Blackburn Law Inc.

December 12, 2025

VIA EMAIL

Ms. Crystal Henwood
Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
Halifax NS B3J 3S3

Dear Ms. Henwood:

Re: M12521 Nova Scotia Power Inc. application for approval of its 2026 Demand Side Management (DSM) Cost Recovery Riders (DCRR)

On October 22, 2025 Nova Scotia Power Inc. (NS Power) filed an application for its 2026 Demand Side Management (DSM) Cost Recovery Rider (2026 DCRR) (the "Application") requesting approval to collect the total program cost amount that Efficiency One (E1) has planned for 2026 plus the Balancing Adjustment (BA) related to over/under recovery necessary to true up to the approved amount for the DSM program set to end by December 31, 2025[1].

NS Power also includes a proposed alternative to address the possibility that approval of the Application by the Nova Scotia Energy Board (the "Board") is delayed such that the 2026 DCRR cannot commence on January 1, 2026 [2]

The Small Business Advocate (SBA) has reviewed NS Power's Application and responses to IRs submitted by the SBA as well as by the Board, Consumer Advocate, Industrial Group, and appreciates the opportunity to submit the following comments.

The Application:

NS Power's Application anticipates and addresses two reasons for possible delay in the effective date for the 2026 DCRR:

1. This Application includes assumptions related to the 2026-2027 General Rate Application (the "GRA")[3], whose hearing is scheduled to begin on January 7th, leaving the date for a

[1] M12521, Exhibit N-1, NS Power Application for 2026 DSM Cost Recovery Rider (DCRR), October 22, 2025, (the Application) page 3 of 10, at lines 14-26.
[2] M12521, Exhibit N-1, (the Application), page. 3 of 10, at lines 17-19.
[3] M12521, Exhibit N-1, Application, page 5 of 10, at lines 2-5. See also M12451, NS Power's 2026 2027 GRA Application.

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Board decision that would confirm a January 1st start date for 2026 DCRR collection uncertain, and

2. This Application is based upon the amount E1 requested in its 2026 DSM Extension Application (being $63.75 million, pursuant to the legislative amendment in the *Public Utilities Act*)[4] for which a decision has not yet been rendered by the Board.

The Application comprises two cost recovery components - "the PCR, that is set to collect program costs for the upcoming DSM Plan period, and the BA component, which is a true-up mechanism that collects or refunds, the variances from prior period PCR collections".[5] With this Application, NS Power requests the following:

- Board approval for the 2026 DCRR to come into effect on January 1, 2026, and if not so approved then NS Power proposes two alternatives:
    - that the 2025 DCRR (approved in 2024 under M11912) remain in effect until the 2026 DCRR is approved;[6] or
    - that the 2026 DCRR be approved on an interim basis[7]; and
- Board approval for the revised DSM cost allocation methodology to be based on 100% allocation to its rate classes in accordance with E1's program spending and as proposed in the 2026-2027 GRA under review in M12451.[8]

Proposed Start Date for 2026 DCRR:

As noted above, the Application requests that January 1, 2026 be the effective date for the proposed 2026 DCRR, or in the alternative, that the 2025 DCRR remains in effect until the 2026 DCRR is approved. However, the Application also requests that the Board approve the 2026 DCRR on an interim basis because as NS Power said "having no DCRR in effect on January 1, 2026 would result in a temporary reduction in rates for customers until such time as the new DCRR is approved. "[9]

Having proposed these two ways to have a DCRR in effect at the beginning of the year (the 2026 DCRR on an interim basis or a continuation of the 2025 DCRR), NS Power also provided its

[4]M12249, Exhibit E-1, An Application by EfficiencyOne (E1) for approval of the 20226 DSM Extension for Demand-Side Management Activities between E1 and Nova Scotia Power and for approval of the Amendment to the 2023-2025 Demand-Side Management Purchase Agreement between EfficiencyOne and Nova Scotia Power Inc.(April 30, 2025) ("E1 Application and Evidence"), Evidence, Section 1 Introduction, page 1 of 25, at lines 16-22.

[5] M12521, Exhibit N-1, the Application, page 3 of 10, at lines 24-26.

[6] M12521, ExhibitN-1, the Application, page 3 of 10, at lines 16-19.

[7] M12521, Exhibit N-1, the Application, page 9 of 10, at lines 25-26.

[8] M12521, Exhibit N-1, the Application, Appendix B-1, page 3 of 3, DSM Cost Allocation Method, at Step 1., .; Exhibit N-5, NSPI (SBA) RIR-1 (a-b), page. 1 of 2, lines 26-28, both of which are consistent with M12451, ExhibitN-3, the GRA Application, Section 13.5, page. 83 of 99, at lines 8-10, and see also M12451, Exhibit N-9, 2026-2027 GRA Appendix 12 A-C -Cost of Service Process – Redacted.(originally filed in M11475 COSS), Section 5.9 DSM Rider page 19 of 29, at lines 27-30, and page 20 Of 29, at lines 1 – 9..

[9] M12521 Exhibit N-1, the Application, page 9 of 10, at line 27 and page 10 of 10 at line 1.

description of the process for addressing under collections through the BA,[10] referring to the fact that if the 2025 DCRR continued:

> This would result in under recovery of DSM program costs, volatility in rates, and confusion for customers. In addition, the under collections would be deferred and collected in future periods resulting in future rate pressure for customers[11].

As the proposed rates for 2026 DCRR for two of the customer classes the SBA represents, the Small General and Small Industrial classes, are expected to be lower compared to the 2025 DCRR rates[12], the SBA respectfully submits that it would be preferrable and less confusing for customers to receive the benefit of the 2026 DCRR starting with their January 2026 bill, or as soon as possible thereafter.

BA Interim versus End of Term Balances:

The SBA asked NS Power to explain why the amount shown for the Balancing Adjustment in the Application does not match the amount that was filed in the GRA and whether this was explained by the different timing for these two filings. NS Power responded that the difference is due to an Interim Balance being shown in the Application and the End of Term balance being used in the GRA, with the proposed process outlined in the GRA not to take effect until after 2026.[13]

NS Power explained that Interim BA balances are finalized annually once actual DSM costs and class usage are available, which will be in 2027 and will either be included in the BA component of the 2028 DCRR or, as NS Power has proposed in the GRA, 1/4 of the BA balance will be included in the BA balance over the first 4 years included in the five year 2027-2031 DSM term.[14] The SBA recommends that this be updated each year in future DCRR reports so that customers and intervenors remain aware of the BA impact as it is smoothed over time.

Two Pending Matters:

In two cases, NS Power has indicated that the proposed 2026 DCRR rates could be impacted by the status of inquiries whose outcomes are pending before the Board, and which relate to interest applied to the BA amount for all customers and the impact on remaining customers after certain customers migrate to the Renewable to Retail (RtR) customer class.[15]

In the first case, NS Power was asked to provide a version of Appendix A-2 Tables 1 and 2 showing the BA with Interest using the default rate for deferrals, namely the "simple interest at the Bank of Canada policy interest rate plus one and three-quarters per cent applied annually."[16]

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[10] M12521 Exhibit N-1, the Application, page 10 of 10, at lines 3-4.
[11] M12521 Exhibit N-1, the Application, p. 10, lines 1-4
[12] M12521 Exhibit N-1, the Application, Figure 3 – 2026 *PCR and BA - Effect of updated DSM Charges on Class Revenues*, page 7 of 10 at lines 15-16.
[13] M12521, Exhibit N-5, NSPI (SBA) RIR-1 (a-b), pages. 1-2 of 2.
[14] M12521, Exhibit N-5, NSPI (SBA) RIR-3, pp. 1-2.
[15] M12521, Exhibit N-3, NSPI (IG) RIR – 2(a-b), pages 1-2 of 2.
[16] M12521, Exhibit N-3, NSPI (IG) RIR-10, page 1 of 1.

NS Power indicated that it anticipates that a generic proceeding will be initiated that will provide guidance on whether interest will be applied to deferrals and variance accounts, including the assessment of interest but did not provide an anticipated time frame for this event.[17]

In the second case, NS Power states that it expects RtR customers would pay the same DCRR as customers remaining on bundled service but has not finalized "the approach for processing and recording these charges or credits, including the BA calculation processes" for customers who elect to take service from a licensed retail supplier (LRS) participating in the RtR program.[18]

In both cases, the SBA is concerned that once details are finalized, the proposed 2026 DCRR applied to customers may need to be revised, possibly during 2026. While NS Power has flagged these two areas of uncertainty, the SBA respectfully submits that it is important for stakeholders to have updated information regarding the timing for a proceeding on interest for the BA, and what progress NS Power has made in finalizing RtR rates and billing processes. The SBA respectfully submits that NS Power should be required to provide up to date information on these points as part of its compliance filing.

Submissions

The SBA respectfully submits that, based on its summary above of the issues and concerns identified in this matter that could impact the 2026 DCRR rates its customer classes pay, it is important that NS Power provide as part of its compliance filing:

- Anticipated time frame for generic proceedings addressing interest on the BA deferrals.
- Report on the progress made to finalize how charges and credits are applied to RtR customers.

Finally, the SBA is concerned that a delay in the effective date of the proposed 2026 DCRR could create confusion for customers when reviewing their bills during the upcoming year and prevent them from seeing any reduction in rates compared to 2025 and respectfully submits that the 20226 DCRR be effective as soon as possible.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 12th day of December 2025.

Yours truly,

Melissa P. MacAdam
Small Business Advocate

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[17]M12521, Exhibit N-4, NSPI (NSEB) RIR-5, page 1 of 2
[18]M12521, Exhibit N-3, NSPI (IG) RIR-2 (a-b), pages 1-2.