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An Emera Company

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March 31, 2026

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

Re: M12588 – CI C0053699 – Renewable to Retail Implementation – Reply to Intervenor Submissions

Dear Ms. Henwood:

On December 1, 2025, Nova Scotia Power Inc. (NS Power, Company) filed its capital application (Application) for CI C0053699 - Renewable to Retail (RtR) Implementation. The Nova Scotia Energy Board (NSEB, Board) initiated a paper hearing process, with a deadline for the written submissions of Intervenors on March 17, 2026.

The Consumer Advocate (CA), Renewall Energy Inc. (REI), and the Small Business Advocate (SBA) filed their submissions on March 17, 2026.

This proceeding requests approval of the capital expenditure required to implement updates and enhancements to existing software solutions, as well as to develop new and enhanced business processes and procedures to enable the RtR market. No intervenor has suggested this project is not required, and much of the evidence raised relates to cost recovery, which will be addressed in a future proceeding. REI is the only intervenor to raise concerns with certain cost elements, and those concerns are addressed herein.

The Company provides the following as its Reply to written submissions.

RESPONSE TO SUBMISSIONS BY THE CONSUMER ADVOCATE

Cost Recovery

The CA notes that the Application identifies a cost variance of $581,816, which NS Power attributes primarily to the need to ramp up project resources a second time as a result of changes to the Licensed Retail Supplier's (LRS) Commercial Operation Dates (COD), along with associated increases in administrative overhead (AO), labour, consulting costs, and allowance for funds used during construction (AFUDC). Based on NS Power's responses to Information Requests (IRs), the CA submits that the variance appears to be largely, if not entirely, attributable to actions taken by the LRS.

While the CA acknowledges that the RtR framework is intended to ensure that market participants bear these costs and that domestic customers should not be responsible for them if cost recovery proceeds as planned, the CA expresses concern about the risk that such costs may not be fully recoverable if the LRS is unsuccessful.

Consistent with the Board's decision in M11874,[1] recovery of prudently incurred RtR implementation costs is intended to occur through RtR tariffs paid by market participants. With one LRS at present, the full cost is expected to be assigned to that LRS under the approved tariff. The Board has affirmed that the legislative scheme supports RtR tariffs as the primary method for recovering NS Power's RtR implementation costs, while recognizing that success cannot be guaranteed.[2] NS Power will bring forward the tariff recovery methodology in the 2027 Annually Adjusted Rates (AAR) filing. If tariff recovery does not achieve full recovery, any remaining balance would be anticipated to be considered in a general rate application.

RESPONSE TO THE SUBMISSIONS BY THE SMALL BUSINESS ADVOCATE

Cost Transparency

The SBA notes that, in response to IRs seeking additional detail on project cost changes, NS Power advised that a detailed variance analysis by cost driver could not be provided due to the impacts of the 2025 cyber incident and the level of detail contained in the original ACE Plan estimate. The SBA submits that greater separation of indirect costs, such as AO and AFUDC, would assist stakeholders in understanding project cost drivers.

The SBA further notes NS Power's explanation that the primary driver of the increased project costs was the delayed COD and that mitigation measures were undertaken to limit incremental costs. The SBA acknowledges these efforts but submits that the information provided was largely narrative in nature and did not quantify avoided costs or fully document time related cost impacts. The SBA suggests that standardized reporting could be provided when project schedules change.

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[1] M11874, NS Power Application for Renewable to Retail Implementation Costs, NSEB Decision, April 9, 2025, (M11874 Decision).
[2] Ibid., page 4.

NS Power has provided all cost detail that is available. The Application explains the reason for the variance, and NS Power's response to SBA IR-1 identifies the affected categories: labour (Regular and Term), consulting, AO, and AFUDC.

A further reconciliation of costs to the original ACE Plan estimate at a driver-level is not possible. As noted, the underlying estimate detail is not expected to be recoverable following the 2025 cyber incident, and the original ACE Plan estimate, prepared when the project was still approximately one year from filing, did not include account-level detail sufficient to support that type of analysis. While a driver-level view of estimates is unavailable, NS Power has filed year-by-year actuals by major cost element, including Labour, Contracts, Consulting, Software, Overheads, Interest, and Contingency. This information provides transparency into how these cost categories have evolved since 2023, as well as the estimates to complete for 2026.[3]

As noted by the SBA, the primary driver of increases in project estimates were delayed CODs. NS Power implemented mitigation measures to limit incremental costs, including pausing work in May 2025 to reduce expenditures associated with the most recent revised COD. At that time, NS Power quantified avoidable consultant and vendor costs at approximately $130,000 per month. Completed code was moved into production in a dormant state (installed within the relevant systems but not activated for processing) to preserve completed work and minimize rework when the project resumes. The $130,000 monthly run rate, primarily related to labour (regular and term) and consulting is the extent of avoided costs that can be reasonably quantified at this time.

With respect to the suggestion of a standardized schedule change report, NS Power considers existing processes to provide appropriate reporting. Where a schedule change gives rise to cost impacts, those impacts are addressed through the established capital approvals framework by bringing forward any required Authorization to Overspend (ATO) or, where the project is complete, a Final Cost (FIN) application, supported by explanatory commentary and relevant detail. This framework provides the Board and stakeholders with a consolidated and comprehensive review of both schedule and cost impacts in a single filing, and additional parallel reporting would not add incremental value.

Cost Recovery Approach

The SBA notes that certain elements of the RtR recovery approach, including the recovery period and recovery mechanism, have not yet been determined and are expected to be addressed in a future filing once market participation is better understood. The SBA acknowledges NS Power's statement that non RtR customers

[3] See NS Power's Response to NSEB IR-1.

would not be required to absorb unrecovered costs but submits that additional clarity would be helpful, particularly in scenarios where an LRS exits the program and with respect to the role of the Nova Scotia Independent Energy System Operator (IESONS).

As NS Power stated above, and consistent with M11874, RtR implementation costs are intended to be recovered from market participants through RtR tariffs. Proposals for the recovery period and mechanism will be filed in the 2027 AAR, which the Board has identified as the appropriate proceeding to establish the tariff recovery framework. Consistent with the Board's decision in M11874, it is NS Power's expectation that, if an LRS exits the program or tariff recovery does not result in full recovery, any remaining balance would be addressed in accordance with the Board's direction, in a general rate application.[4]

NS Power acknowledges that its relationship with the market will continue to evolve as IESO-NS assumes the role of facilitating the operation of a competitive electricity market. Should administration of the RtR market transition to IESO NS, the associated cost recovery approach would be determined as part of the market administration and regulatory framework applicable at that time. In both cases, recovery is expected to be borne by market participants and not by NS Power customers.

As recognized by the Board, NS Power's role in supporting the development of the RtR market is to establish the tariffs, procedures, and standards required to facilitate the purchase of renewable, low impact electricity.[5] NS Power is advancing RtR implementation activities consistent with this role and with current Board direction, with the expectation that any adjustments required as roles and responsibilities are finalized will be addressed through the appropriate regulatory processes.

RESPONSE TO THE SUBMISSONS BY RENEWALL ENERGY INC.

The RtR implementation is a complex and non-standard undertaking, involving the development of new systems, processes, and integrations to support an emerging market and a retail supplier with a developing business model and evolving commercial timelines. In this context, delay-related cost impacts cannot always be isolated with the same level precision as in more conventional capital projects. The level of detail provided reflects the integrated and developmental nature of the work and should be considered in assessing the concerns raised by REI.

Prudence and Support for Delay Related Costs

REI submits that NS Power did not provide a detailed breakdown of delay related cost increases by labour type or task, advised that original estimates could not be

[4] M11874 Decision, page 5.
[5] Ibid., page 6.

produced due to the cyber incident, and did not attribute responsibility for the delays among REI, NS Power, or third parties.

REI further submits that, although NS Power reported retaining consultants and vendor resources during the implementation phases, NS Power did not consider pausing this burn rate until February 2025 and did not implement the pause until May 2025. With respect to administrative overhead and AFUDC, REI submits that NS Power provided a policy based explanation rather than a project specific reconciliation.

REI recommends that the Board reduce or disallow delay related labour, consulting, and overhead costs on the basis that prudence, causation, and incrementality have not been established.

There is a clear relationship between the delay related costs and the extensions to the LRS COD, along with scope related costs that were discussed with the LRS during a meeting in May 2024. At that time, NS Power shared information on the factors contributing to the revised cost estimates with the LRS. The revised COD required a second ramp up of project resources, resulting in increased labour and consulting costs, as discussed with REI during the May 2024 cost estimate meeting. The extended construction period also required project labour to remain in place for a longer duration, which in turn led to higher AO associated with those resources, as well as increased AFUDC. These cost categories and the reasons for the variance are described in the Application and in NS Power's responses to information requests. In addition, NS Power's response to NSEB IR-1 provides year by year actuals by major cost element, which offers transparency into how costs have evolved over time.

REI submitted official changes to the CODs through the mechanism of their semi-annual forecast submissions to NS Power. In addition to these formal submissions, CODs are frequently discussed during regular meetings with the LRS. These discussions did not always align with the CODs reflected in the officially submitted forecasts, which creates some uncertainty for NS Power as to the appropriate timing assumptions being relied upon for planning and implementation purposes. For this reason, it is challenging to anticipate where material project schedule changes are necessary. Without a request from the LRS, NS Power would not assume the agreed and communicated implementation schedule should be adjusted. This request was not received, however, in light of ongoing conversations with the LRS, NS Power proactively approached REI with the proposal to pause the project to avoid the increased implementation costs associated with COD delays.

NS Power worked collaboratively with REI to address schedule and cost risks. As REI is aware, regular working sessions were in place beginning May 16, 2023 to support alignment on delivery and implementation. As the most recent COD extensions became apparent in early 2025, NS Power reviewed the available options to limit time related cost accumulation. On April 21, 2025, NS Power proposed pausing implementation to avoid continuing the consultant and vendor run rate of approximately $130,000 per month. That pause was not approved by REI until May 15, 2025. During the pause, NS Power maintained coordination with REI, reduced meeting cadence, and preserved completed work by moving code into production in a dormant state to avoid rework when activity resumed. In NS Power's view, these actions demonstrate that mitigation efforts were timely, proportionate, and jointly agreed.

REI's submission that AO and AFUDC were addressed only at a policy level does not reflect the evidence on the record. As explained in NS Power's response to REI IR20, AO and AFUDC are applied in accordance with Board approved accounting policies, and this application is consistent across all capital projects. In this case, increased labour requirements and the extended project duration associated with the COD delay resulted in higher AO and AFUDC through the application of those established policies. These costs are not discretionary or standalone items but arise from the consistent accounting treatment of project activity – and in this case, directly related to COD delay. A project specific reconciliation beyond what has been filed is not feasible for the same reasons that a driver level reconciliation to the original ACE Plan estimate is unavailable.

There is no basis to conclude that the COD delay related labour, consulting, or overhead costs were imprudent or inappropriate, and REI has not presented evidence to support their reduction or disallowance.

Confirmation of Cyber Incident Cost Segregation and RtR System Integrity

REI submits that the absence of the original detailed ACE Plan estimate, which NS Power advises cannot be recovered due to the cyber incident, limits the Board's ability to assess prudence. REI notes NS Power's representations that no RtR work product was lost, no cyber recovery or redeployment costs were charged to this capital item, and that the cyber incident did not affect the scope or cost of the project; however, REI submits that these representations are not supported by independent or documentary verification.

REI requests confirmation that cyber incident costs were segregated from this capital item and that the RtR system work completed to date has not been degraded or lost as a result of the cyber incident and remains capable of activation without rework. REI recommends that such confirmation be provided as part of NS Power's Reply or as a condition precedent to approval.

As a point of clarification, NS Power advised that copies of the original detailed estimates cannot be recovered due to the 2025 cyber incident, which limits the ability to perform a line by line comparison between estimates. However, NS Power confirms that the cyber incident did not affect the scope or the actual costs of the RtR implementation project. No RtR work product was lost, and no cyber recovery or redeployment costs were charged to this capital item.

To ensure this cost separation, NS Power uses a dedicated project code for RtR implementation costs so that all charges can be tracked and reviewed independently, while cyber-related costs are recorded outside this work order. This approach is consistent with NS Power's standard accounting practice for cost segregation between projects.

The integrity of the RtR system work completed to date has also been preserved. The project was paused shortly before the cyber incident after the team had completed all business process and technical setup work that could be finalized ahead of the LRS's COD. To protect that work during the pause, the RtR code was moved into the production environment in a dormant state, meaning it was incorporated into the relevant systems but not activated for processing. This approach ensured that routine system changes made during the pause period would include the RtR development, thereby mitigating the risk of rework when the project resumes.

Reporting and Business Intelligence Development Costs

With respect to the reporting and business intelligence workstream, REI acknowledges the need for enhanced reporting to support the RtR market but submits that the scope and cost of the reporting and BI development have not been tied to defined minimum functional requirements or assessed against lower cost alternatives. REI submits that reporting and BI development costs exceeding the minimum required technical scope to generate and validate the four deliverables be deferred or funded outside this capital item.

The reporting and business intelligence workstream was designed to meet the minimum functional requirements needed to implement and operate the RtR framework on an ongoing basis. This includes the ability to reliably generate, validate, and reconcile the four required tariff deliverables. The functionality focuses on ensuring accuracy, consistency, and auditability across billing, settlement, and customer level data, rather than on developing discretionary or expanded analytics tools.

Lower cost or more limited alternatives, such as manual reporting through Excel spreadsheets, were considered early in the project, before the volume and complexity of data processing and reconciliation requirements were determined through information provided by REI and fully understood. As implementation planning progressed, it became clear that tariff invoicing would require hourly aggregation of interval meter data for each LRS customer, resulting in data volumes that could not be managed sustainably or reliably through manual processes.

Once these requirements were known, NS Power determined that a manual approach would not support the level of accuracy or control necessary for sustained RtR operations at the required throughput. In addition, the business requirements include cross system reconciliation and the ability to reliably support tariff application and validation. The reporting and business intelligence development included in this capital item therefore reflects the minimum practical configuration needed to meet these operational requirements, without introducing ongoing manual effort, increased risk of error, or rework.

For these reasons, NS Power does not agree that the reporting and BI costs included exceed the required technical scope or should be deferred or funded outside this capital item. The workstream is directly tied to RtR implementation needs and supports the delivery and maintenance of the required outputs.

MDMS Scalability and Cost Allocation

REI notes NS Power's evidence that scalability costs under this project are immaterial and not included to support future LRSs and that any future scalability requirements would be addressed and allocated if and when additional LRSs enter the market. REI submits that these assertions are not supported by filed sizing models, capacity analyses, or allocation methodologies.

REI further notes that certain MDMS cost components relate directly to system functionality and configuration and submits that, in the absence of supporting evidence, the record does not establish whether these costs include capacity beyond what is required for REI's onboarding. REI recommends that recovery of the MDMS Extended Functional Support costs and portions of the MDMS Module Updates costs be disallowed unless NS Power confirms, with supporting documentation, that no scalability uplift for future LRSs is embedded in those costs.

REI also recommends that NS Power be required to file a Scalability Costing Protocol establishing clear triggers, cost drivers, and allocation methodologies for onboarding any future LRSs, with REI held harmless from costs attributable to subsequent market entrants.

The scope of work included in this project relates to enabling the functionality required to support RtR operations, not to expanding underlying system capacity. The MDMS Extended Functional Support and Module Updates enable RtR specific processes such as settlement data flows, interval data aggregation, and reporting. These capabilities are required to administer the RtR tariffs for the initial participant and do not depend on whether additional LRSs enter the market in the future.

Statements regarding the scope and sizing of this implementation were intended to provide assurance that the functionality was appropriately scaled to support RtR operations without creating unnecessary cost exposure. The objective was to ensure that the implementation would be sufficient to support either a single LRS with a higher volume of customers or multiple LRSs, without requiring repeated incremental upgrades. Had the implementation not been appropriately sized, it is likely that additional work or future enhancement projects would have been required even to support the initial LRS, resulting in higher overall costs.

If additional LRSs do enter the market and incremental MDMS scalability is required, those needs would be identified at that time. Any resulting costs would be brought forward for Board review through the appropriate regulatory proceeding. Establishing a formal scalability costing protocol in advance of defined participants, volumes, or technical requirements would be premature.

Accordingly, NS Power does not agree that recovery of the MDMS Extended Functional Support cost estimates, or any portion of the MDMS Module Update actual costs, should be disallowed. The costs included for recovery reflect the functionality required to support REI's initial onboarding and ongoing RtR operations.

CIS Replacement and Carry Forward of RtR Functionality

REI notes NS Power's position that RtR related CIS changes constitute core functionality that will carry forward into a future CIS replacement without incremental cost but submits that this position is not supported by a filed migration or dependency plan. REI submits that, absent such a plan, there is a risk that RtR functionality funded under this capital item could require rebuilding or remapping as part of the CIS Replacement project. REI recommends that the Board require confirmation, as part of the CIS Replacement filing, that no RtR functionality funded under this capital item has been rebuilt or remapped at additional cost, and that any such costs are not recovered from REI.

The RtR related CIS changes implemented under this capital item represent core functional capabilities required to support the RtR framework and are intended to carry forward into a future CIS environment in the same manner as other existing CIS functionality. These changes support RtR tariffs and settlement and are not custom features developed solely for the current CIS platform. As is standard practice when replacing or upgrading enterprise systems, existing functionality is expected to be incorporated into the new solution.

NS Power does not anticipate that the CIS Replacement will require incremental rebuilding or remapping of RtR functionality. However, if costs were to arise in the future in connection with CIS Replacement activities, those costs would be identified at that time and addressed through the appropriate regulatory process.

The RtR implementation costs included in this Application are limited to enabling current RtR functionality and do not include work associated with a future CIS Replacement. If upgrades or modifications specific to RtR market functionality are required in the future, they would be assessed at that time and addressed through the appropriate regulatory process.

Cost Recovery Methodology for RtR Implementation

REI submits that NS Power has not yet provided clarity on the RtR cost recovery approach, including the recovery mechanism, allocation to future LRSs, which implementation costs would appear in future AAR filings, and how this Project's costs will ultimately be recovered. REI further submits that recovery should not default to the Project's depreciation life but should reflect actual market use and cost causation, and that REI should not bear costs attributable to potential future entrants.

REI further notes that depending on future market administration arrangements, RtR assets may either remain with NS Power or be transferred to IESO-NS, with differing cost recovery implications. REI submits that NS Power has not identified which outcome will occur and that this uncertainty has implications for future cost recovery and the potential for cost duplication.

REI recommends that the Board decline to approve any cost-recovery methodology that could expose REI to redundant or stranded costs arising from market structure changes outside REI's control and confirm that any transfer of RtR assets will not result in duplicative recovery.

As noted above and consistent with M11874, prudently incurred RtR implementation costs are intended to be recovered from market participants through RtR tariffs, with any unrecovered balance considered in a general rate application only if tariff recovery does not achieve full recovery. The recovery mechanism will be brought forward in the 2027 AAR. Stakeholders will have the opportunity to review and comment on the proposed approach in that proceeding.

NS Power acknowledges that, depending on the timing of market implementation and the role ultimately assigned to IESO NS in administering the competitive market, the approach to cost recovery could evolve. As noted above, should administration of the RtR market transition to IESO NS, the associated cost recovery approach would be determined as part of the market administration and regulatory framework applicable at that time. In all cases, the regulatory framework does not permit duplicative recovery of the same costs.

Accordingly, NS Power does not agree that approval of this capital item exposes REI to the risk of redundant or stranded costs arising from future market structure changes. The appropriate forum to finalize the recovery mechanism is the forthcoming AAR proceedings, where it can be considered with the benefit of a more defined market structure and clearer participation levels.

Proposed Reporting and Approval Conditions

REI submits that approval should be conditioned on data readiness milestones, AMI restoration, MDMS aggregation capability, and successful file delivery testing, being met before market go-live and first billing. It further submits that, prior to live billing, NS Power should demonstrate end to end test passes (hourly determinants, loss factors, CIS posting, invoice generation, and SFTP package validation).

REI also proposes safeguards to ensure charges are prudent, incremental, and RtR-specific: (i) annual certification that RtR-funded assets are used solely for RtR with no cost shifting; (ii) a true-up mechanism to correct any misallocations; (iii) a Scalability Costing Protocol (triggers, cost drivers, allocation) that holds REI harmless for costs of future LRS onboarding; and (iv) a CIS replacement ring-fence confirming any rebuild/remap of RtR functionality in the CIS Replacement will not result in additional recovery from REI.

As with all project implementations, NS Power follows established technical and quality assurance processes, including system testing, training, business readiness confirmation, and internal approvals prior to proceeding to go-live. NS Power anticipates following these same processes for this project.

As outlined in REI IR-16 and REI IR-21, NS Power has informed and collaborated with the LRS consistently throughout the project thus far. Regular cadence meetings have occurred, communicating project status and cost estimates, aligning project delivery, and ensuring readiness of set up approaches. To provide further detail and background, as part of these regular cadence meetings, on January 21, 2025, NS Power provided REI with a demonstration of the billing process, and on January 22, 2025, shared sample outputs through its Secure File Transfer Protocol (SFTP) solution, prior to moving the initial technology changes into production. This demonstration and filesharing exercise included MDMS aggregation, successful file delivery testing, billing and tariff reports incorporating hourly determinants and loss factors, CIS posting, and invoice generation. In addition, on March 11, 2025, NS Power completed the Renewable to Retail Customer Transaction Request Application (RCTRA) process and finalized training materials and instructions for customer data sharing via SFTP with REI. NS Power intends to follow a similar process prior to any future go live, should and when that occurs.

REI's proposed safeguards relating to prudence, incrementality, and cost segregation are addressed through existing mechanisms. NS Power already applies project code segregation and accounting controls to ensure RtR costs are tracked separately and that non RtR or cyber related costs are not charged to this capital item. Prudence of cost recovery remains subject to Board review through the AAR process. Additional annual certifications or true-up mechanisms are therefore unnecessary.

With respect to scalability and future LRS onboarding, NS Power has consistently stated that no scalability uplift for future entrants is embedded in this project. Any incremental costs driven by additional LRSs would be identified if and when they arise through the appropriate regulatory proceeding. Establishing a formal Scalability Costing Protocol in advance of defined participants would be premature and risks locking in a framework before market conditions are known.

With respect to CIS Replacement, NS Power does not anticipate that the upgrade will require incremental rebuilding or remapping of RtR functionality. If any RtR related costs were nevertheless to arise in connection with a CIS Replacement, those costs would be considered at that time in accordance with the cost recovery framework articulated by the Board in M11874.

Therefore, NS Power does not agree that the additional reporting requirements or approval conditions proposed by REI are necessary or appropriate. Existing operational controls, accounting safeguards, and future Board review processes provide sufficient oversight to ensure that RtR implementation costs are prudent, incremental, and properly allocated.

CONCLUSION

NS Power thanks intervenors for their submissions and the Board for the opportunity to provide these Reply Submissions. NS Power respectfully requests that CI C0053699 Renewable to Retail Implementation be approved in full, as filed.

Yours truly,

Lana Myatt
Manager, Regulatory Capital