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July 15, 2026

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Dear Parties:

M12551 - 2026 Annually Adjusted Rates – Stakeholder Engagement Update

The Board has reviewed correspondence from counsel for Renewall Energy inc. (REI) dated July 6, 2026. This letter responded to the Board's request for comments concerning NS Power's update dated June 15, 2026, on stakeholder engagement about a Board directive in the 2026 AAR decision. This directive, in the Board's March 9, 2026, decision letter, related to examining the implementation of monthly marginal cost pricing and the potential addition of a true-up mechanism to Renewable to Retail (RtR) tariffs:

> Without in any way pre-judging the outcome, presumably, the goal of the exercise for REI, as a new entrant in the electricity retail field, is to be able to present a tariff that is attractive and not subject to imminent change, when seeking out potential customers. Therefore, while not ordering NS Power to file an application by March 31, 2026, the Board directs NS Power to initiate stakeholder engagement on the issues raised by REI in this application by April 30, 2026. Part of the initial discussions should focus on a realistic timeline for making an application. While recognizing a potential and significant imbalance with available data, the Board notes that any impacted party, including REI, can apply to the Board for relief, with supporting materials, if the parties cannot agree on a reasonable timeline.

In its June 15, 2025, correspondence, NS Power indicated the following:

> Following initial discussions with REI on March 30, 2026, NS Power provided REI with the requested 2024 and 2025 marginal cost information on April 17, 2026, as referenced in the Company's April 30, 2026 update. To date, NS Power has not received a response from REI regarding this material; however, the Company remains available to engage as REI completes its review.

NS Power pointed out it was also involved in engagement with REI in other Board-directed proceedings:

> In the interim, NS Power also continues to engage with REI on related matters from other Board-directed proceedings including the development of RtR tariffs, standards of conduct, or procedures to enable distribution-connected generation and net billing (M12339) and the Large Industrial Interruptible Rider Pilot (M11422). Work is proceeding consistent with the Board's direction in these matters. Given the scope of these additional work streams also includes potential revisions to the RTR Tariffs, it may be the outcome of these projects will also affect the outcome of M12551.

NS Power suggested it would provide further updates "…in the in the 2027 AAR Application, to be filed by November 6, 2026."

Renewall responded, in part:

> REI confirms that it has received and reviewed the actual hourly marginal cost data for 2024 and 2025 provided by NS Power. REI notes that it had requested a broader range of historical years in order to assess the degree of variability in marginal cost outcomes over time, as this is a key input to any assessment of whether a true-up mechanism is necessary or appropriate.
>
> REI intends to reaffirm that request for NS Power to provide data for three additional years to enable a more complete analysis. REI anticipates being in a position to provide more substantive feedback to NS Power and the Board regarding whether any true-up mechanism is required following receipt and review of that broader dataset.

While indicating that the RtR tariff framework must be in place before selling energy to retail customers, and that Renewall had no reason to believe they would not be, the company also said:

> REI agrees with the Board's observation that a number of proceedings — including M11422 (Large Industrial Interruptible Rider (LIIR) Pilot), M12339 (Development of RtR Tariff Amendments), and M12588 (Renewable to Retail Implementation) — collectively bear on the RtR framework and REI's entry into the market.
>
> REI confirms that it continues to work with NS Power in respect of each of the above matters. With respect to Matter M12588 in particular, REI agrees with the Board that a new process may be needed to develop a cost recovery mechanism for the approved RtR implementation costs, in order to address that issue in a comprehensive way. REI would welcome the opportunity to discuss with the Board and with NS Power the appropriate vehicle and timeline for that proceeding.

REI indicates it anticipates entering the market in Q4 2026, or by December 31, 2026. The Board is very concerned that there is an increasingly short timeframe for consideration of any proposed RtR tariff adjustments or amendments. As any proposed RtR tariff amendments may impact NS Power's other customers, there must be sufficient time to allow for evidence or representations from other stakeholders. An update at the time of the 2027 AARs filing is unlikely to leave enough time to deal with the marginal cost/true-up mechanism issue this year. That is only one aspect of the RTR tariff issues currently being discussed. In matter M12588, the Board made the following comments:

> [106] In light of the complexity of the concerns and issues arising in this matter, it is not apparent to the Board that the Annually Adjusted Rates process is appropriate for setting the cost recovery mechanism for the renewable to retail market. If the intent is to flow approved costs through an already established rate mechanism, it may be reasonable to rely on that process. But, if new mechanisms or tariff language would need to be developed (or amended) and approved, a separate process may be more advisable. At this stage, these comments are simply raised for guidance. If a determination on this point becomes necessary, it would be a matter for a future proceeding.
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> [2026 NSEB 13, at para.106]

As the Board has indicated, and as both NS Power and REI have acknowledged, there are several issues that may need to be addressed with respect to potential RTR tariff amendments. The Board hopes that sufficient information for REI or NS Power to arrive at a decision about proposed amendments would now be available to the parties. In the Board's view, any proposed RTR tariff amendments should be filed by August 31, 2026, if there is an expectation that they will be considered and determined prior to the end of 2026. The Board notes that ordinarily NS Power would file proposed tariff amendments to its own tariffs. Ideally, tariff amendments would have the support of both NS Power and REI. That said, the RtR tariffs are existing tariffs, and the Board sees no reason why REI cannot initiate the application process if the company takes the position that the existing tariffs are unreasonable, unfair or unjustly discriminatory.

NS Power and REI must therefore make a concerted effort to agree on a framework and timing of any proposed RtR tariff amendment applications. If NS Power cannot file such an application by August 31, 2026, REI should file any application by that date or as soon as possible thereafter. While the Board will endeavour to process any application as expeditiously as possible, even if filed after August 31, 2026, it wants the parties to be on notice that the later the filing, the less chance that it can be processed to achieve the desired outcome of having final amended RtR tariffs in place by the end of 2026. Even then, the

November 6, 2026, AAR filing will presumably be based on the RtR tariffs currently in place. This may require some finessing if amendments are granted after the AAR filing.

Yours very truly,

Crystal Henwood

Crystal Henwood
Clerk of the Board

c: Interested Parties