Nova Scotia Energy Board

IN THE MATTER OF *The Public Utilities Act,* R.S.N.S. 1989, c.380, as amended

- and -

IN THE MATTER OF an Application by Nova Scotia Power Inc. for Approval of the **2026 Annual Capital Expenditure (ACE) Plan (M12619)**

2026 ACE Plan

NS Power
Rebuttal Evidence

April 8, 2026

NON-CONFIDENTIAL

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1.0 INTRODUCTION

Nova Scotia Power Incorporated's (NS Power, Company) 2026 Annual Capital Expenditure (ACE) Plan provides the Nova Scotia Energy Board (Board, NSEB), customers, and other stakeholders with a comprehensive and transparent view of the Company's capital investments for 2026. It also provides insight into future spending forecasts out to 2030, broken out into various asset and capital categories, and detailed information about the Company's management of the capital program.

The 2026 ACE Plan was filed with the NSEB on December 12, 2025. The Company held a technical conference with interested parties in relation to the 2026 ACE Plan on January 19, 2026. Representatives from the Consumer Advocate (CA), Small Business Advocate (SBA), Industrial Group (IG), Eastward Energy (EE), Port Hawkesbury Paper (PHP) and Board staff attended the technical conference.

NS Power received and filed responses to information requests (IRs) from Board staff,[1] the CA,[2] IG,[3] SBA[4] and the Nova Scotia Department of Energy (NSDOE)[5] on February 13, 2026.

Evidence from John D. Wilson of Grid Strategies, LLC, on behalf of the CA (Wilson Evidence), was received on March 2, 2026. No other party to this proceeding filed Evidence.

NS Power addresses the Wilson Evidence comments and recommendations within this Rebuttal Evidence (please refer to **Section 2.0**).

With respect to the capital projects submitted for approval within 2026 ACE Plan, NS Power submits that all projects are reasonable, in the best interest of customers, and required for the safe

[1] Exhibit N-6 (C), NS Power (NSEB) IRs 1-202, February 13, 2026.
[2] Exhibit N-3 (C), NS Power (CA) IRs 1-32, February 13, 2026
[3] Exhibit N-5, NS Power (IG) IRs 1-25, February 13, 2026
[4] Exhibit N-7, NS Power (SBA) IRs 1-29, February 13, 2026
[5] Exhibit N-4, NS Power (NSDOE) IRs 1-7, February 13, 2026

and reliable delivery of electricity. NS Power has fully addressed the concerns raised in the Wilson Evidence below related to the above-noted projects, all of which the Company submits should be approved by the NSEB.

2.0 RESPONSE TO CA (WILSON) EVIDENCE

The Wilson Evidence makes 15 recommendations and raises two additional concerns without associated recommendations: (1) stakeholder consultation regarding synchronous condensers, and (2) uncertainty regarding the Mersey Hydro project. Each recommendation and both concerns are addressed below.

2.1 Recommendation 1 – Work Management and Scheduling & Dispatch

The Wilson Evidence provides the following recommendation:

> Revise its reporting requirement for the Work Management and Scheduling & Dispatch project by directing NS Power to estimate quantified benefits to specific capital projects (including routines) and operating expenses and extending the annual reporting requirement by one year. (Section III.A)

The current reporting for the Work Management and Scheduling & Dispatch project encompasses benefits realized for capital projects and operating expenses. The estimated benefits for a specific project would be a proportion of the overall benefit. NS Power submits that the current reporting provides the insight to the benefits estimated to be realized at the project level, and that revisions to reporting are therefore unnecessary.

2.2 Recommendation 2 – Maximo/Salesforce Capabilities

The Wilson Evidence provides the following recommendation:

> Direct NS Power to provide a report on whether the Maximo/Salesforce capabilities could be extended to improve operational efficiency and cost minimization in areas where it is not currently scoped for use. (Section III.A)

NS Power has sustained efforts to leverage Maximo/Salesforce capabilities to achieve the benefits forecast in the original project and to identify additional ways to leverage the platform for value. The activity contemplated by the Wilson Evidence is already embedded in the Company's ongoing operational and system optimization efforts, and no additional reporting requirement is warranted.

2.3 Recommendation 3 – Basis of Schedule for Routines

The Wilson Evidence provides the following recommendation:

> Direct NS Power to adopt the use of an equivalent to the Basis of Schedule for routines in which the work is not "reactive in nature." (Section III.A)

NS Power does not consider the Basis of Schedule to be additive to the management of routines that are not "reactive in nature". Routines that are not reactive in nature are still very repetitive in the type of work, and how that work is completed. Routines such as those for Vehicle Replacements (P061, P062, P063), Transmission Line Replacement & Upgrades (T011), Planned Replacement Deteriorated Equipment (D055) and Distribution ROW Widening (D010) are not reactive, but include smaller scale work that is repetitive in nature and would not benefit from a blanket requirement to utilize the Basis of Schedule template.

The Basis of Schedule is designed to detail items like work breakdown structure, archaeology requirements, indigenous engagement, and regulatory requirements that are not regularly present in work completed under the routine program.

As with all capital work completed, if a component of the Project Delivery Model is considered additive to the management of the project, than it can be utilized in that instance, however a blanket requirement for all non-reactive routine work will add unnecessary work for project managers that could be better applied to managing the work within these routines.

2.4 Recommendation 4 – Work Orders in Customer Driven Routines

The Wilson Evidence provides the following recommendation:

> Direct NS Power to revise its internal work orders for work done in customer-driven routines to identify the type of customer. (Section III.B)

NS Power disagrees with this recommendation. Based on NS Power's experience, having more granular information on customer type would not materially change the forecasting methodology used for New Customer routines. The current approach of applying an inflationary factor to the current year Q3 Forecast proved effective in 2025 and is currently trending to provide similarly beneficial results in 2026. In light of these factors, NS Power believes the existing methodology is appropriate.

2.5 Recommendation 5 – Monitor External Factors Driving Costs in Customer Driven Routines

The Wilson Evidence provides the following recommendation:

> Direct NS Power to monitor external factors driving costs in customer-driven routines. (Section III.B)

NS Power already monitors external factors that may influence costs across the capital program as part of the cost-minimization practices embedded in its capital planning and oversight processes. For example, NS Power's procurement processes have responded to increasing lead times on items such as transformers, where these materials are now ordered well in advance to ensure availability for planned work. Similarly, in the work vehicle routines, the Company has entered into long-term agreements to guarantee production slots for multiple years to facilitate more consistent, timely deliveries. Customer-driven routines are included within this broader monitoring framework and are assessed in the same manner as other capital investments. As outlined in NS

Power's response to M12319 NSEB IR-9[6] and NSEB IR-1,[7] macroeconomic indicators have historically shown limited predictive value in forecasting new customer routines and NS Power does not intend to explore further information of additional factors directly into its forecasting for new customer routines; however, the Company committed to continue monitoring trends and evaluating alternative forecasting approaches, in addition to monitoring the effectiveness of the current forecasting methodology for new customer routines. Accordingly, the activity contemplated by this recommendation is already occurring as part of NS Power's existing, broader, capital management practices.

2.6 Recommendation 6 – Reduce Contingency Amount for Projects filed in this plan by 10%

The Wilson Evidence provides the following recommendation:

> Reduce the contingency amount for projects filed in this plan to 10% if they do not have a risk matrix filed in the application. (Section IV)

NS Power disagrees with this recommendation. The absence of a risk register on a project should not be taken as an indication that there is a lower risk of that project experiencing additional costs. It simply means that the risks that are present in that project are well understood by the project team and are consistently present in similar projects (Transmission Line Replacement & Upgrade projects, for example). For repetitive work that has consistent, well understood risks, the contingency percentage applied should solely be based on the level and likelihood of those risks and the potential additional costs that could be incurred, and in alignment with subject matter expertise and the non-binding contingency guidelines, not on whether the risks are formally documented in a risk matrix.

[6] M12319, NS Power 2024 Distribution Routines Authorization to Overspend (ATO), NSPI (NSEB) RIR-9, August 8, 2025.
[7] Exhibit N-6, NSPI (NSEB) RIR-1, February 13, 2026.

2.7 Recommendation 7 – File a Risk Matrix for Projects with Contingency over 10%

The Wilson Evidence provides the following recommendation:

> Direct NS Power to, in the future, file a risk matrix with any project that has a contingency amount of more than 10%. (Section IV)

NS Power disagrees with this recommendation. Similar to NS Power's response to Recommendation 6 in **Section 2.6** above, the decision to include a risk matrix depends on the nature of the risks associated with the project. Where risks are well understood and consistently encountered in similar work, they are already reflected in the way the project is managed and a formal risk matrix does not provide additional value. Conversely, where risks are less well understood, a risk matrix may be developed to support discussions with the project team and to inform how those risks would be addressed if they materialize.

More broadly, NS Power applies elements of the Project Development Methodology (PDM) where they provide clear value to project management. In this regard, NS Power does not consider the Risk Register to require different treatment from other PDM components.

2.8 Recommendation 8 – Five Year Reliability Plan Considers effectiveness of New Distribution Right of Way projects

The Wilson Evidence provides the following recommendation:

> Ensure that the ongoing third-party review of the Five-Year Reliability Plan considers the effectiveness of the New Distribution Right of Way projects and the larger issue of outages caused by tree contacts. (Section V.A)

NS Power had an opportunity to provide comments on the proposed Terms of Reference for the Five-Year Reliability Plan review in M12558; however, the scope and direction of the review are established by the Board through the Terms of Reference. NS Power continues to support the efforts of the Board's consultant in conducting the review in accordance with that mandate.

2.9 Recommendation 9 – Obtain an inventory of NS Power's Spare Equipment

The Wilson Evidence provides the following recommendation:

> Obtain an inventory of NS Power's spare equipment to identify whether there is sufficient volume to consider whether a more cost-effective spare inventory pooling option could be available. (Section V.B)

NS Power recognizes the importance of effective management of critical spare equipment and agrees that spare equipment strategies must balance cost, availability, and system restoration risk. However, the recommendation to obtain an inventory of NS Power's spare equipment to assess the potential for spare inventory pooling does not appropriately reflect the work already undertaken by NS Power.

NS Power has previously evaluated spare inventory pooling opportunities, including participation in shared or third-party programs, and determined that such arrangements were not more cost effective or operationally reliable than the Company's existing risk-based sparing strategy. NS Power identified several material limitations associated with pooling arrangements. These include the inability of pooling programs to guarantee that required spares will be available at the time of need, uncertainty regarding whether pooled assets would be released to NS Power during widespread or concurrent events, and logistical challenges associated with transporting large, long lead time equipment, particularly where spares are located outside Canada. These risks are heightened during major system events when multiple utilities may simultaneously require access to the same pooled assets.

NS Power's approach to critical spares is grounded in asset-specific risk assessments that consider equipment criticality, lead times, restoration consequences, and system configuration. This approach has resulted in a defined inventory of critical spares, including standalone and duplicate spares for high-risk assets, maintained to support timely restoration and system reliability. Inventory levels are actively managed to balance cost and availability, with minimum and maximum thresholds reviewed and adjusted as system conditions, asset risks, and supply chain realities evolve.

Further, NS Power notes that the existence of an inventory alone is not determinative of whether pooling is appropriate. The operational value of a spare is not solely a function of quantity or book value, but rather its availability, compatibility, condition, location, and the certainty with which it can be deployed when required. Pooling arrangements, by their nature, introduce dependencies on third parties and external decision making that may not align with NS Power's restoration obligations or reliability standards. The Wilson Evidence acknowledges some of these concerns when asked if there were challenges for NS Power to participate in existing spare inventory pooling programs.[8]

Moreover, NS Power has demonstrated through prior filings and information request responses that it maintains appropriate governance, tracking, and oversight of spare equipment as part of its broader asset management framework. In M12199, NS Power provided a listing of all large mobile and spare substation transformers with voltage and MVA ratings,[9] and additionally explained that risk-based determination of spare requirements, ongoing review of spare adequacy, and targeted investments where long lead times or high consequence of failure justify holding dedicated inventory.[10]

For these reasons, NS Power submits that the Wilson Evidence does not identify a deficiency in the Company's current practices, nor does it establish that further inventory reporting would materially advance regulatory oversight or customer value. NS Power will continue to review industry practices and emerging options for strategic sparing; however, based on its experience and prior assessments, the Company does not support the implication that spare inventory pooling represents a more cost effective or lower risk alternative to its existing sparing strategy.

[8] Exhibit N-9, Wilson Evidence, March 2, 2026, page 18, lines 10-33.
[9] M12199, NS Power Capital Work Order CI C0041830 – Spare Power Production Unit Transformer, Exhibit N-2, NSPI (NSEB) RIR-1, July 9, 2025.
[10] M12199, NS Power Capital Work Order CI C0041830 – Spare Power Production Unit Transformer, Exhibit N-2, NSPI (NSEB) RIR-4, July 9, 2025.

2.10 Recommendation 10 – Accept NS Power's Clarification of "Scope Change"

The Wilson Evidence provides the following recommendation:

> Accept NS Power's clarification to the definition of "scope change" in the CEJC and further revise the CEJC to include a requirement for NS Power to file information when it identifies a change to deliverables, boundaries, and/or detailed tasks that it believes **may** result in a budget increase above a Board-specified threshold, followed by a Board decision as to whether NS Power should file a revised application or ATO. (Section VI.A)

NS Power accepts part of the CA's recommendation. As outlined in NS Power's response to CA IR-1, NS Power's current proposal would result in amended language for the Scope Change definition as follows (added language in bold):

> Scope Change: A project is considered to have had a scope change when the stated intent from the original capital application of the project description has been changed. **A change in intent would occur when the alternative defended under the Why do this Project This Way section of the application changes.**

NS Power does not support the additional requirement for informational filings whenever NS Power identifies potential changes to deliverables, boundaries, or detailed tasks that may result in a budget increase above a Board-specified threshold. A large percentage of capital projects experience changes that potentially could lead to budget variances, independent of the ATO threshold. Submitting an interim filing that describes the possibility of necessary budget increase, and requiring the Board to issue a decision on whether an ATO or revised application should be filed based on a hypothetical situation would create unnecessary regulatory churn without a clear corresponding benefit.

The existing CEJC framework already provides mechanisms for addressing material scope changes where further Board approval is required.

2.11 Recommendation 11 – Approve NS Power's Other Revisions to CEJC

The Wilson Evidence provides the following recommendation:

> Approve NS Power's other revisions to the CEJC. (Section VI.B)

NS Power is seeking that the Board accept all revisions to the CEJC as filed.

2.12 Recommendation 12 – Revise CEJC to Reflect $1 million Capital Expenditure threshold applies regardless of funding sources

The Wilson Evidence provides the following recommendation:

> Revise the CEJC to reflect the Board's determination that the $1 million capital expenditure threshold applies regardless of funding source. (Section VI.C)

The recommendation to revise the CEJC to reflect the Board's determination that the $1 million capital expenditure threshold applies regardless of funding source is unnecessary. The requirement arises directly from section 35AA(2) of the *Public Utilities Act,* and the Board has already provided its interpretation of how that provision applies. As a result, no revision to the CEJC is required to give effect to the Board's determination.

2.13 Recommendation 13 – Revise CEJC Definition of "Related Project"

The Wilson Evidence provides the following recommendation:

> Revise the CEJC definition of a "related project" to include units that can be substituted for one another in the normal course of business. (Section VI.C)

NS Power accepts this recommendation. As outlined in NS Power's response to CA IR-4, this would result in amended language as follows (added language in bold, removed language in strikethrough):

> Related Projects approved or having taken place in the past 2 years, current year or anticipated for the next 2 years including the projects' estimated costs. When multiple projects relate to the same asset **(or an asset that can be used to replace this asset in the normal course of operations)**, or initiative they should be considered related and listed in the project description ~~grouped as a package~~.

2.14 Recommendation 14 – Change Tree Contact Reliability Metrics

The Wilson Evidence provides the following recommendation:

> NS Power should make two changes to its tree contact reliability metrics (Figures 65-69): removing tree contacts due to adverse weather from these metrics and verifying that its published trendlines exclude year-to-date data in the final year.

For clarification, the data included in Figures 65-69 of the 2026 ACE Plan only represents events coded as Tree Contacts and already excludes any events coded as being caused by Adverse Weather. For future ACE Plans, if the Board determines that it would be helpful, NS Power can provide more clarity on the data set used to produce the trendlines included in these figures.

2.15 Recommendation 15 – Include Estimate of How the Quantified Benefits Apply to Specific Capital Projects

The Wilson Evidence provides the following recommendation:

> The Board should direct NS Power to include in its annual report, beginning in 2027, an estimate of how the quantified benefits apply to specific capital projects (including routines) and to relevant categories of operating expenses. This would provide the Board with context to understand how this project is helping to control costs of the Five-Year Reliability Plan as well as other areas of interest.

The current annual reporting for the Work Management and Scheduling & Dispatch project already quantifies the benefits associated with the in-scope work types. These benefits arise at a system and program level rather than being directly attributable to individual capital projects or specific operating expense categories within the Five-Year Reliability Plan. As a result, attempting to allocate quantified benefits to particular projects or expense categories would be inherently arbitrary and would not provide additional meaningful insight. NS Power submits that the existing annual report provides the appropriate level of transparency without requiring additional reporting.

2.16 Synchronous Condenser Project

The Wilson evidence expresses concern that there has not been adequate stakeholder consultation regarding the Synchronous Condensers (ECEI) project (C0072808) noting that while synchronous condensers have been discussed as having a potentially important role in wind integration since at least the 2022 IRP, NS Power has only recently identified this technology as its choice to support wind integration.

In this case, synchronous condensers have been identified through technical system impact studies conducted by the Transmission Planning team (now part of the Nova Scotia Independent Energy System Operator (IESO-NS)) through the Generation Interconnection Procedures (GIP), and through analyses undertaken in connection with Integrated Resource Planning (IRP) related to wind integration.

The rationale for the selection of synchronous condensers, including the supporting technical analysis and justification for the project, will be fully presented in the subsequent capital filing for C0072808, where the Board will have the opportunity to assess both the choice of technology and the prudence of the proposed investment.

2.17 Mersey Hydro Update

The Wilson Evidence expressed concern that NS Power "does not have a strong plan for protecting customers from excessive costs when dealing with the potential redevelopment or decommissioning of the Mersey Hydro project".

> Currently, NS Power is continuing to invest significant sums to "ensure the continued safe operation" of Mersey facilities while it has deferred a full application for either redevelopment or decommissioning. While I do not dispute what appear to be necessary projects given the circumstances, it is unfortunate that this project was not more definitively defined years ago.

At the same time, the Wilson Evidence does not dispute the prudence of the projects currently being undertaken to maintain the safe operation of the Mersey Hydro System (MHS), acknowledging that such work appears necessary given the circumstances. The concern expressed relates primarily to the fact that the future of the MHS was not "more definitively defined years ago." Notably, the Wilson Evidence does not make a specific recommendation to the Board regarding the Mersey Hydro project.

It is important to distinguish the sustaining capital currently being undertaken from the uncertainty surrounding the long-term future of the MHS. NS Power's current sustaining capital investments are not driven by, nor contingent upon, whether the facilities are ultimately redeveloped or decommissioned. To be clear, continuing to invest in sustaining capital investment to support the continued operation of MHS assets in their current state, while deferring long-term investment, is the lowest-cost approach and provides the best value for customers at this time. Further, these expenditures are required to maintain the facilities in a safe and operable condition and would be incurred regardless of the eventual path forward. In other words, the Company would undertake its sustaining capital work in the same manner, regardless of whether redevelopment or decommissioning had already been selected.

Consistent with prior Board direction, NS Power has filed a comparative Net Present Value (NPV) analysis evaluating redevelopment, partial decommissioning, and full decommissioning alternatives. This analysis provides transparency regarding the relative capital implications of the available options while clearly acknowledging the limitations of the analysis and the need for further system-level evaluation through the IESO-NS-led Integrated Resource Plan (IRP).

As noted in NS Power's General Rate Application (M12451), and during the oral hearing of that matter, there is currently no established policy framework or multi-stakeholder process governing whether, when, or how hydro facilities in Nova Scotia should be redeveloped or decommissioned, nor how responsibilities and costs associated with those decisions should ultimately be allocated. In closing submissions, NS Power stated:

> NS Power views the present proceeding as a necessary first step in advancing the conversation of the future of hydro in the province and the Company acknowledged its responsibility to initiate a broader, structured discussion involving regulators, government, and other relevant stakeholders. At the same time, the Company was clear that neither the outcome nor the timeline of that process is within its sole control. Further, in the Nova Scotia Independent Energy System Operator-led Integrated Resource Plan (IRP), NS Power's existing hydroelectric units will be evaluated based on historical hydrology, operational and environmental constraints, physical limitations, and their energy and capacity contributions which will help inform this important discussion.[11]

In its Decision in M12451, the Board accepted this approach and directed NS Power to undertake an interested party engagement process regarding the future of hydro facilities, with a target completion date in advance of the Company's next General Rate Application. The Board also directed NS Power to file update reports every six months, beginning October 1, 2026. Accordingly, a structured process will commence in the coming months to evaluate the future of the MHS and other hydro facilities. This work will also benefit from the outcomes of the IESO-NS-led IRP as well as the multi-stakeholder consultation process directed by the Board.

In the interim, the Company's approach to the MHS is appropriately characterized as "no-regrets" sustaining capital. NS Power has an obligation to maintain its assets in a safe and operable

[11] M12451, NS Power General Rate Application, NS Power Closing Submissions, January 30, 2026, page 53.

condition. Regardless of whether the MHS is ultimately redeveloped or decommissioned, the existing facilities will be required to operate for the foreseeable future while the broader policy, regulatory, and system planning considerations are resolved. As such, sustaining capital investment is required to ensure the continued safe operation of the facilities during this period.

Maintaining a sustaining capital approach also allows the Company to defer committing customers to significantly larger capital expenditures until the necessary environmental, archaeological, fisheries, and stakeholder considerations are fully understood and a coordinated path forward has been determined. This approach is consistent with NS Power's asset management practices and reflects a deliberate effort to avoid premature investment decisions.

While deferral of redevelopment or decommissioning decisions may expose future projects to inflationary pressures, these potential impacts do not outweigh the benefit to customers of avoiding premature or potentially unnecessary capital expenditures before the appropriate policy, regulatory, and planning processes have been completed.

Lastly, it is important to recognize that the regulatory and policy environment governing hydro in Nova Scotia has evolved significantly in recent years. Legislative changes, evolving regulatory requirements, and the establishment of the IESO-NS have materially changed the context in which system planning decisions must be made. As a result, even if a definitive path forward for the MHS had been established several years ago, it is likely that those plans would have required reconsideration in light of these developments. In that respect, the present moment is an appropriate time to undertake this evaluation, as the current regulatory and planning framework should provide a clearer context within which to assess the long-term role and future of the MHS.

3.0 CONCLUSION

Consistent with prior ACE Plans, NS Power's 2026 ACE Plan reflects the Company's focus on providing customers with safe and reliable electrical service in the most cost-effective manner possible.

NS Power appreciates the guidance from the NSEB and input from interested parties on the information provided in the ACE Plan. The 2026 ACE Plan is the product of collaborative engagement with stakeholders regarding the Company's capital investments.

NS Power is confident that the responses provided in this Rebuttal Evidence address the matters raised in the Wilson Evidence, and provide the NSEB with the information required to endorse the capital projects and routines submitted for approval.

NS Power respectfully requests that the Board approve the 2026 ACE Plan capital projects and routines, as well as the revised Summary CEJC, as filed.