Nova Scotia Energy Board

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Dear Ms. Myatt:

**M12316 - Nova Scotia Power Incorporated - CI C0067023 - LIN2 2024/25 Capacity Requirement - $1,257,127**

Nova Scotia Power Incorporated (NS Power) applied on June 9, 2025, requesting Board approval of a capital project for refurbishment of Lingan Unit 2 (LIN2) to ensure its safe operation in providing firm capacity requirement through the fall and winter of 2024/2025. The budgeted and final costs are outlined below:

| | Budgeted Amount | Final Cost | Variance |
|---|---|---|---|
| **CI C0067023 LIN2 2024/2025 Capacity Requirement** | **$1,083,801** | **$1,257,127** | **($173,326)** |

This matter was considered by Roland A. Deveau, K.C., Vice Chair.

This capital item was included in the 2025 ACE Plan for Subsequent Approval as a project with an estimated cost of $1,083,801. NS Power indicated that the increase of $173,326 was primarily attributed to the project scope being undefined until the equipment was taken offline and inspected, allowing for inspection and identification of necessary refurbishment work.

LIN2 is a thermal power plant with a generation capacity of 148 MW. Since August 15, 2022, the unit has been primarily used to provide winter capacity and not for energy production and dispatch. NS Power has indicated that LIN2 remained necessary to ensure adequate firm capacity and maintain system reliability during the 2024/2025 winter season. Beyond its role in providing cold load reserves to meet winter peak demand, NS Power noted the strategic value of LIN2 in supporting operational flexibility. NS Power stated that the unit will also help maintain system reserve margins and provide operational flexibility during the future commissioning and testing of new firm capacity resources. It stated this approach facilitates the integration of new firm capacity while reducing the need for additional capital investment.

NS Power listed eight systems in the project scope for refurbishment or replacement, including the following components Boiler, Bottom Ash System, Fly Ash System, Electrical and Control system, Coal system, Valves, Turbine, LP/HP Feedwater System.

Board Staff issued Information Requests (IRs) on July 7, 2025. NS Power responded on July 28, 2025.

In response to Board Staff IR-6 (a), NS Power provided a summary of LIN2 recall events from Q4 2023 to Q1 2025 to demonstrate its contribution to meeting winter firm load requirements. The data indicates that LIN2 was recalled a total of 12 times during this period, generating approximately 295 GWh of energy. The Board notes that LIN2 generated 160.59 GWh of energy from Q4 2024 to Q1 2025.

NS Power stated that LIN2 was required for capacity requirements throughout 2024/2025 "and is expected to be required in the same manner going forward … up to its anticipated retirement date." Similar capital project requests related to LIN2 Winter Capacity for the 2022/2023 and 2023/2024 periods were approved by the Board in Matters M11322 and M11706, respectively. In the 2022/2023 matter, NS Power noted its timeline for the retirement of LIN2 following the 2024/2025 winter period. There was no mention of a change in the LIN2 anticipated retirement date in the 2023/2024 matter. This issue was pursued in IR-4 and IR-7. NS Power indicated that the decision to extend the anticipated retirement date of LIN2 was made in Q2 2024. This followed the completion of the 2024 Load Forecast (which had an increase of 108 MW in the forecast firm peak for 2024) and concurrent with the development of the 2024 10-Year System Outlook. An updated 2027 retirement date for LIN2 was provided in the 2024 10-Year System Outlook, filed with the Board on June 27, 2024.

NS Power added that the forecast retirement date for LIN2 in the 2025 10-Year System Outlook remains at 2027 but that this is contingent on replacement generation coming online by this date. NS Power noted that the Nova Scotia Independent Electrical System Operator (NSIESO) is now responsible for the procurement of fast-acting replacement generation, but "given the lead times seen across the industry for new combustion turbines, it is increasingly unlikely that the NSIESO's procurement process will allow new fast-acting generation units to be online by Winter 2027-28". NS Power indicated that it expects LIN2 to be maintained in cold reserve until the reliable operation of replacement generation is in place.

**Findings**

Based on the information provided, the Board finds that the work associated with the LIN2 2024/2025 Capacity Requirement project was necessary to provide firm capacity for the 2024/2025 fall and winter season. Accordingly, the Board approves the project in the final amount of $1,257,127.

In its application, pursuant to s. 11.2 of the Capital Expenditure Justification Criteria, NS Power noted seven related capital expenditure (CI) projects related to LIN2 in 2025. The projects are all intended to apply to different systems of LIN2, like the various scopes of work undertaken in the current LIN 2 2024/2025 Capacity Requirement project. While each of the seven 2025 projects were estimated to fall under $1 million, the total amount of the projects is about $2.1 million. In response to Board Staff IR-11(b), NS Power indicated it did not intend to submit these capital projects collectively for Board approval, like it has done in each of the past three years. While it stated that these seven individual CI projects "are replacing the work that otherwise would have been filed in an overall 2025/2026 capacity project", now that LIN2 was no longer slated for imminent retirement and forecast to operate through 2027, NS Power indicated it was appropriate to treat LIN2 capital projects like it treated projects on other generating units where projects with different scopes of work on different assets are separated, including for Trenton 5 which has a similar retirement forecast.

The Board considers LIN2 to present a unique set of circumstances. In the 2022/2023 matter (M11322), NS Power noted the retirement timeline of LIN2 as being after the 2024/2025 winter period. There was no mention of a change in the anticipated retirement date in the 2023/2024 matter (M11706). The utility maintained that it needed LIN2 in cold reserve to ensure an adequate planning reserve margin until new firm capacity was added. This was necessitated due to extraordinary circumstances over the period, including a forced outage at Brooklyn Power, the Wreck Cove LEM project scheduled outage, combined with the unavailability of new near-term firm import opportunities over existing transmission interfaces over the winter. Any capital expenses incurred for LIN2 imposes further costs on ratepayers for a generating facility that will soon be retired. NS Power's firm capacity requirements leading to 2030, and beyond, is a dynamic issue. It is the subject of discussion and review in a variety of proceedings and documents, including the Evergreen IRP Action Plan and Roadmap Update, the 10-Year System Outlook Report, the Load Forecast, ACE Plan and *The Path to 2030*. In that context, the Board finds that it is appropriate for it to maintain ongoing visibility on the maintenance, sustaining capital and operating expenses of LIN2. Accordingly, the Board directs NS Power to continue to submit for Board approval any LIN2 CI projects, collectively, as a Winter Capacity Requirement project application, until directed otherwise.

Further, in response to Board Staff IR-6, NS Power noted that for the periods January 14 – 20, 2025, and January 22 – March 5, 2025, LIN2 was recalled into service and generated a combined total of 108,057 MWh. This amount of energy is significantly higher, and continued over a longer period, than the remaining periods described in the IR response, dating back to Q4 2023. The Board directs that NS Power provide a weekly breakdown of the generated energy from January 14 to March 5, 2025, and to explain the circumstances leading to these higher levels of generated energy in Q1 2025. Further, for the period January 22 – March 5, 2025, please indicate whether this recall was due to a single cause or multiple causes. If multiple causes, please explain the different circumstances for each recall. These responses are due no later September 16, 2025.

In its decision letter approving the LIN2 2023/2024 Winter Capacity project (M11706), the Board also approved a request for the inclusion of operating expenses for LIN2 from 2022 to and including Q4 2024 as regulated operating expenditures for the year 2024. However, this approval only applied for operating expenses until the end of 2024. The Board directed that NS Power would be required to seek Board approval of any LIN2 operating expenses beyond that date. In response to IR-8, NS Power noted that it had operating expenses of $381,698 in Q1 2025, and that it intended to request Board approval of these costs in a future proceeding.

Yours very truly,

Roland A. Deveau, K.C.
Vice Chair

Nova Scotia POWER
An Emera Company

## NSEB APPROVAL SHEET

**Project Title:** LIN2 2024/25 Capacity Requirement

**CI Number:** C0067023 **Date:** June 9, 2025

| Expenditure Profile | | |
|---|---|---|
| Year | Budget Amount | Project Estimate |
| 2024 | 712,191 | 1,063,245 |
| 2025 | 371,610 | 193,882 |
| **Total** | $1,083,801 | $1,257,127 |

**Type of Filing**

- [X] Capital Project Authorization
  - [ ] Unforeseen and Unbudgeted (U&U)
  - [ ] Planned & Advanced (P&A)
  - [X] Subsequent Approval Item
- [ ] Authorization to Overspend (ATO)
- [ ] Scope Change
- [ ] Final Cost (FIN)

**COMMENTS**

| Submitted on behalf of NOVA SCOTIA POWER INCORPORATED | Approved on behalf of NOVA SCOTIA ENERGY BOARD |
|---|---|
| Authorized Signatory<br>Dave Pickles<br>Chief Operating Officer<br>DATE June 6, 2025 | DATE August 28, 2025 |