Blackburn Law Inc.

January 20, 2026

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: M12551 – Nova Scotia Power Incorporated – Application for Approval of 2026 Annually Adjusted Rates (AARs)

On November 7, 2025, Nova Scotia Power Incorporated (NS Power) filed its Application for Approval of its proposed tariffs for the 2026 Annually Adjusted Rates (AARs), which includes detailed tariffs for the list of tariff service options shown below:[1]

1. GRLF - Generation Replacement and Load Following Tariff
2. 1P-RTP - One Part Extra High Voltage Real Time Pricing Tariff
3. SP - Shore Power Tariff
4. BUTU - Wholesale Market Backup/Top-Up Service Tariff
5. SPILL - Wholesale Market Non-Dispatchable Supplier Spill Tariff
6. EBS – Renewable to Retail Energy Balancing Service Tariff
7. SS – Renewable to Retail Standby Service Tariff
8. RTT - Renewable to Retail Market Transition Tariff
9. ELIADC - Extra Large Industrial Active Demand Control Tariff

[1] M12551 Exhibit N-1 NS Power Application for Approval of 2026 AARs, Section 1. Introduction, p. 7 of 45, lines 7-15.

NS Power states that the proposed rates for the ELIADC Tariff reflects methodologies approved in prior Board decisions as well as their proposed changes in NS Power's October 31, 2025 Compliance Filing in M12184.[2]

The Small Business Advocate (SBA) submitted comments in M12184 that summarized its concerns with NS Power's compliance filing of revisions to the ELIADC Tariff for the requested third year extension. For this reason, the SBA refers the Board to its M12184 compliance comments in its discussion of the ELIADC Tariff and expresses additional concerns about the totality of the 2026 AAR filing below.

Comments

The SBA's review of this 2026 AAR Application is focused on risk transfer, cross-subsidization concerns, and administrative cost discipline, each of which are summarized below.

Risk Transfer

The SBA recognizes that the AARs have historically included updates to marginal cost rates and administrative charges, however, there remains the possibility of asymmetric risk in the presence of highly volatile marginal costs forecasts (24% decrease from a number of the 2025 approved AARs)[3] and data limitations due to the cyber incident.[4] When forecast assumptions do not align with outcomes, bundled service and small business customers absorb the risk by bearing the residual outcomes of the updated rates. The SBA submits that transparency regarding forecast risk is important to understand and should be addressed by providing class level rate impacts from the proposed AAR rate changes.

Cross Subsidization

The SBA also notes the request for the deferral of Renewable-to-Retail (RtR) costs is being made without knowing the magnitude nor any explicit details regarding the timing of recovery of the deferred amount.[5] The SBA recognizes that NS Power's ability to forecast these costs is dependent upon the development of the RtR framework which is still evolving. However, while the AAR process is not the place to define the recovery mechanism for deferred RtR costs, it is appropriate to acknowledge that the absence of a clearly defined recovery mechanism may create unintended cross-subsidization across time periods and among customer classes.

Administrative Costs

With respect to administrative costs, the SBA recognizes that the Board has previously permitted escalation of administrative costs by an inflationary factor in M09866.[6] The factor utilized in this

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[2] M12184 Exhibit N-1 NS Power Application for Approval of a Third Term for the Extra Large Industrial Active Demand Control Tariff, filed March 31, 2025, and NS Power Compliance Filing submitted on March 31, 2025.

[3] M12551 Exhibit N-1 NS Power Application for Approval of 2026 AARs, Section 2.0 Marginal Cost Analysis, p. 11 of 45, lines 3-5.

[4] M12551 Exhibit N-1 NS Power Application for Approval of 2026 AARs, Section 1.2 Board Directive regarding Time-varying Pricing Structure for AARs, p. 10 of 45, lines 17-22.

[5] M12551 Exhibit N-7 Responses to SBA Information Requests IR-4 part a, page 1 at Lines 31-32.

[6] M12551 ExhibitN-7, Responses to SBA Information Requests IR-1 part a-c, page 1-2 at Lines 26-27 and 1-12.

proceeding of 3.25% is higher than that of the Statistics Canada reported inflation of 2.2%.[7] NS Power has stated that the inflationary factor utilized in the 2026 AAR Application is more than just inflation and is based on factors that affect its ability to stay competitive in the job market[8]. While the proposed escalation is in relation to administrative charges, the SBA submits that further justification may be required to ensure that administrative cost discipline is being upheld.

Submissions

In conclusion, the SBA respectfully submits that the Board should consider risk allocation of the proposed AARs in the presence of volatile marginal costs, ensure administrative costs are well-justified, and acknowledge the need for greater clarity regarding the treatment and timing of deferred RtR costs to ensure fairness to all customer classes.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of January, 2026.

Yours truly,

Melissa P. MacAdam
Small Business Advocate

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[7] Statistics Canada Dec 15, 2025 https://www150.statcan.gc.ca/n1/daily-quotidien/251215/dq251215a-eng.htm

[8] M12551 Exhibit N-7 Responses to SBA Information Requests IR-12 part a-b, page 1 of 1 at Lines 15-23.