision, 2007 NSUARB 8.

³¹ "Board Letter re: Response to NSPI's letter," M12451, September 5, 2025, page 3.

³² "Board Letter re: Response to NSPI's letter," M12451, September 5, 2025, page 3.

³³ "Board Letter re: Response to NSPI's letter," M12451, September 5, 2025, page 3.

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1 intervenors can adequately assess the application and bring forward evidence addressing
2 any concerns they may have, it seems doubtful at this stage that the Board will be in a
3 position to render a decision in the matter by January 1, 2026.”³⁴ The hearing was
4 subsequently set to commence January 7, 2026.³⁵

5 **III. Assessment of Fuel and Purchased Power Costs included in the BCF**

6
7 **Q. What is the purpose of this section of your Evidence?**

8 A. Here, we assess whether NSPI has adequately represented the fuel and purchased power
9 component in the Application. We note here that NSPI has, in some cases, been unable to
10 provide all requested data due to a cybersecurity incident that has made data retrieval
11 “impossible.”³⁶ Additionally, the Settlement Agreement included fuel and purchased
12 power costs.³⁷

³⁴ “Board Letter re: Response to NSPI’s letter,” M12451, September 5, 2025, page 4.

³⁵ “Amended Hearing Order,” M12451, October 20, 2025. Opening Statements will be presented on January 5, 2026.

³⁶ See, for example, Response to NSPI (BW) IR-13 (a).

³⁷ Response to NSPI (NSEB) IR-1 Attachment 1, page 9.

1 **A. NSPI has used reasonable methods and resources in its forecast of fuel and**
2 **purchased power costs**

3
4 **Q. Please briefly explain how NSPI forecasts its BCF costs for the 2026-2027 GRA**
5 **period.**

6 A. NSPI used PLEXOS, a commercially-available, transmission security constrained, hourly
7 economic dispatch model, to forecast its fuel and purchased power consumption over the
8 2026-2027 period. PLEXOS uses numerous inputs, such as generating unit operating
9 characteristics, forecasted hourly load, and fuel price forecasts, among many others, to
10 simulate fuel and purchased power consumption over the period. In addition to costs, the
11 PLEXOS forecasts shows other key outputs, such as generating unit hourly operations.³⁸

12 **Q. What is your assessment of the commodity price forecasts that underpin NSPI's**
13 **forecasted FAM costs in the GRA Application?**

14 A. NSPI used reasonable, publicly available forecasts of prices for fuels, including natural
15 gas, coal, and heavy fuel oil, as well as purchased power. Specifically, for natural gas,
16 NSPI continued to rely on index pricing futures for Henry Hub gas and key basis
17 indicators (AECO for Alberta gas and Algonquin CityGate for U.S. gas).³⁹ For coal,
18 NSPI relied upon the Intercontinental Exchange ("ICE") forecast of API-2 (Rotterdam)
19 coal, plus another index (API-4 Richards Bay coal).⁴⁰ NSPI's heavy fuel oil forecast price

³⁸ Response to NSPI (BW) IR-1; N-5(C) 2026-2027 GRA Appendix 1-6, Appendix 6B (Clean) page 22.

³⁹ N17 2026-2027 GRA SR-01-SR-04.RED.pdf, NON-CONFIDENTIAL SR-03, page 1.

⁴⁰ Response to NSPI (BW) IR-12 Attachment 1.

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1 is based on NYMEX Brent Crude futures, and for purchased power, NSPI continued to
2 rely on forecasts of ISO New England peak and off-peak prices.⁴¹ The forecasts
3 themselves appear reasonable, though are by now, dated.

4 **Q. What was the date of NSPI's PLEXOS forecast on which the Application is based?**

5 A. The original PLEXOS forecast was run in November 2024 using a 30-day average of
6 prices as of October 29, 2024.⁴² In March 2025, following receipt of the Sulphur Dioxide
7 ("SO₂") Certificate of Variance ("CoV"), the forecast was rerun. The results of the March
8 2025 run were used in the September 2025 filing.⁴³

9 **Q. What is your view of NSPI's decision to use the October 29, 2024 commodity price**
10 **forecasts in the GRA Application?**

11 A. NSPI's decision to use the October 29, 2024 commodity price forecasts is likely
12 reasonable, given that NSPI has reached settlement with several parties and that FAM
13 costs are included in the Settlement Agreement.⁴⁴ Using more updated commodity price
14 forecasts would be optimal, given that more updated forecasts would represent the best
15 and most updated expectations of fuel and purchased power prices in 2026 and 2027, but
16 we acknowledge NSPI's point that updating rates could upset the Settlement Agreement.

⁴¹ N17 2026-2027 GRA SR-01-SR-04.RED.pdf, NON-CONFIDENTIAL SR-03, page 1.

⁴² Response to NSPI (BW) IR-1(c-d).

⁴³ Response to NSPI (BW) IR-1(c). The CoV is discussed later in this report.

⁴⁴ Response to NSPI (NSEB) IR-1 Attachment 1, page 9.

1 Still, using a more updated forecast could be warranted if there were major changes in the
2 forecast of either energy demand for the 2026 or 2027 period.

3 **Q. Are current forecasted fuel and purchased power prices dramatically different than**
4 **those used in the GRA Application?**

5 A. No, though some commodity price movement has been observed since the time of the
6 GRA commodity price forecasts (October 2024). Monthly coal futures for the 2026-2027
7 period, as measured by the API-2 index, are lower by an average of 2.8%.⁴⁵ Monthly
8 natural gas price futures, as measured at Henry Hub, are higher by an average of 12.4%.⁴⁶

9 **Q. Do you have a recommendation related to the commodity price forecasts used in the**
10 **GRA Application?**

11 A. No. Given the timing of the settlement discussions, NSPI's reliance on commodity price
12 forecasts from October 29, 2024 appears reasonable, despite some moderate movement in
13 commodity price forecasts. We observe no major changes regarding commodity futures
14 prices that would require an update to the rates, which could potentially negatively
15 impact the nature and status of the Settlement Agreement reached by the parties in this
16 proceeding.

⁴⁵ *Wall Street Journal*, "Coal (API2) CIF ARA (ARGUS-McCloskey) Dec 2027," tab "Contracts," accessed December 1, 2025, available at: https://www.wsj.com/market-data/quotes/futures/MTFCZ27/contracts?gaa_at=eafs&gaa_n=AWetsqedzEEBMF2WjdpIlZfXpKR5xJZyAeYTreyx56do1k5vl77Z2xGlv4Vf&gaa_ts=692a0007&gaa_sig=AOw1Ht1Lxv9l8yvA_QLghDCxnJ7yCjhRint5-2AKRAc5pn7bsrVfhA_RqENIT5GlxsoCSQfDFe5wO3URzt1rdg%3D%3D.

⁴⁶ *Wall Street Journal*, "Natural Gas Continuous Contract," tab "Contracts," accessed December 1, 2025, available at: <https://www.wsj.com/market-data/quotes/futures/NATURAL%20GAS/contracts>.

B. NSPI's forecast assumes 480 MW of new wind generation (producing 1.26 TWh/year of energy) reaches commercial operations at the end of 2026

Q. Does NSPI forecast substantial changes to the generation portfolio that serves its customers?

A. Yes. NSPI forecasts five new, utility-scale wind resources will reach commercial operations in December 2026. The projects total 480 MW in nameplate capacity and are modeled to produce 1,257,244 MWh in 2027.⁴⁷ NSPI forecasts its spending on IPP wind to increase from \$80.9 million in 2026 to \$152.3 million in 2027,⁴⁸ an increase of 88.3%. The details of the projects are shown in the table below and include four projects selected in the province's "Rate Base Procurement" and the Goose Harbour Lake project being developed by an affiliate of PHP.

Table 1: New wind generation resources modeled in GRA forecast⁴⁹

Wind Resource	Commercial Operation Date	Nameplate Capacity (MW)	Forecast Capacity Factor (%)	Forecast Generation (MWh/year)
Benjamins Mill Wind	December 31, 2026	33.6	31.0	91,244
Higgins Mountain Wind	December 31, 2026	100.3	27.0	237,230
Web Weavers Mountain Wind	December 31, 2026	94.4	26.0	215,005
Wedgeport Wind	December 31, 2026	84.0	28.0	206,035
Goose Harbour Lake Wind	December 1, 2026	168.0	34.5	507,730
Total		480.3	-	1,257,244

⁴⁷ Response to NSPI (BW) IR-17 (c, g).

⁴⁸ Response to NSPI (BW) IR-8 (a).

⁴⁹ Response to NSPI (BW) IR-17.

1 **Q. Is there risk associated with the five new wind farms under development for the**
2 **2027 GRA forecast and rates?**

3 A. Yes. The forecasted output from these projects, which are still under development, is
4 substantial. The 1.26 TWh represents over 11% of NSPI's expected load in 2027.⁵⁰ That
5 forecasted energy displaces generation that would otherwise have to be produced by other
6 resources, including NSPI's thermal generators. Should some or all of those projects
7 become delayed or underperform their expected capacity factors, NSPI will have to rely
8 on other sources of energy to make up the shortfall. That could mean higher costs to
9 FAM customers. For example, NSPI could need to rely on additional gas-fired and coal-
10 fired generation output at its thermal plants to cover any shortfalls related to wind project
11 delays or underperformance.

12 **Q. Will delays or underperformance by the new wind projects under development**
13 **necessarily impose incremental cost on FAM customers?**

14 A. No, not necessarily, but there is a reasonable likelihood that additional costs would be
15 incurred. Our understanding of the power purchase agreements ("PPAs") associated with
16 the projects in the table above is that each is a pay-for-performance contract, which
17 means the project owners are paid only for output received. For example, the PPA with
18 PHP for the Goose Harbour Lake project calls for payments for energy actually
19 delivered,⁵¹ with the price of that energy modeled by NSPI to be \$[REDACTED]/MWh.⁵² The

⁵⁰ 2026-2027 GRA Direct Evidence, DE-03-DE-04, Figure 4-1; Response to NSPI (BW) IR-17.

⁵¹ PARTIALLY CONFIDENTIAL ELIADC Third Term IG IR-1 Attachment 1, section 5.1.

⁵² Response to NSPI (BW) IR-17 (d).

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PPAs to which NSPI is a party with the four “Rate Base Procurement” projects include a similar pay-for-performance provision⁵³ and have PPA prices that range between \$[REDACTED]/MWh and \$[REDACTED]/MWh.⁵⁴ If some or all of these resources are delayed or otherwise underperform expectations in 2027, and the cost of replacement energy exceeds these PPA prices, FAM customers will be subject to higher incremental costs. These higher costs could be exacerbated, too, since NSPI is unlikely to have hedged its incremental exposure for fuel and purchased power related to the replacement energy. [REDACTED],⁵⁵ and NSPI currently expects each of these wind projects to be online and operating at assumed capacity factors starting in December 2026.⁵⁶

Q. Is the risk of wind project delays or underperformance material?

A. We have not conducted a risk analysis of the five new wind projects under development or otherwise assessed the development status of these projects. Still, project development delays can and do occur. Consider, too, that the Rate Base Procurement had originally required projects to reach commercial operations by December 31, 2025,⁵⁷ one year

⁵³ Appendix 8.1 of the Rate Base Procurement, Power Purchase Agreement (“Rate Base Procurement PPA”), section 5.1, available at: [https://img1.wsimg.com/blobby/go/d32cfc97-cc60-4342-94cd-6df57e8fba35/downloads/Appendix%208.1%20-%20Power%20Purchase%20Agreement%20\(Appro.pdf?ver=1707424292831](https://img1.wsimg.com/blobby/go/d32cfc97-cc60-4342-94cd-6df57e8fba35/downloads/Appendix%208.1%20-%20Power%20Purchase%20Agreement%20(Appro.pdf?ver=1707424292831).

⁵⁴ Response to NSPI (BW) IR-17 (h).

⁵⁵ N-13(C) – 2026-2027 GRA OE-01-13 PCON, Appendix Q.

⁵⁶ Response to NSPI (BW) IR-17 (c, h).

⁵⁷ Rate Base Procurement Request for Proposals, section 5.8, available at: <https://img1.wsimg.com/blobby/go/d32cfc97-cc60-4342-94cd-6df57e8fba35/downloads/Rate%20Base%20Procurement%20Request%20for%20Proposals.pdf?ver=1707424292718>.

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1 earlier than the current expected commercial operation dates for these four projects.⁵⁸

2 Goose Harbour Lake, meanwhile, had been expected to reach commercial operations

3 “late in 2025,”⁵⁹ but is now expected to reach commercial operations in December

4 2026.⁶⁰

5 **Q. Are there mitigants in place to reduce the risk of new wind farm project delays?**

6 A. Yes. The Rate Base Procurement PPAs require developers to pay liquidated damages to

7 NSPI for each day of delay, subject to a maximum of one year of damages payments.⁶¹

8 On the other hand, the Goose Harbour Lake PPA clause addressing the scheduled date of

9 commercial operation does not specify any penalty for PHP if it fails to reach commercial

10 operations by the contractually-specified date.⁶²

11 **Q. Are you recommending NSPI adjust its 2027 FAM forecast and rates to account for**
12 **this risk?**

13 A. No. NSPI appears to be using its best available information to conduct its forecast and

14 calculate the associated rates. This includes incorporating commercial terms from its

15 PPAs with these project developers. Still, the Board should be aware of the impact of

16 delays and/or underperformance by these new wind resources and the risks thereof.

⁵⁸ Response to NSPI (BW) IR-17 (h).

⁵⁹ NSPI, “Nova Scotia Power Application for Approval of a Subsequent Term for the Extra Large Industrial Active Demand Control Tariff,” M11301, August 24, 2023, page 4, lines 3-6.

⁶⁰ Response to NSPI (BW) IR-17 (c).

⁶¹ Rate Base Procurement PPA, section 2.5 (d).

⁶² PARTIALLY CONFIDENTIAL ELIADC Third Term IG IR-1 Attachment 1, section 2.5.

C. NSPI forecasts substantial decreases in output from its thermal generators and sharp increases in renewable energy, illustrating sensitivity of the results to renewable energy assumptions

Q. Does NSPI's FAM forecast include significant changes in expected output from NSPI's thermal generating fleet?

A. Yes. NSPI projects substantial reductions from its thermal fleet in both 2026 and, in particular, 2027. The table below shows that when compared with the last full year of available FAM data (2024), NSPI projects a decrease in total NSPI-owned thermal generator production of [REDACTED]% in 2026 and [REDACTED]% in 2027.⁶³

Table 2: 2024 Actual Thermal Generation Output vs. Forecasted Output in 2026, 2027 (GWh)⁶⁴

	2024 Actual (GWh)	2026 Forecast (GWh)	Decrease from 2024 (%)	2027 Forecast (GWh)	Decrease from 2024 (%)
Thermal Output (NSPI Fleet)	6,148	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%

Q. What are the primary factors driving these decreases in thermal generation?

A. NSPI is subject to the *Output-Based Pricing System Reporting and Compliance Regulations*, or OBPS, which define certain performance standards for fuels used to

⁶³ Thermal generation includes Lingan, Point Aconi, Point Tupper, Trenton, Tufts Cove, Burnside, Tusket, and Victoria Junction units. Port Hawkesbury Biomass is excluded. Data compiled from Response to NSPI (BW) IR-13 (a) Confidential Attachment 1. NSPI's reduced forecasted thermal output in 2026-2027 is mentioned in Response to NSPI (BW) IR-1 (e) and IR-16 (b).

⁶⁴ Response to NSPI (BW) IR-13 (a) Confidential Attachment 1; NSPI to NSUARB FAM Quarterly Report Q4 2024 RED, NSPI (FAM) Q-6.

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1 generate electricity and which effectively caps the concentration of greenhouse gases
2 (“GHGs”) that such generators can emit before incurring penalties.⁶⁵ The GHG intensities
3 allowed under the OBPS generally decrease each year,⁶⁶ making it more difficult for
4 NSPI to comply without reducing thermal generation. Moreover, NSPI is forecasting
5 sharp increases in renewable energy, expecting 50% RES-compliance energy in 2026 and
6 61% in 2027.⁶⁷ This is substantially more renewable energy than in prior periods, when
7 NSPI’s annual RES compliance has been between 36.0% and 42.5% since 2022.⁶⁸ NSPI
8 forecasts to receive about █% █ energy per year over the Maritime Link in both 2026
9 and 2027 than what was received in 2024. This █ is particularly driven by a
10 forecast of about █ TWh of Surplus Energy over the Maritime Link, which is market-
11 priced import energy available to NSPI from Newfoundland and Labrador Hydro. The
12 table below shows actual generation received over the Maritime Link in 2024 and
13 forecasted flows in 2026 and 2027, by product category.

⁶⁵ N14 2026-2027 GRA OP 01-15 RED, NON-CONFIDENTIAL OP-14, page 2 lines 6 to 15.

⁶⁶ Response to NSPI (BW) IR-14 (c).

⁶⁷ Response to NSPI (BW) IR-9 (e-f); NSPI FAM Quarterly Report Q4 2024 PCON, tab “9(3)”.

⁶⁸ NSPI, “2025 10-Year System Outlook Non-Confidential,” page 34 lines 9 to 11, available at:
https://www.nspower.ca/docs/default-source/monthly-reports/10-year-system-outlook-report.pdf?sfvrsn=d39bca29_66.

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Table 3: 2024 Actual Maritime Link Imports vs. Forecasted Imports in 2026, 2027 (GWh)⁶⁹

Maritime Link Product Category	2024 Actual (GWh)	2026 Forecast (GWh)	2027 Forecast (GWh)
NS Base Block	1,187.3	■	■
Supplemental Block	299.0	■	■
Surplus Energy	461.4	■	■
Total	1,947.6	■	■

Regarding non-Maritime Link renewables, NSPI forecasts to receive ■% ■ renewable energy in 2026 and ■% ■ in 2027 as compared with 2024 actuals. These increases total ■ TWh over the 2026-2027 period and consist mostly of increases in IPP wind (+■ TWh) and NSPI-owned hydro (■ TWh). As explained earlier, NSPI is forecasting 480 MW of new wind generation to come online in December 2026, energy from which displaces thermal generation. The data is shown in the table below.

⁶⁹ Response to NSPI (BW) IR-15, Confidential Attachment 1; NSPI 2024 Maritime Link Benefits Reports (Q1-Q4), Figures 3, 4, 5.

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Table 4: 2024 Actual Non-Maritime Link Renewable Energy vs. Forecasted Values in 2026, 2027 (GWh)⁷⁰

	2024 Actual (GWh)	2026 Forecast (GWh)	Decrease from 2024 (%)	2027 Forecast (GWh)	Decrease from 2024 (%)
NSPI Wind	244	█	█	█	█
NSPI Hydro	686	█	█	█	█
Port Hawkesbury Biomass	162	█	█	█	█
NSPI Solar	3	█	█	█	█
IPP Wind	█	█	█	█	█
COMFIT	█	█	█	█	█
IPP Other	█	█	█	█	█
Total Renewables (non-Maritime Link)	█	█	█	█	█

Q. Do the forecast results vary by fuel?

A. Yes. While generation from the coal- and petcoke-fired resources are expected to █ in 2027, coal generation is actually forecasted to be █ in 2026 than it was in 2024. Across the coal/petcoke NSPI fleet, most of its units are expected to produce █ output in 2026 than they did in 2024, with the overall coal/petcoke portfolio producing █% █ in 2026 than in 2024. However, in 2027, all of NSPI's coal/petcoke-fired generators are projected to produce █ in year-over-year output, with an overall fleet output █ of █% compared to 2026. This is shown in the table below.

⁷⁰ Response to NSPI (BW) IR-13 (a), Confidential Attachment 1; 2026-2027 GRA OE-01A Att 1 CONF, tab "Output 9"; 2026-2027 GRA OE-01A Att 2 CONF, tab "Output 9"; NSPI FAM Quarterly Report Q4 2024 PCON, tab "9(3)"; NSPI FAM Quarterly Report Q4 2024 Redacted, tab "Q-6."

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Table 5: 2024 Actual Coal/Petcoke-Fired Generator Output vs. Forecasted Amounts in 2026, 2027 (GWh)⁷¹

	2024 Actual (GWh)	2026 Forecast (GWh)	Increase (Decrease) from 2024 (%)	2027 Forecast (GWh)	Increase (Decrease) from 2026 (%)
Lingan 1	502	████	████	████	████
Lingan 2	163	█	████	█	█
Lingan 3	519	████	████	████	████
Lingan 4	376	████	████	████	████
Point Aconi	782	████	████	████	████
Point Tupper	563	████	████	████	████
Trenton 5	276	████	████	████	████
Trenton 6	582	████	████	████	████
TOTAL COAL/PETCOKE	3,763	████	████	████	████

Natural gas-fired generation, however, sharply █████ in 2026 (compared to 2024 actual output) and further █████ in 2027. The table below shows total output across the six Tufts Cove units.

⁷¹ Response to NSPI (BW) IR-13 (a), Confidential Attachment 1; NSPI FAM Quarterly Report Q4 2024 Redacted, tab “Q-6.”

Table 6: 2024 Actual Natural Gas-Fired Generator Output vs. Forecasted Amounts in 2026, 2027 (GWh)⁷²

	2024 Actual (GWh)	2026 Forecast (GWh)	Increase (Decrease) from 2024 (%)	2027 Forecast (GWh)	Increase (Decrease) from 2026 (%)
Tufts Cove 1	412				
Tufts Cove 2	402				
Tufts Cove 3	800				
Tufts Cove 4	275				
Tufts Cove 5	290				
Tufts Cove 6	190				
TOTAL	2,369				

Q. Did NSPI explain why natural gas generation is forecasted to decrease more than coal/petcoke-fired generation over the GRA period?

A. NSPI explains that it received a “SO₂ emissions Certificate of Variance (CoV),” which “assisted with cost control while large-scale renewable projects are being constructed,” which allows NSPI to “use lower-cost solid fuel blends at its thermal generation plants.”⁷³ The SO₂ emissions CoV “will...result in lower generation from natural gas as solid fuel is forecast to be economical compared to natural gas throughout the GRA period.”⁷⁴

⁷² Response to NSPI (BW) IR-13 (a), Confidential Attachment 1; NSPI FAM Quarterly Report Q4 2024 Redacted, tab “Q-6.”

⁷³ Response to NSPI (BW) IR-16 (a).

⁷⁴ Response to NSPI (BW) IR-16 (b).

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1 **Q. Do these forecasted values (compared to 2024 actuals) raise concerns?**

2 A. In our view, the forecast results represent NSPI's best efforts at forecasting for the 2026-
3 2027 period and do not require revision. However, the results do demonstrate the
4 sensitivity of the results to renewable energy received, which is forecast to be sharply
5 higher than historical experience.

6 **Q. Please explain how renewable energy received could be lower than expected.**

7 A. There are myriad ways actual renewable energy could be lower than anticipated, but we
8 will name a few. First, as already explained, the IPP developers of the Rate Base
9 Procurement wind projects and PHP's affiliate could experience delays and performance
10 challenges with their respective wind projects under development. Second, NSPI could
11 experience lower capacity factors from its existing owned and contracted wind farms and
12 hydroelectric resources. Third, output from the Port Hawkesbury Biomass unit – which is
13 forecast to █████ 2024 actual output levels by █% and █% in 2026 and 2027,
14 respectively, could lag expectations.⁷⁵ Fourth, NSPI could receive materially less output
15 than expected over the Maritime Link due to unplanned outages at either Muskrat Falls or
16 the Labrador Island Link ("LIL") transmission project. NSPI explains that it did not
17 forecast a forced outage rate on the LIL for either 2026 or 2027, but that the "reliability
18 of the LIL has improved" since 2024 and "outages have been infrequent."⁷⁶ We note that

⁷⁵ 2026-2027 GRA OE-01A Att 1 CONF, tab "Output 9"; 2026-2027 GRA OE-01A Att 2 CONF, tab "Output 9"; NSPI FAM Quarterly Report Q4 2024 PCON, tab 9(3).

⁷⁶ Response to NSPI (BW) IR-17 (a).

1 the LIL equivalent forced outage rate over the prior 12-month period (ending September
2 30, 2025) was 0.76%, which is improved, but that the LIL has still not been
3 commissioned at its full output of 900 MW, remaining at 700 MW, and Newfoundland
4 and Labrador Hydro continues to plan its system using a “Reference Case” LIL forced
5 outage rate of 5% and a “Best Case” of 1%.⁷⁷

6 **Q. If NSPI's actual renewable generation received is less than forecast, could NSPI's**
7 **FAM customers face incremental costs?**

8 A. Yes. Any reductions in these assumed sources of increased renewable energy will require
9 replacement energy from other sources. Additional costs could come in the form of
10 higher fuel costs, higher purchased power costs, and higher OBPS compliance costs
11 (which are already expected to nearly triple from \$5.7 million in 2026 to \$14.6 million in
12 2027).⁷⁸

13 **D. Treatment of PHP is uncertain but adequately addressed by terms of the Settlement**
14 **Agreement**

15
16 **Q. How has the GRA Application addressed treatment of PHP?**

17 A. PHP currently lacks a tariff mechanism in place for 2026. NSPI explains that it
18 “anticipates filing an application for approval of a new above-the-line (ATL) Tariff
19 applicable to PHP and PHP has committed to take service under the ATL tariff effective
20 January 1, 2026, or such later date as determined by the Board, whether on a permanent

⁷⁷ Newfoundland and Labrador Hydro, “Quarterly Report on Asset Performance in Support of Resource Adequacy,” October 31, 2025, page 5 and page 11, Table 11.

⁷⁸ Response to NSPI (BW) IR-14 (c).

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1 or interim basis, ... as an ATL customer in the 2026-2027 [Cost of Service Study].”⁷⁹
2 NSPI modeled PHP’s total energy requirement in 2026 at 830 GWh (all above-the-line)
3 and 830 GWh in 2027 (with 311 above-the-line and 519 below-the-line).⁸⁰ NSPI explains
4 that it expects the ATL Tariff to include a rider for the provision of active demand control
5 (“ADC”) service by PHP and to include an interruptible credit, which was modeled as
6 110% of the credit earned by large industrial customers that receive interruptible
7 service.⁸¹ NSPI assumed a total credit of \$6.97 million in 2026 and \$6.71 million in
8 2027.⁸² To account for the “potential revenue variances arising from differences between
9 the Board-approved tariff and the assumptions included in the GRA cost of service
10 study,” NSPI requests “approval for a deferral account,” the “PHP Deferral.”⁸³ The PHP
11 Deferral would apply if (1) the Board’s decision on the PHP tariff and/or ADC rider
12 differs from assumptions in the GRA, (2) the tariff is not available for PHP to take
13 service under by January 1, 2026, and (3) PHP determines the outcome of the ADC and
14 tariff processes is not satisfactory.⁸⁴

⁷⁹ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 79, lines 13-17.

⁸⁰ Response to NSPI (BW) IR-18 Attachment 1.

⁸¹ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 79, lines 17-25.

⁸² Response to NSPI (BW) IR-18 Attachment 1.

⁸³ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 80, lines 1-3.

⁸⁴ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 80, lines 5-10.

1 **Q. Given the uncertainty surrounding PHP's tariff mechanism for the 2026-2027**
2 **period, is NSPI's treatment of PHP in the GRA proceeding reasonable?**

3 **A.** In our view, yes. NSPI recognizes the uncertainty regarding PHP's tariff for the GRA
4 period, as well as the nature of any load shifting credits PHP may earn under that tariff.
5 NSPI necessarily needs to make assumptions regarding PHP's tariff arrangements in
6 order to complete its cost of service study and GRA Application, and it has done so.
7 Treatment of PHP in the GRA Application also appears consistent with the terms of the
8 Settlement Agreement, which included treatment of PHP details as a key term.⁸⁵
9 NSPI's assumptions appear reasonable for purposes of the GRA Application, though as
10 NSPI notes, the actual tariff and ADC credits may differ substantially from what NSPI
11 assumes in the GRA. It is therefore important that NSPI develop a true-up mechanism to
12 ensure that PHP pays a reasonable rate (and potentially receives reasonable load shifting
13 or interruptible credits) under a Board-approved tariff by capturing any deviations
14 between actual costs and credits and the rates and credits being assumed in the GRA
15 Application. The need for such a true-up may be exacerbated by the expected
16 energization of the Goose Harbour Lake wind project,⁸⁶ though in the GRA Application
17 NSPI modeled output from the Goose Harbour Lake project as that of any other third-
18 party wind project.⁸⁷ NSPI's proposed PHP Deferral appears to be a reasonable

⁸⁵ Response to NSPI (NSEB) IR-1 Attachment 1, page 9.

⁸⁶ Response to NSPI (BW) IR-4 (c); see also Response to NSPI (BW) IR-17 (f).

⁸⁷ Response to NSPI (BW) IR-18 (f).

1 mechanism for reconciling any deviations in revenues from expectations. Still, it would
2 be beneficial for NSPI to confirm that its PHP Deferral will account for treatment of the
3 Goose Harbour Lake wind project, should the tariff provisions under which PHP
4 ultimately takes service (and receives credits for load shifting) incorporates services,
5 costs, or revenues from the Goose Harbour Lake wind project.

6 **E. NSPI forecasts \$20.83 million in sustaining capital expenditures at Lingan 2**

7
8 **Q. What assumptions does NSPI make regarding sustaining capital expenditures for**
9 **Lingan Unit 2 during 2026 and 2027?**

10 A. NSPI assumes \$20,829,182 of sustaining capital expenditures at Lingan 2 during the
11 2026-2027 GRA period, including \$18,433,591 in 2026 and \$2,395,591 in 2027.⁸⁸

12 **Q. Is this amount of sustaining capital at Lingan 2 concerning?**

13 A. The forecasted sustaining capital at Lingan 2 is a departure from recent experience at the
14 unit and represents substantial cost for a unit that is forecasted to provide [REDACTED] energy
15 during the 2026-2027 GRA period.⁸⁹ As NSPI explained in its November 10, 2025 “2025
16 Maritime Link Benefits Report Q3,” as of August 15, 2022, “Lingan Unit 2 was laid up
17 and not made available for economic dispatch.”⁹⁰ NSPI explains that Lingan 2 “was
18 placed into cold reserve and available to be recalled on 2 weeks’ notice” and will
19 “continue to be held in cold reserve for several years to maintain planning reserve

⁸⁸ Response to NSPI (BW) IR-11 Attachment 1.

⁸⁹ Response to NSPI (BW) IR-13 Attachment 1, tab “(a)”.

⁹⁰ NSPI, “2025 Maritime Link Benefits Report Q3 PARTIALLY CONFIDENTIAL,” November 10, 2025 (“Q3 Maritime Link Report”), page 5 lines 26-27.

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margin.”⁹¹ Note that NSPI filed a capital application at the Board in May 2024 seeking to spend just \$1,661,834 to “support safe operations and provide firm capacity through the fall and winter of 2023 into 2024.”⁹² NSPI’s anticipated sustaining capital of close to \$21 million over the GRA period represents a substantial increase and should be supplemented with additional narrative support by NSPI.⁹³

IV. Assessment of Load Forecast

Q. What is the purpose of this section of your Evidence?

A. Here, we assess NSPI’s energy sales and peak demand forecast (or, “load forecast”) submitted as the basis for NSPI’s Application.

Q. Which load forecast did NSPI use as an input to the Application?

A. NSPI used a forecast completed in September 2024 (the “GRA Forecast”). The GRA Forecast was an update to its 2024 Load Forecast, which was filed in April 2024 (“2024 Load Forecast”).⁹⁴

⁹¹ Q3 Maritime Link Report Redacted, page 5 line 27 to page 6 line 2.

⁹² NSPI, “2024 Maritime Link Benefits Report Q1 Redacted,” May 14, 2024, page 6 lines 9-12.

⁹³ Response to NSPI (BW) IR-11 Attachment 1.

⁹⁴ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 24, lines 16-18.

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1 **Q. Was the load forecast contained in the Application reviewed and approved by the**
2 **Board?**

3 A. No. However, the 2024 Load Forecast was approved by the Board, and the GRA Forecast
4 was derived from the 2024 Load Forecast, which was filed with the Board in matter
5 M11689; the Board issued its decision letter on October 24, 2022.⁹⁵ The GRA Forecast is
6 in many ways similar to the 2024 Load Forecast, including the models and assumptions
7 regarding macroeconomic, end-use technology, and programmatic variables.

8 **Q. Has NSPI completed a load forecast that is more recent than the September 2024**
9 **GRA Forecast?**

10 A. Yes. NSPI issued its 2025 Load Forecast Report on June 27, 2025.⁹⁶

11 **Q. Is NSPI planning to use the updated load forecast data from the 2025 Load Forecast**
12 **Report to calculate rates in the GRA?**

13 A. No. NSPI explains that “completing a revenue requirement and the subsequent rates for a
14 GRA is a significant undertaking and the 2026 and 2027 GRA represents the outcomes of
15 a consensus agreement with customer representatives”⁹⁷ that were based on rates
16 developed in 2024 and early 2025, before the issuance of the 2025 Load Forecast Report.

⁹⁵ Nova Scotia Utility and Review Board, “Board Decision Letter,” M11689, October 22, 2024.

⁹⁶ Response to NSPI (BW) IR-7 Attachment 1.

⁹⁷ Response to NSPI (BW) IR-7 (a).

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1 **Q. What is your view of NSPI's decision to use the September 2024 GRA Forecast?**

2 A. NSPI's decision to use the September 2024 GRA Forecast is reasonable. The GRA
3 Forecast uses the same methodology as the Board-approved 2024 Load Forecast and
4 provides an interim update of energy demand and peak load in its settlement discussions
5 with customer representatives. Using the 2025 Load Forecast data would be optimal,
6 given that the 2025 Load Forecast represents the best and most updated expectations of
7 energy demand in 2026 and 2027, but we acknowledge NSPI's point that updating rates
8 could upset the Settlement Agreement. Still, using a more updated forecast could be
9 warranted if there were major changes in the forecast of either energy demand for the
10 2026 or 2027 period.

11 **Q. Does the 2025 Load Forecast contain major changes from the September 2024 GRA**
12 **Forecast?**

13 A. No. The GRA Forecast expectations for energy demand in 2026 and 2027 is within 1% of
14 the forecast values for both the 2024 and 2025 Load Forecasts. These data are shown in
15 the table below.

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Table 7: GRA, 2024, 2025 Energy Forecasts Comparison (2026, 2027)⁹⁸

Forecast	2026 Energy (GWh)	Comparison to GRA (GWh)	Comparison to GRA (%)	2027 Energy (GWh)	Comparison to GRA (GWh)	Comparison to GRA (%)
GRA	11,392	-	-	11,311	-	-
2024	11,306	-86	-0.8%	11,347	36	0.3%
2025	11,403	11	0.1%	11,193	-118	-1.0%

Q. Are there any material changes in the 2025 Load Forecast you wish to highlight?

A. Yes. While the overall energy demand forecast in 2026 and 2027 is similar to the GRA and 2024 Load Forecasts, we do wish to point out two components of the forecast that have exhibited year-over-year volatility between the 2025 Load Forecast and the 2024 Load Forecast that could impact energy demand during the 2026 and 2027 periods. First, the forecast of new electric vehicles in the province (and associated energy demand) has sharply decreased. In 2026 and 2027, NSPI now forecasts 4,274 and 7,283 new electric vehicles.⁹⁹ This is down from 13,466 and 18,587 in the 2024 Load Forecast Report,¹⁰⁰ a decrease of 68.3% and 60.8%, respectively. Associated forecasted new energy demand from the electric vehicles is also sharply lower (down 43.1% in 2026 and 34.7% in 2027).¹⁰¹

⁹⁸ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 24, Figure 4-1 and page 25, lines 15-17; Response to NSPI (BW) IR-7 Attachment 1, Table A1.

⁹⁹ Response to NSPI (BW) IR-7 Attachment 1, Figure 29.

¹⁰⁰ PARTIALLY CONFIDENTIAL 2026-2027 GRA SR-02 Attachment 1, Figure 26.

¹⁰¹ Response to NSPI (BW) IR-7 Attachment 1, Figure 29; PARTIALLY CONFIDENTIAL 2026-2027 GRA SR-02 Attachment 1, Figure 26.

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1 Second, forecasts of new heat pumps have also dropped substantially. The 2025 Load
2 Forecast report expects 45,033 total new cumulative installations in 2026 and 67,138 in
3 2027.¹⁰² Those values represent decreases of 29.4% and 20.8% in 2026 and 2027,
4 respectively, as compared with 2024 Load Forecast values.¹⁰³

5 **Q. Do you have a recommendation related to the load forecast?**

6 No. Given the timing of the settlement discussions, NSPI's reliance on the September
7 2024 GRA Forecast appears reasonable, and we observe no major changes between the
8 2024 and GRA Load Forecasts and the 2025 Load Forecast that would warrant an update
9 to the rates, which could potentially negatively impact the nature and status of the
10 Settlement Agreement reached by the parties in this proceeding.

11 **V. Assessment of NSPI's Calculation and Presentation of the Fuel Cost-Related**
12 **Rate Increases Incorporated in the BCF Rates**
13

14 **Q. What is the purpose of this section of your Evidence?**

15 A. In this section, we review NSPI's presentation and calculation of the overall rate
16 increases for fuel and purchased power costs incorporated in the BCF rates. (We address
17 the AA and BA adjustments in the next section.)

¹⁰² Response to NSPI (BW) IR-7 Attachment 1, Figure 24.

¹⁰³ PARTIALLY CONFIDENTIAL 2026-2027 GRA SR-02 Attachment 1, Figure 21.

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1 **Q. Has NSPI calculated the fuel cost-related rates and rate increases correctly,**
2 **including the BCF?**

3 A. Yes. We found no errors in NSPI's calculations. We were able to track NSPI's BCF
4 amounts and were also able to understand and track NSPI's translation of the BCF
5 amounts to the proposed BCF rates, subject to the limitations we explain as follows.

6 In order to moderate rate increases through the GRA period, the BCF fuel rates applied
7 for have been set to have an over-collection of fuel costs in 2026 and a corresponding
8 under-collection in 2027.¹⁰⁴

9 However, unlike some prior GRA matters, the Application was the result of a
10 collaborative process involving NSPI and its customer representatives, and, therefore,
11 reflects the consensus of the outcomes from the meetings and communications between
12 the company and its customers.¹⁰⁵ As a result, much of the back and forth, and
13 investigation that normally occurs in a GRA review occurred prior to the filing of the
14 application. As a result, many of the electronic (Excel) exhibits contain hardcoded
15 information which prevents tracking of the BCF amounts and the translation of BCF

¹⁰⁴ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 27, lines 10-14.

¹⁰⁵ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 8, lines 19-26. Further, in response to NSPI (NSEB) IR-1, NSPI noted that the Settlement Agreement includes a commitment by NS Power "to working with certain customer classes to help smooth or mitigate the overall impact of rate changes from these riders for the 2026/2027 test period." See Response to NSPI (NSEB) IR-36 (c). The Settlement Agreement was provided as Attachment 1 to NSPI (NSEB) IR-1. See the introductory paragraph of Schedule A "Terms of Settlement" found on page 9 of Attachment 1.

1 amounts to proposed rates through the review and assessment of formulas within the filed
2 spreadsheets.

3 **Q. Please explain how you reviewed and confirmed the BCF calculations and results.**

4 We confirmed the data on standard rates and BCF costs for the small industrial class
5 using data provided by NSPI.¹⁰⁶ Using that data, we then were able to confirm the data
6 and rates for all FAM classes found in other files within the Application.¹⁰⁷ We also
7 reviewed and confirmed key data within the BCF allocation worksheets filed with the
8 Application.¹⁰⁸ We also reviewed and confirmed calculations of the proposed rate
9 impacts (in percentage terms) of each FAM customer class for 2026 and 2027.¹⁰⁹ We
10 found no errors.

11 **VI. Assessment of NSPI's AA and BA Adjustments**

12 **Q. What is the purpose of this section of your Evidence?**

13 A. In this section, we review NSPI's presentation and calculation of the overall rate
14 increases for fuel and purchased power costs related to the AA and BA.

¹⁰⁶ NSPI (BW) IR-3 (c).

¹⁰⁷ SR-01 Attachments 5 and 6, and OR-01 Att 1.

¹⁰⁸ SR-01 Attachments 5 and 6, and OR-01 Att 1, tabs "Data Inputs," "Monthly Energy Allocators," and "Monthly Fuel Cost Allocation."

¹⁰⁹ N15(i) 2026-2027 GRA OR-01 Att 01.

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1 **Q. Please summarize NSPI's treatment with respect to the AA and BA amounts in 2026**
2 **and 2027.**

3 A. The AA amounts for 2026 and 2027 are \$0 across all classes.¹¹⁰ The BA amounts are
4 \$17.0 million in 2026 and \$16.7 million in 2027.¹¹¹ These values are subject to revision
5 and finalization in an upcoming filing by NSPI, which NSPI anticipates filing by the end
6 of 2025.

7 The Settlement Agreement recognizes “the forecast impacts of the 2026 FAM AA/BA for
8 the Large and Medium Industrial Classes” and supports “efforts in the 2026 FAM
9 AA/BA proceeding to smooth or mitigate the overall impact of rate changes for the 2026-
10 2027 test period.”¹¹² Thus, as such, there is no AA/BA calculation to confirm in this
11 matter. NSPI did not include any AA/BA calculation supporting files (in contrast with
12 2022 GRA).¹¹³ And when asked by the Board for anticipated rate impacts from the
13 AA/BA, NSPI indicated that it had not calculated those but that they would be included
14 in the Q4 2025 AA/BA filing.¹¹⁴ In response to NSPI (NSEB) IR-1, NSPI noted that the
15 Settlement Agreement includes a commitment by NS Power “to working with certain

¹¹⁰ N15(i) 2026-2027 GRA OR-01 Att 01, “2027 Std” worksheet, column Y, rows 177 to 350.

¹¹¹ N15(i) 2026-2027 GRA 04-01 Att 01.xlsx.

¹¹² Response to NSPI (NSEB) IR-001 Attachment 1, page 9 of 21.

¹¹³ In the 2022 GRA, the AA/BA calculations were provided in “SR-01 Att 11 PCON Updated.xlsx” (AA Calculation) and “SR-01 Att 12 UPDATED.xlsx” (BA calculation). Equivalent files were not provided as part of the GRA 2026-2027 Application.

¹¹⁴ Response to NSPI (NSEB) IR-36 (c) (ii).

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1 customer classes to help smooth or mitigate the overall impact of rate changes from these
2 riders for the 2026/2027 period.”¹¹⁵

3 Going forward, the Application states that the FAM and AA/BA mechanisms will
4 continue to operate “in the normal course”¹¹⁶ with actual costs for FAM customers being
5 tracked through the GRA period with AA/BA riders used to collect (refund) under (over)
6 recoveries of fuel and purchased power costs.¹¹⁷

7 **Q. Does NSPI provide any additional information with respect to the AA rider?**

8 A. Yes. NSPI explains that its BCF rate includes costs that had, in 2025, been recovered
9 through the AA rider. Specifically, NSPI has transferred recovery of the costs associated
10 with the FLG from the AA rider to the BCF rates proposed in this Application.¹¹⁸ The
11 earlier FAM AA/BA process established that the AA Rider would be “used to collect the
12 revenue requirement for the Supplemental FLG until these costs could be incorporated
13 into a future BCF rate.” For 2026 and 2027, the amounts related to interest and principal
14 on the \$500 million FLG are \$41.5 million and \$40.6 million, respectively.¹¹⁹

¹¹⁵ Response to NSPI (NSEB) IR-36 (c). The Settlement Agreement was provided as Attachment 1 to NSPI (NSEB) IR-1. See the introductory paragraph of Schedule A “Terms of Settlement” found on page 9 of Attachment 1.

¹¹⁶ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 21, lines 2-6.

¹¹⁷ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 27, lines 8-10.

¹¹⁸ 2026-2027 GRA Direct Evidence, DE-03-DE-04, page 27, lines 16-19.

¹¹⁹ N-5(c) – 2026-2027 GRA Appendix 1-6 PCON.pdf, Appendix 5A, page 34 of 38, Figure 26, footnote 1.

1 **Q. Are the costs associated with the \$117 million FAM Asset Sale included in the AA or**
2 **BA riders?**

3 A. No. As set forth in response to NSPI (NSEB) IR-36 (b), not included in the BCF amounts
4 is the annual amount owing on the \$117 million associated with the FAM Asset Sale.
5 These amounts are collected in a separate rider which is assumed to continue to operate
6 through the GRA.¹²⁰

7 **VII. Summary of Recommendations**

8 **Q. Do you have any major concerns with the GRA Application that require**
9 **modification?**

10 A. No. However, we do have two recommendations regarding the fuel cost portion of the
11 GRA. We recommend: (1) NSPI should confirm that its PHP Deferral account will
12 capture the Goose Harbour Lake wind project, should the tariff provisions under which
13 PHP ultimately takes service (and receives credits for load shifting) incorporates services,
14 costs, or revenues from Goose Harbour Lake; and (2) NSPI's anticipated sustaining
15 capital of close to \$21 million over the GRA period represents a substantial increase and
16 should be supplemented with additional narrative support by NSPI.

17 **Q. Does this conclude your Evidence?**

18 A. Yes.

¹²⁰ See Response to NSPI (NSEB) IR-36 (c) and reference to OR-01 Attachment 1, smoothed rates, columns AG.