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LAWYERS | AVOCATS

April 22, 2026

VIA WEB PORTAL

Crystal Henwood, Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Dear Ms. Henwood:

Re: M12524 – Nova Scotia Power Incorporated – Concentric FERC Order 2023 Report

The Consumer Advocate has reviewed the report prepared by Concentric concerning FERC Order No. 2023, as well as IESO Nova Scotia's response, along with Nova Scotia Power's related Annual Interconnections Processes Proceeding Report (as filed in M12778).

On review of the materials filed, the Consumer Advocate makes the following brief comments for the Board's consideration:

- Study Deadline Penalties: Concentric recommends that "Nova Scotia adopt the penalty structure established under Order 2023 for delays in the processing of interconnection studies [Recommendation 7]. Implementing financial penalties for the transmission provider for missed study deadlines would create clear accountability for timely performance and reinforce the commitment to providing a transparent and predictable interconnection process." In response, IESO NS states:

  > Some aspects of the study and processing of Interconnection Requests have transferred from NS Power to IESO Nova Scotia. IESO Nova Scotia assumes then that the adoption of any potential penalty structure for failure to meet those study deadlines under its ownership would apply to it.
  >
  > Given IESO Nova Scotia is a not-for-profit organization, application of penalties against IESO Nova Scotia appears to be ill-suited at this time, without further study

> of its appropriateness in this context. In light of this, IESO Nova Scotia proposes to further consider this issue as part of its work in 2026 on broader SGIP revisions.

The Consumer Advocate agrees with IESO NS's concerns. Given IESO NS's non-profit status, it is unclear how such a penalty would be paid without being subsidized by ratepayers. That is not to say that IESO NS should not be penalized for study delays, only that ratepayers should not be liable for such costs. The Consumer Advocate agrees that this issue requires further study.

- <u>Cost Allocation:</u> As a final point, the Consumer Advocate acknowledges Concentric's recommendation to implement a proportional impact approach to system network upgrade cost allocation while allocating substation network upgrade costs on a per capita basis for associated interconnecting customers. The issue of cost allocation for network upgrades is also addressed by NS Power in its Annual Interconnections Processes Proceeding Report:

> NS Power has previously noted the "the importance of understanding the benefits of ensuring that the transference of costs and risks to ratepayers is avoided" and repeated the concern regarding the transference of costs and risks to customers in its January 17 and August 18, 2025 submissions. Synapse's NU cost allocation recommendation in its final report implied acknowledgment of the same, providing that "[w]e recommend the use of a 50/50 split **in recognition of the difficulty in projecting future streams of benefits to ratepayers** from increases in small-scale (non-NSPI) renewable resources across Nova Scotia." [**emphasis added]**
>
> NS Power and the NSEB must also balance the interests of all customers, passing and approving into rate base only those costs that can be reasonably shown to show some broader system and customer benefit. Given the uncertainty of projecting future benefits in the present, the proposal to refund 50 percent of distribution NU costs over time is an appropriate measure. As noted in the Compliance Report, "[t]he limitations to the annual refund amount will prevent large projects from causing significant pressure on rate base in the short term, while encouraging the development and execution of distribution connected generation projects." The refund mechanism therefore reduces financial barriers for ICs while limiting rate-base exposure to speculative or premature system investments.

The Consumer Advocate shares NS Power's concern regarding cost allocation for network upgrades, particularly in the absence of any analysis of measurable benefits to non-IC customers.

NS Power further notes in that Report:

> Synapse further noted in its final report that the allocative share and associated refund mechanism should be reviewed periodically, particularly in the initial years of implementation, to assess whether the framework is effectively promoting small-scale renewable energy development in a manner that benefits both ICs and ratepayers. Consistent with this view, the November 29, 2024 compliance report observed that Synapse did not intend its recommendations to be prescriptive and characterized them instead as establishing a modifiable course for Nova Scotia. In keeping with that guidance, NS Power submits that the proposed NU cost allocation methodology should remain adaptable and subject to future refinement.

The Consumer Advocate agrees with NS Power's approach in this regard.

- <u>Revisions to SGIP:</u> IESO NS accepts most of Concentric's recommendations, and indicates that adoption of these recommendations will require revisions to the SGIP. In that regard, IESO NS states:

> IESO Nova Scotia intends to consult stakeholders on proposed revisions to the SGIP, and any relevant interconnection technical documents and processes, prior to submission to the NSEB for review. IESO Nova Scotia foresees this occurring alongside, or subsequent to and informed by, any Board initiated process to seek comments about Concentric's report and recommendations from participants in Matters M10905 and M12174 as noted in the Board's letter of December 23, 2025. Accordingly, IESO Nova Scotia will carry out consideration of potential revisions, implement revisions, consult stakeholders on proposed revisions throughout 2026, with a target submission date to the Board by end of December 2026, with the understanding that if submission to the NSEB can be made sooner, IESO Nova Scotia will do so.

The Consumer Advocate agrees with this approach, and looks forward to participating in that process.

Further, IESO NS states that until the SGIP is revised and approved by the NSEB, "to formally establish IESO Nova Scotia and NS Power's respective responsibilities for the administration of various interconnection processes, both parties are working to codify a more immediate interim solution for administration with respect to the SGIP and respective GIAs, all in accordance with the current Board approved SGIP. IESO Nova Scotia <u>expects that this agreement will be finalized and entered into in Q1 2026."</u> (emphasis added)

The Consumer Advocate requests that IESO NS provide a status update, and confirmation as to whether the agreement has been finalized.

The Consumer Advocate thanks the Board for the opportunity to provide these comments.

Yours truly,

PINK LARKIN

Michael Murphy on behalf of
Consumer Advocate
MTM/aw