Synapse
Energy Economics, Inc.

October 17, 2025

Ms. Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

RE: M12499 – Nova Scotia Power Inc. – Application for Approval of 2025/26 Time Varying Pricing Tariffs

Dear Ms. Henwood,

As consultant to Board Counsel, Synapse Energy Economics, Inc. (Synapse) provides these comments regarding Nova Scotia Power Incorporated's (NS Power, Company) Application for Approval of 2025/26 Time Varying Pricing (TVP) Tariffs.

OVERVIEW

On October 1, 2025, NS Power filed an application regarding its 2025/26 TVP tariffs. In this application, NS Power explained that the cyber security incident continues to impact its systems used to administer the TVP program and proposed temporary modifications to the Domestic, Small General, and General Critical Peak Pricing (CPP) and Time of Use (TOU) Tariffs.[1] In its application, NS Power outlined two options:

- Option A:
    - Maintain TVP Tariffs with suspended on-peak and critical peak event billing, instead billing TVP customers at their respective winter off-peak rate from November 1, 2025 to March 31, 2026; and
    - Potentially resume scheduling and notifying customers of CPP events with 30 days' notice if CPP event notification capabilities are restored before March 31, 2026.
- Option B - fully pause the TVP program and revert participants to the standard offer tariffs.[2]

[1] NS Power. Application to the Nova Scotia Energy Board. M12499. October 1, 2025, p. 2.
[2] *Id,* p. 3.

NS Power stated that while Option B is technically feasible, it would require substantial administrative effort to be completed in advance of the upcoming season, and would present significant risk to the long-term viability of the program, as it would require customers to re-enroll in the TVP program for future seasons.[3] Because of this administrative effort and requirement for customers to re-enroll in the TVP tariffs, NS Power recommends proceeding with Option A.

On October 7, 2025, Nova Scotia Energy Board (NSEB, Board) responded to NS Power's application with an expedited procedural timeline and providing an opportunity for interested parties to submit comments by October 17, 2025. The Board also noted that NS Power's proposal raised several questions, including, whether NS Power considered "simply adjusting the TVP rates in the interim to be the same as the rates for normal customers in the respective classes," and if so, why this approach was not adopted."[4] Synapse provides these comments in response to the Board's opportunity to submit comments, and primarily focuses on whether it is appropriate to charge TVP customers the off-peak rate associated with their tariff, rather than the otherwise-applicable standard rate.

DOMESTIC TARIFFS

NS Power submitted a letter in response to the Board's questions on October 9, 2025. In its letter, NS Power explained that the standard offer rate (SOR) for Domestic customers, excluding riders, is 16.931 cents per kWh, and that the current winter off-peak rate for Domestic TOU customers is the same as the Domestic SOR (16.931 cents per kWh).[5]

Synapse compared the Domestic SOR to the CPP and TOU off-peak rates ($/kWh) effective November 1, 2024, as provided in NS Power's tariff dated January 2025. These are shown in the table below:

Table 1. Current Domestic rates ($/kWh)

Domestic SOR	Domestic TOU Off-Peak	Domestic CPP Off-Peak
$0.16931	$0.16931	$0.14222

Domestic TOU

Given that the off-peak Domestic TOU rate is the same as the otherwise-applicable standard Domestic rate (i.e., the Domestic SOR), Synapse supports NS Power's proposal to temporarily bill Domestic TOU customers on the off-peak rate. However, Synapse questions whether it is reasonable to convey to

[3] *Ibid.*

[4] Nova Scotia Energy Board. M12499 – NSEB Letter, 324825. October 7, 2025, p. 2.

[5] NS Power. M12499. October 9, 2025, p. 2.

customers that the off-peak rate will apply to all consumption through March 31, 2026. If NS Power's systems are fully restored by January 1, 2026, for example, NS Power could provide 30 days' notice that on-peak and off-peak rates will resume and potentially obtain valuable load shifting in the remaining months of the 2025/26 TVP Season. Synapse therefore recommends that NS Power simply notify Domestic TOU customers that off-peak rates will apply until further notice.

Domestic CPP

NS Power requests that Domestic CPP customers be billed on their applicable off-peak rate, which is 14.222 cents per kWh. While this is substantially lower than the Domestic SOR (16.931 cents per kWh), NS Power proposes to resume CPP events with 30 days' notice, should the capability be restored before the conclusion of the 2025/26 TVP Season.

An alternative option, which was not discussed by NS Power, would be to temporarily adjust the Domestic CPP non-critical peak hour pricing to the Domestic SOR until further notice. However, Synapse also understands that there could be additional costs associated with this option, in the form of both customer notification costs (e.g., additional printing and mailing costs), as well as undermining customers' willingness to participate in the program. Given these potential costs and the fact that benefits could still be obtained from Domestic CPP load reductions during the 2025/26 TVP Season if CPP capabilities are restored, Synapse finds NS Power's proposal to be reasonable.

In terms of NS Power's proposal to provide 30 days' notice prior to implementing CPP events, Synapse questions whether such notification would be necessary. An alternative option would be for NS Power to commence the CPP program as usual, with the possibility that it does not call any events if IT system capabilities are not restored during the 2025/26 TVP Season, but with the possibility that events would be called as usual as soon as system capabilities are restored. This option would not require a change to the tariff, as the tariff does not currently specify a minimum number of events, and would allow standard CPP events to resume immediately upon NS Power's IT system restoration, providing 30 days of additional potential CPP events than under NS Power's proposal. Synapse recommends proceeding with commencing the CPP program as usual so that events can resume as quickly as possible once NS Power's systems are restored.

GENERAL SERVICE TARIFFS

Small General TOU

For the Small General and General classes, the off-peak rate is not the same as the SOR rate. The SOR for standard Small General customers is 15.841 cents per kWh (for usage beyond 200 kWh), while the off-peak charges for TOU and CPP are 17.551 and 14.140 cents per kWh, respectively. For General Service customers, the SOR is 10.990 cents per kWh (for usage beyond 200 kWh), while the off-peak charges for TOU and CPP are 13.820 and 9.678 cents per kWh, respectively.

These rates are shown in the table below.

	SOR (>200 kWh)	TOU Off-Peak	CPP Off-Peak
Small General	$0.15841	$0.17551	$0.14140
General	$0.10990	$0.13820	$0.09678

Under NS Power's proposal, Small General and General Service customers who remain on the TOU rate would pay more than on the otherwise-effective SOR, but would not be subjected to on-peak pricing. This appears to be a reasonable solution on a temporary basis, since this would provide more revenue than if the customers were billed at the otherwise effective standard rate and avoids additional costs associated with marketing and outreach to encourage customers to re-enroll in the TOU tariff once the IT issues are resolved.

However, as with the Domestic TOU tariff, Synapse questions whether it is reasonable to convey to customers that the off-peak rate will apply to all consumption through March 31, 2026. If NS Power's systems are restored earlier, NS Power could provide 30 days' notice that on-peak and off-peak rates will resume and potentially obtain valuable load shifting in the remaining months of the 2025/26 TVP Season. Synapse therefore recommends that NS Power simply notify TOU customers that off-peak rates will apply until further notice.

Small General CPP

The situation for Small General and General Service customers on CPP tariffs is somewhat more challenging, as these customers would pay less than the SOR, but would not be subject to critical peak pricing events. As with the Domestic CPP rate, Synapse acknowledges that there may be costs associated with temporarily adjusting the Small General and General Service CPP rates to equal the SOR. These costs include customer notification costs and reduced willingness for Small General CPP customers to participate in the CPP pilot in the future, since the SOR rate would be higher than the off-peak CPP rate. Given these potential costs and the fact that benefits could still be obtained from CPP load reductions during the 2025/26 TVP Season if CPP capabilities are restored, Synapse finds NS Power's proposal to charge Small General and General Service CPP customers the off-peak rate reasonable, provided that CPP events again resume once NS Power's system capabilities are restored.

In terms of NS Power's proposal to provide 30 days' notice prior to implementing CPP events, Synapse raises the same questions as with the Domestic CPP tariff. It is not clear why the CPP program could not proceed as usual, with the possibility that no events are called if IT system capabilities are not restored during the 2025/26 TVP Season, but with the possibility that events would be called as usual as soon as system capabilities are restored. This option would appear to require no change to the tariff, as the tariff does not currently specify a minimum number of events, and would allow standard CPP events to resume immediately upon NS Power's IT system restoration, providing 30 days of additional potential CPP events than under NS Power's proposal.

RECOMMENDATIONS

TOU Rates

NS Power states that the majority of TVP customers (67 percent) are enrolled in the Domestic TOU tariff.[6] The Domestic TOU's off-peak rate is the same as the SOR, which supports NS Power's proposal to bill Domestic TOU customers at the off-peak rate temporarily. For this reason, Synapse recommends approval of NS Power's proposal to bill Domestic TOU customers at the off-peak rate.

In contrast, the TOU off-peak rates for the Small General and General Service customers are higher than the SOR. Here, too, NS Power's proposal to bill these customers at the off-peak rate appears to be a reasonable solution on a temporary basis, since this effectively treats all usage as off-peak consumption, but provides more revenue than if the customers were billed at the otherwise effective standard rate. It also avoids requiring these customers to re-enroll once NS Power's IT capabilities are restored. Synapse recommends approving NS Power's proposal to bill Small General and General Service customers at the off-peak rate.

However, it may not be necessary to convey to customers that the off-peak rate will apply to all consumption through March 31, 2026. If NS Power's systems are restored earlier, NS Power could provide 30 days' notice that on-peak and off-peak rates will resume and potentially obtain valuable load shifting in the remaining months of the 2025/26 TVP Season. Synapse therefore recommends that NS Power simply notify TOU customers that off-peak rates will apply until further notice, rather than guaranteeing off-peak rates for the duration of the 2025/26 TVP Season.

CPP Rates

NS Power proposes to bill all CPP customers at the off-peak rate. The off-peak rate for CPP customers is lower than the SOR. However, NS Power proposes to resume CPP events with 30 days' notice, should the capability be restored before the conclusion of the 2025/26 TVP Season.

Synapse agrees with NS Power's proposal to bill CPP customers at the off-peak rate, primarily due to the fact that CPP events may still be called during the 2025/26 TVP season, if NS Power's capabilities are restored. In addition, there would likely be additional costs to billing CPP customers at the higher SOR,

[6] NS Power. Letter to NSEB. October 9, 2025, p. 3.

primarily in the form of communication costs and reducing customers' willingness to participate in the CPP rate in the future (and associated higher costs of customer acquisition in the future).

However, it does not appear to be necessary for NS Power to provide 30 days' notice prior to implementing CPP events again once its systems are restored. Instead, the CPP program could proceed as usual, with the possibility that no events are called if IT system capabilities are not restored during the 2025/26 TVP Season, but with the possibility that events would be called as usual as soon as system capabilities are restored. This option would not require a change to the tariff, as the tariff does not currently specify a minimum number of events, and would allow standard CPP events to resume immediately upon NS Power's IT system restoration. Thus, Synapse recommends that NS Power proceed with the CPP program as usual, but with the understanding that events would not be called until its systems are restored.

Respectfully submitted this 17th day of October 2025.

M Whited

Melissa Whited
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