

REDACTED

Undertaking U-25:

To advise how the numbers that are identified in Figure 2 of the Q1 2025 Maritime Link Benefits Report confirm that Nova Scotia Power met the test to include the Maritime Link Projects in rate base.

Response U-25:

Figure 2 of the Q1 2025 Maritime Link Benefits Report (“MLBR”) shows that NS Power realized benefits of [REDACTED] from surplus market energy and [REDACTED] from bilateral market energy, for a total market-energy benefit of [REDACTED]. In addition to the results from the previous three quarters, the Q1 2025 results confirm that NS Power met the regulatory test required to include the Maritime Link related transmission projects in rate base.¹

NS Power purchases market-priced energy from Newfoundland and Labrador Hydro (“NLH”) through two mechanisms. The first is surplus energy transacted under the Energy Access Agreement (“EAA”). Access to this energy is established through an annual solicitation process, conducted from September of the current year to August of the following year, in which NLH offers on-peak and off-peak energy volumes by month.

The second mechanism is bilateral market-priced energy. Because [REDACTED]
[REDACTED]
[REDACTED] As a result, additional market-priced energy is typically
transacted through bilateral arrangements, [REDACTED]
[REDACTED]

¹ As directed in paragraph 405 of the Board’s February 3, 2023 Decision on the Company’s 2023-2024 GRA (M10431), NS Power is required to demonstrate, for a minimum of four consecutive quarters, that the sum of (a) wheeling tariff revenues, (b) the net economic value of purchased Nalcor surplus energy, or (c) a combination of the two, is at least equal to the combined depreciation, financing, operating, and re-dispatch costs associated with the Maritime Link Projects.

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2 Both surplus energy under the EAA and bilateral energy transactions are market-priced energy.
3 This treatment is consistent with the approach provided in Undertaking U-64 of the 2023-2024
4 GRA (M10431) proceeding. Because the volume and timing of surplus and bilateral energy are
5 inherently uncertain, NS Power's PLEXOS system dispatch optimization model treats all market-
6 priced energy identically and dispatches it based on market prices to achieve the lowest-cost
7 outcome for customers. The model does not distinguish between EAA-governed surplus energy
8 and bilateral energy; rather, the forecast reflects the total quantity of market-based energy available
9 from NLH.

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11 As shown in the table provided in response to Undertaking U-24 in this proceeding, the total
12 benefit from market-priced energy transactions exceeded the combined financing and depreciation
13 costs in each of the four consecutive quarters presented. This outcome is consistent with the
14 methodology provided in M10431 Undertaking U-64 and demonstrates that the economic value of
15 market-priced energy purchased via the Maritime Link exceeded the costs of the related
16 transmission assets.

17
18 Finally, it is noted that bilateral market-priced energy transactions are typically executed [REDACTED]
19 [REDACTED]. Under the EAA, prices are indexed to the
20 Massachusetts Hub ("Mass Hub"), [REDACTED]
21 [REDACTED] While the EAA provides assurance that NLH will first offer surplus energy to NS
22 Power, [REDACTED] and result in lower energy
23 costs for NS Power customers.