Nova Scotia POWER
An Emera Company

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August 31, 2026

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

Re: M12551 – 2026 Annually Adjusted Rates – Stakeholder Engagement Update (RtR Tariffs)

Dear Ms. Henwood:

Nova Scotia Power Incorporated (NS Power, Company) is writing in response to the Board's July 15, 2026 letter in the above noted matter addressing (i) Renewall Energy Inc.'s (REI) request for additional historical marginal cost data, and (ii) the Board's direction that any proposed Renewable to Retail (RtR) tariff amendments be filed by August 31, 2026.

1. Marginal Cost Data and True-Up Mechanism

NS Power provided three additional years (2021–2023) of historical hourly marginal cost data to REI on July 16, 2026, as requested. The data was provided on the same basis as the 2024–2025 hourly marginal cost data provided on April 17, 2026:

- The marginal cost model is designed to calculate the cost of serving a hypothetical next MW of demand.
- Historical marginal cost is not indicative of future market conditions.
- NS Power hasn't investigated the tariff administration issues associated with shifting the Energy Balancing Service (EBS) Tariff to an hourly marginal cost basis for spill pricing should it be determined that the parties wish to pursue that.

NS Power has received feedback from REI regarding this expanded dataset. NS Power understands that REI is still considering the additional dataset and whether changes to the annual cost base underpinning EBS Tariff top-up and spill pricing, including a monthly marginal cost with true-up methodology are warranted. NS Power will continue to work with REI to determine next steps on this process.

Additionally, the Board directed NS Power to work with stakeholders to provide a recommended time-variable pricing (TVP) structure for the Annually Adjusted Rates (AARs) in its 2027 AAR application. NS Power's position is that introducing TVP at this time would be premature. Customers of REI are not expected to start to take service until late 2026, meaning there will be limited operational and usage data available to support the design of an effective and durable TVP structure.

In proceeding M13008, NS Power has proposed a comprehensive review of the operation of key RtR market elements, including the new Distribution-connected Aggregation Service (DAS) Tariff and the broader RtR framework, at the end of 2028. NS Power submits that any consideration of changes to the pricing structure, including the introduction of time- or seasonally-differentiated pricing, should form part of that review. This pathway will allow decisions regarding TVP to be informed by actual market participation, customer behaviour, operational experience, and load profile data.

2. RtR Tariff Amendments

(a) Renewable to Retail Implementation (M12588)

With respect to RtR market implementation costs, NS Power is not proposing any changes to the existing cost recovery mechanisms within the RtR tariffs. Instead, the Company proposes to utilize the established administrative charge framework under the EBS and Standby Service (SS) tariffs to recover both the implementation costs approved in M12588 and M06214, as well as ongoing administrative costs associated with the operation of those tariffs.

NS Power will include the proposed cost recovery amounts in its 2027 AAR Application, which is scheduled to be filed by November 7, 2026. NS Power and REI have agreed that the implementation costs arising from M12588 and the deferred costs from M06214 be recovered over a 10-year amortization period. However, the Company's agreement to this amortization period is subject to confirmation that financing costs on the unrecovered balance will be recovered at NS Power's weighted average cost of capital. NS Power will continue to work with REI to address a mutually agreeable process and repayment structure to be filed with the Board.

As initial transactions in the RtR market may occur before the Board issues its decision on the 2027 AAR Application, any administrative costs incurred during that period will be tracked and recorded in a deferral account for future recovery. This approach ensures that RtR market activities can proceed without interruption while maintaining an appropriate mechanism for the recovery of NS Power's prudently incurred costs to develop and implement the RtR market as mandated by the *Electricity Act*.

(b) Large Industrial Interruptible Service Enablement in the RtR Market

The Company has been working with REI to advance the development of the RtR tariff and process provisions required to extend interruptible service to large industrial customers in the RtR market. Both REI and NS Power are of the view that the LIIR-related tariff revisions could appropriately be addressed in the context of the M13008 proceeding underway. The parties believe this approach would promote regulatory efficiency by enabling the Board and intervenors to consider all related tariff amendments concurrently, thereby avoiding the need to review and approve tariff revisions that may be subject to further related amendments in the near term. NS Power intends to write to the Board in that matter requesting that this issue be considered for inclusion in that proceeding, with minor to no changes to the established hearing order schedule.

(c) RtR Market Element Updates Application (M12339/M13008)

On July 31, 2026, NS Power filed its RtR Market Element Updates Application (M13008), in accordance with the Board's November 19, 2025 directive in M12339.[1] That application was developed jointly with REI, with the assistance of Power Advisory LLC, following two stakeholder engagement sessions (May 14 and July 23, 2026), and is filed with REI's support on all elements.[2] It proposes revisions to the SS Tariff, EBS Tariff, Distribution Tariff, and Licenced Retail Supplier Terms and Conditions, and establishes a new DAS Tariff to enable distribution-connected generation aggregation in the RtR Market. NS Power and REI determined no changes were required to the Code of Conduct, interconnection processes, Market Rules, Open Access Transmission Tariff, or the RtR Market Transition Tariff.[3]

The DAS Tariff administration fee has not yet been quantified; the parties propose

[1] M13008, Exhibit N-1, p. 4, paras 4 and 5.
[2] M13008, Exhibit N-1, NS Power, RTR Market Elements Application, Cover Letter, July 31, 2026, p. 2, paras 2 and 3.
[3] M13008, Exhibit N-1, p. 3, para 1.

that this figure be developed for inclusion in the 2027 AAR Application, with any interim operating costs deferred for future recovery.[4]

Yours truly,

Michael Willett
Sr. Director, Regulatory

cc. Nancy Rubin/Brianne Rudderham, Counsel for REI

[4] M13008, Exhibit N-1, p. 2, para 5.