

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
INCORPORATED for approval of an Extra Large Industrial
Dispatchable Above-the-Line Tariff applicable to Port
Hawkesbury Paper

PHP INFORMATION REQUEST RESPONSES

To: NS Power

From: Port Hawkesbury Paper LP ("PHP")

Copies: 1 electronic copy (PDF searchable)

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1 **Request IR-1:**

2
3 **Reference: NS Power Application, page 3 of 19.**

4
5 **The Tariff costing and billing parameters are applied as noted in the**
6 **Settlement Agreement (SA) which underpins the Company's 2026-2027**
7 **General Rate Application (GRA) (M12451) currently before the Board. The SA**
8 **has been provided to the Board in M12451 as Attachment 1 to NSEB IR-001**
9 **and is attached to this Application as Attachment 4.**
10

11 **Reference: NS Power Application, Attachment 4, pages 11-12, "PHP Treatment."**

12
13 **Reference: Direct Evidence of Port Hawkesbury Paper LP, page 8.**

14
15 **Q. Does PHP agree with the proposed Above-the-Line Tariff as filed by NS**
16 **Power on December 29, 2025?**

17
18 **A. No. PHP has the following specific areas of concern with respect to the**
19 **proposed Above-the-Line Tariff:**

20
21 **(1) the use of a 57,000 kW winter month system coincident demand for PHP**
22 **interruptible load; (2) the value of the proposed Interruptible credit, if the**
23 **Board finds that PHP interruptible load should be greater than 0 kW; (3) the**
24 **use of a Revenue-to-Cost ("R/C") ratio of greater than 1.0 for a new Above-**
25 **the-Line Tariff; and (4) the forecast energy requirements for PHP in 2026 and**
26 **2027 used in calculating the new Above-the-Line Tariff do not reflect the**
27 **most updated assumptions.**
28

29 **Request:**

30
31 **(a) Please confirm, or explain otherwise, that the terms of the 2026-2027 General Rate**
32 **Application (GRA) Settlement Agreement, to which PHP is a signatory, establish the**
33 **parameters for the proposed PHP above-the-line (ATL) Tariff to be included in the**
34 **application to the Board for the following elements:**

- 35
36 **(i) PHP's firm load at 8 MW at the three coincident peaks;**
37 **(ii) PHP's firm, plus interruptible load, at a forecast of 65 MW based on prior**
38 **actual PHP metered load at the time of NS Power's 3 coincident peaks (3-**
39 **CP);**
40

- 1 (iii) PHP energy will be based on PHP's forecast usage for the test years, net of
2 the amount forecast to be provided by the Goose Harbour Lake Wind Farm;
3 and
4
- 5 (iv) The dollar value of the Interruptible credit to be applicable to PHP's
6 interruptible load shall be the same as the credit for Large Industrial
7 Interruptible customers, plus the value of priority interruption service
8 provided, if any.
9
- 10 (b) Please confirm that the outcome of the GRA Settlement Agreement negotiations
11 established that the revenue to cost ratio to be applied to PHP would be 1.05, in
12 accordance with other classes¹ (subsequently revised to 1.0438 for 2026 and 1.0471
13 for 2027, in accordance with other rate classes).² If not confirmed, please explain.
14
- 15 (c) Please confirm that if PHP's interruptible demand above 8 MW is excluded from the
16 3-CP allocator, PHP's transmission cost savings of \$3.7 million in 2026 and \$4.2
17 million in 2027, as provided in IR-2 will need to be recovered from other classes.
18
- 19 (d) Please confirm that Large Industrial Interruptible Rider customers pay the same
20 transmission costs as Large Industrial customers taking firm service. If not
21 confirmed, please explain.
22
- 23 (e) Please confirm that customers taking non-firm point-to-point transmission service
24 under the Open Access Transmission Tariff pay for transmission service. If not
25 confirmed, please explain.
26
- 27 (f) Please confirm that under PHP's proposal, PHP would be the only NS Power
28 customer on an ATL fully cost embedded rate that would not pay transmission
29 charges on its interruptible load. If not confirmed, please explain.
30

¹ General, Large General, Small Industrial, Medium Industrial, Large Industrial, and Municipal classes.

² The revenue-to-cost ratios for PHP ATL provided in M12451 NSPI (CA) IR-001 Attachment 5 are 1.04373 and 1.04713 for 2026 and 2026, respectively. The Evidence of Colin T. Fitzhenry and Michael P. Gorman (BAI) cited 1.04373 generally.

1 **Response IR-1:**

2 (a) While the terms of the GRA Settlement Agreement establish the parameters for the
3 modeling of the tariff to be included in the Application, the GRA Settlement Agreement is
4 also clear that parties are free to take any position they choose as part of this Board
5 process. Section PHP Treatment item (e) of the Schedule "A" Terms of Settlement of the
6 2026-2027 GRA Settlement Agreement provides in part that "NS Power and PHP shall
7 reflect the [enumerated elements] in a written tariff which shall also include a proposal for
8 priority interruptibility to be brought forward later this year [2025] to be effective January
9 1, 2026".

10
11 However, that same section provides that "PHP commits to taking service under such a
12 tariff on January 1, 2026, or such later date as the Board approves the tariff as being
13 effective, whether on a permanent or interim basis, subject to satisfactory conclusion of
14 the resolution of the PHP ADC and tariff processes", and item (f) provides that:

15
16 "In the PHP ADC and tariff processes that will be brought forward for
17 approval by the Board later this year, it remains open for all Parties to take
18 any position they so choose, including whether each of the PHP ADC and
19 tariff filing(s) is inconsistent with the load characteristics and basic tariff
20 structure as set out above."

21
22 Paragraph 6 of the Settlement Agreement likewise provides that:

23
24 "The Parties agree to the terms set out in Schedule "A" to resolve the
25 matters at issue for the 2026-2027 GRA and without prejudice to any
26 position that may be taken by any Party in any future regulatory process."

27
28 To accommodate any proposed differences between what was modelled for the 2026-
29 2027 GRA and the ultimate rate which PHP may be on for those years, section PHP
30 Treatment item (e) of the Schedule "A" Terms of Settlement of the 2026-2027 GRA
31 Settlement Agreement provided that:

32
33 "NS Power may seek Board approval for a deferral account to account for
34 any NS Power revenue variances that may arise in 2026 or 2027 from the
35 following scenarios, which costs would be collected/refunded from/to
36 above the line customers: (a) where a Board decision on the PHP tariff,
37 including the Active Demand Control Rider, differs from the above the line
38 PHP tariff assumptions included in the 2026-2027 GRA; (b) where, for any
39 reason, the PHP tariff is not available for PHP to take service under it as of
40 January 1, 2026; and/or (c) PHP determines the PHP ADC and tariff
41 processes outcome is not satisfactory."

42
43 In the Board's decision on M12451, the Board found at paragraph 341 that "the settlement
44 agreement contained a clause that the parties were free to take any position they wished
45 during the Board's review of the PHP successor tariff" and at paragraph 351, in approving
46 the PHP deferral account, that "...there could be significant variances to NS Power's
47 revenue requirement depending on the final adjudication of NS Power's application for the
48 PHP successor tariff" and that "...the creation of the proposed deferral account, and the
49 assumptions underlying it, do provide some certainty for the utility and the customer
50 classes."

1
2 (b) The GRA Settlement Agreement negotiations established the revenue to cost ratio to be
3 applied to PHP for purposes of setting other customer rates in the GRA. As noted in
4 response (a) above, the GRA Settlement Agreement specifically provided that parties
5 would be free to take any position they choose with respect to the PHP tariff process, and
6 a deferral account was proposed to take into account the revenue variances where a
7 Board decision on the PHP tariff differs from the PHP tariff assumptions included in the
8 2026-2027 GRA.
9

10 (c) It is ultimately up to the Board as to how any costs are to be recovered. It is also important
11 to note as NS Power stated in its Reply to Closing in M12451:
12

13 “The CA notes the significant uncertainty regarding the status of PHP,
14 including PHP’s position on the application filed in M12661. The CA states
15 that if PHP were to remain below-the-line (BTL), NS Power estimates
16 approximately \$18 million dollars will accumulate in a deferral account and
17 be charged to other customers. The IG also raised the issue that the PHP
18 deferral would capture costs and revenues beyond what was agreed to or
19 is reasonable. NS Power disagrees. It is important to recognize that the
20 approximately \$18 million reduction in revenue requirement reflects the
21 Parties agreement, pursuant to the terms of settlement, to model PHP as
22 an ATL customer in the GRA forecast which means that PHP is assigned
23 those costs. Had PHP remained BTL, that \$18 million in costs that would
24 not be paid by PHP, would have been assigned to FAM customers and
25 would be reflected in higher rates for all FAM customer classes. Against
26 that backdrop, modelling PHP ATL was reasonably agreed to, and the PHP
27 Deferral represents a balanced approach to addressing the material
28 uncertainty regarding PHP’s successor tariff in the development of the
29 GRA. The Deferral avoids embedding potentially temporary costs in rates
30 until the Board has determined PHP’s successor tariff, and PHP’s
31 consumption over the 2026 and 2027 period is known.”
32

33 (d) Large Industrial Interruptible Rider customers on NS Power’s system receive a per month
34 per kilovolt ampere reduction in demand charge for billed interruptible demand, unlike NS
35 Power’s Large Industrial customers taking firm service.
36

37 (e) Confirmed.
38

39 (f) Not confirmed. The Information Request assumes that the proposed ELID tariff is a “fully
40 cost embedded” ATL rate, which it is not. See for example Exhibit N-2, evidence of
41 Brubaker and Associates, Inc., page 20, line 3 to page 21, line 7, in relation to NS Power’s
42 proposed Interruptible Credit. Under the proposed ELID tariff PHP’s load is also subject
43 to dispatch by NS Power which is not applicable to any other NS Power customers.
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Service Area	2026				2027			
	M14251 CA IR-001	M12451 U-3	Var. (\$)	Var. (%)	M14251 CA IR-001	M12451 U-3	Var. (\$)	Var. (%)
	(65 MW Demand)	(8 MW Demand)			(65 MW Demand)	(8 MW Demand)		
Generation								
Fuel	\$60,070	\$56,017	(4,053)	(7)	\$25,856	\$20,225	(5,631)	(22)
Non-fuel before Int. Credit	\$23,605	\$18,641	(4,964)	(21)	\$13,571	\$7,839	(5,732)	(42)
Non-fuel with Int. Credit	(\$6,114)	\$0	+6,114	(100)	(\$6,137)	\$0	+6,137	(100)
Generation Total	\$77,561	\$74,658	(2,903)	(4)	\$33,291	\$28,064	(5,227)	(16)
Transmission	\$4,181	\$527	(3,654)	(87)	\$4,781	\$603	(4,178)	(87)

Service Area	2026				2027			
	M14251 CA IR-001 (65 MW Demand)	M12451 U-3 (8 MW Demand)	Var. (\$)	Var. (%)	M14251 CA IR-001 (65 MW Demand)	M12451 U-3 (8 MW Demand)	Var. (\$)	Var. (%)
Distribution	\$0	\$0	(0)	0	\$0	\$0	(0)	0
Retail	\$116	\$115	(0)	0	\$68	\$53	(16)	(23)
Total	\$81,858	\$75,301	(6,557)	(8)	\$38,141	\$28,720	(9,421)	(25)

Data provided in Table 1 is sourced from M12451 NSPI (CA) IR-001 Attachment 1 and 2, and M12451 Undertaking U-3 Attachments 1 and 4.

Response IR-2:

Please refer to PHP's response to NS Power IR-1(c).

1 **Request IR-3:**

2
3 **Reference: Direct Evidence of Port Hawkesbury Paper LP, page 3.**

4
5 **A. Port Hawkesbury Paper is Nova Scotia's largest industrial electricity**
6 **consumer, in some instances the mill's load can represent up to 25% of the**
7 **provincial power grid. PHP's energy requirements are closely tied to the**
8 **order book for paper which has its own seasonal fluctuations depending on**
9 **when PHP's customers require their paper to be delivered. PHP requires**
10 **energy around the clock on a 24x7 basis. Even when the mill has no pulp**
11 **production lines or paper machine running there is approximately 12MW of**
12 **demand on site, that includes approximately 4MW that are needed to**
13 **maintain the shared services required for the NS Power Port Hawkesbury**
14 **Biomass Plant.**
15

16 **Reference: Direct Evidence of Port Hawkesbury Paper LP, page 10.**

17
18 **A. PHP assumes that the ADC component of the ELID tariff and its associated**
19 **protocol will remain mostly intact, with some needed amendments. PHP will**
20 **make its load available to NS Power and the NSPSO for dispatch and function**
21 **much the same as the ELIADC tariff. PHP will also remain priority**
22 **interruptible on top of being dispatchable.**
23

24 **Request:**

25
26 **Please confirm, or explain otherwise, that:**
27

- 28 (a) **Based on the annual load provided by PHP associated with the 2026 Annually**
29 **Adjusted Rates Application (M12551), PHP's average load is forecast to equal**
30 **approximately [REDACTED] MW in 2026. If not confirmed, please provide PHP's**
31 **understanding of this figure.**
32
33 (b) **PHP's peak load is expected to be approximately [REDACTED] MW in 2026 under current**
34 **operating modes. If not confirmed, please provide PHP's understanding of this**
35 **figure.**
36
37 (c) **For 2027, while the energy PHP is forecast to purchase from NS Power, aside from**
38 **production from the Goose Harbour Lake Wind Farm, PHP's demand forecast**
39 **across the year is largely unchanged.**
40

1 **Response IR-3:**

- 2
- 3 (a) PHP cannot confirm the average number used in the question as it does not have the
- 4 method used for calculation. PHP confirms that the MWh for 2026 filed in the 2026 AAR
- 5 Appendix G2 under "PHP Load" Total is stated as 774,456 MWh and this closely matches
- 6 the current expected annual PHP projected load for 2026.
- 7
- 8 (b) PHP provided NS Power with Operating Mode parameters beginning January 1, 2026 that
- 9 have PHP's expected maximum dispatchable load to be ■■■ MW. PHP on occasion will
- 10 adjust its Operating Mode parameters if there are any efficiency gains or process changes
- 11 on its operating lines.
- 12
- 13 (c) PHP generally submits forecasts to NS Power that include the upcoming year and the
- 14 following year. Due to variations in PHP's order book for paper, the following year forecast
- 15 is subject to change and is confirmed annually with NS Power such that it can meet its
- 16 annual AAR filing requirements.
- 17

1 **Request IR-4:**

2
3 **Please confirm, or explain otherwise, that the transmission facilities serving the Port**
4 **Hawkesbury area must be planned to accommodate PHP's maximum expected operating**
5 **load under normal operating conditions, excluding energy curtailment orders.**

6
7 **Response IR-4:**

8
9 PHP understands that the transmission facilities serving the Port Hawkesbury area are not being
10 planned for, in the strictest sense, as they have been in service for quite some time. PHP is not a
11 party to the planning of transmission for the Port Hawkesbury area and is not privy to the study
12 parameters that the independent system operator and planning team at NS Power would employ
13 for the area. PHP would expect that the transmission system can accommodate PHP's maximum
14 expected operating load, however, given the ability of the system operator to curtail PHP's load
15 at any time, PHP expects that its maximum demand on the system of 8 MW should be used for
16 planning purposes, while maintaining the ability to serve PHP expected load according to its
17 dispatch. PHP also notes the response to NSP IR-3 (b) which PHP has notified NS Power of its
18 drop in maximum expected load from the previous year.

1 **Request IR-5:**

2
3 **Reference:** Direct Evidence of Port Hawkesbury Paper LP, page 12.

4
5 **Unless PHP's areas of concern are addressed by the Board in a satisfactory**
6 **manner it is unlikely PHP will proceed to accept service under the ELID tariff.**
7 **PHP would need to undertake the development of a below-the-line tariff with**
8 **NS Power that meets the mill's needs if it chooses to not accept service**
9 **under the ELID.**

10
11 **Request:**

12
13 **Please confirm, or explain otherwise, that:**

14
15 **(a) The principal difference between above-the-line (ATL) and below-the-line (BTL)**
16 **tariffs is the fuel component of the tariff; and**

17
18 **(b) Like the proposed ATL ELID Tariff, a BTL alternative may have embedded cost-**
19 **based, non-fuel components.**

20
21 **Response IR-5:**

22
23 **(a – b) PHP cannot confirm the principal difference between the proposed ELID tariff and an as**
24 **yet to be developed BTL tariff. BTL tariffs can take many forms, and the relative contribution to**
25 **fixed costs is also a significant potential difference. PHP also notes that it has not taken issue with**
26 **the fuel component of the ELID tariff. PHP acknowledges a BTL alternative “may” have**
27 **embedded cost-based, non-fuel components. It also may not.**
28

1 Request IR-6:

2
3 Reference: NS Power Application, pages 8-9 of 19.

4
5 With respect to the SA priority interruptible service provisions, the
6 Company's initial analysis of the priority interruptible service has
7 determined the primary direct value of priority interruptibility is to reduce
8 risk of interruption to other interruptible customers. However, in light of the
9 size of this resource and access to it for many years, the potential negative
10 effect of losing this tool during a period of system transformation, the
11 recognized benefits of the dispatch of the PHP load by NS Power on system
12 reliability, and the relatively low cost of acquiring priority interruptible
13 service (approximately \$500,000 annually as modeled in the GRA COSS), the
14 Company considers this to be an area that requires more review and is
15 premature to discontinue. As such, NS Power proposes that priority
16 interruptible service and the compensation to PHP, as modeled, be
17 maintained until it can be revisited in the next GRA. [emphasis added]
18

19 Reference: Direct Evidence of Port Hawkesbury Paper LP, page 9.

20
21 The ELIADC was not designed to specifically be a peak avoidance tariff. The
22 ADC and Priority Interruptible mechanisms inherent to the ELIADC tariff are
23 in place such that at any time PHP's load can be reduced, if needed, during
24 any peak load event. In fact, when PHP's load is reduced in advance of a
25 peak load hour, then PHP is acting as a buffer to avoid the system peak. PHP
26 may be contemporaneously running during a peak hour; however, it is
27 unknown at the time if, in fact, the peak hour is being established. At any
28 time, the NSPSO can instruct PHP to reduce its load, and if necessary, can
29 employ the priority interruptible mechanism, should PHP's load be required
30 to drop when energy is not available to serve PHP load. For these reasons it
31 is not appropriate to determine a demand.
32

33 Request:

34
35 Please confirm, or explain otherwise, that:

- 36
- 37 (a) The reduction of PHP load during peak events is likely to produce savings to the
38 benefit of PHP under both the ELIADC Tariff and the proposed ELID Tariff.
39
 - 40 (b) Under the proposed ELID Tariff, the Company proposes to credit PHP approximately
41 \$500,000 per year for the continued provision of Priority Interruptible service and
42 "the recognized benefits of the dispatch of the PHP load by NS Power on system
43 reliability."

Response IR-6:

- (a) Confirmed. The reduction of PHP load during peak events is likely to produce savings to the benefit of PHP under both the ELIADC Tariff and the proposed ELID Tariff.
- (b) Under the proposed ELID Tariff, PHP's understanding is that the Company proposes to credit PHP for the continued provision of Priority Interruptible service at a value of 10% of the Interruptible Credit, which is approximately \$500,000 if based on the Interruptible Credit for Large Industrial customers.

Request IR-7:

Reference: Evidence of Colin T. Fitzhenry and Michael P. Gorman (BAI), pages 2-3.

[...] NS Power's cost of serving the interruptible demand can be recovered in the ELID energy charge, which is designed to recover both fuel/energy power supply, and a portion of NS Power's non-fuel cost of service. Under this ELID design, the ELID will not require an interruptible credit for NS Power interruptible power supply above PHP's firm demand of 8 MW. The ELID Energy Charge is designed to recover both fuel and power energy supply. Hence, the non-fuel ELID energy charge will fairly compensate NS Power for its supply of interruptible power service to PHP above its firm power service.

Request:

Please confirm, or explain otherwise, if it is BAI's understanding that in accordance with the Company's proposed cost-of-service methodology, as supported by PHP, and the proposed rate design, under the proposed ELID Tariff:

- (a) The non-fuel costs included in the proposed ELID Tariff Energy Charge in cents per kWh, in addition to base cost of fuel, are strictly energy-related fixed costs; and
- (b) The non-fuel demand-related costs are recovered only through the proposed demand charge in \$ per kVA.

Response IR-7:

- (a) PHP cannot confirm that non-fuel energy charges consist strictly of energy-related fixed costs. Based on the System Load Factor ("SLF") methodology, generating resource costs are functionally allocated to both demand and energy. Therefore, the ELID energy charge is specifically designed to recover a significant portion of production capacity costs alongside fuel and energy supply costs.
- (b) PHP does not confirm that demand-related costs are recovered solely through the demand charge. Under the applicable cost-of-service framework, the energy rate captures a large percentage of non-fuel expenses, including production and generation expenses. This ensures that PHP's energy purchases contribute substantially to the utility's fixed infrastructure costs even for load that is not subject to a firm demand charge.

1 **Request IR-8:**

2
3 **Reference: NS Power Application, page 8 of 19.**

4
5 The ELID Tariff interruptible service provisions, for the most part, adopt the
6 LI Interruptible Rider (LIIR) terms with minor text updates drawn from the
7 ELIADC Tariff interruptible service provisions. With respect to the pricing of
8 interruptible supply to PHP, the SA provides "The dollar value of the
9 Interruptible credit to be applicable to PHP's interruptible load shall be the
10 same as the credit for Large Industrial Interruptible customers, plus the
11 value of priority interruption service provided, if any. The priority
12 interruptibility service that may be provided by PHP is modelled at an
13 additional 10% credit."

14
15 As noted in the SA, for 2026 and 2027, the proposed interruptible credit
16 applicable to PHP is the same as proposed for the LIIR: \$7.638 per kVA and
17 \$7.667 per kVA of interruptible service for 2026 and 2027, respectively. It is
18 important to note that this is a significantly lower figure than would be
19 applicable to PHP had the credit been developed in accordance with the
20 Company's established practice for pricing of the interruptible credit
21 (\$13.107 per kVA demand coincident with system peak). Subject to a Board
22 Decision in this matter, it is anticipated the ELID interruptible credit will be
23 revisited in the next GRA.
24

25 **Reference: Evidence of Colin T. Fitzhenry and Michael P. Gorman (BAI), page 3.**

26
27 NS Power proposes to price the PHP capacity charge by including a 65 MW
28 contribution to the ATL system 3-CP allocation. This allocates 65MW of firm
29 capacity to the ELID Capacity Charge. PHP's service with NS Power is stated
30 to be only 8 MW of firm service, and interruptible demand service for
31 demands above 8 MW.
32

33 If the ELID capacity charge is designed to include the cost of firm demand
34 service for a 65 MW tariff capacity, then the interruptible credit should be
35 applied to 57 MW of the 65 MW service that will be interruptible. NS Power is
36 able to avoid incurring the cost of adding resource capacity additions to
37 serve this interruptible demand. This interruptible credit should be priced at
38 NS Power's estimated marginal cost of capacity of \$13.107/KVA, and
39 updated in the next GRA filing to reflect the current cost of capacity.
40

41 **Request:**

42
43 Please confirm, or explain otherwise, if it is BAI's understanding that other than the price,
44 for which it is NS Power's view that this has been established in the General Rate

1 **Application Settlement Agreement for 2026 and 2027, the proposed ELID Tariff Demand**
2 **Charge and interruptible credit development is the same as that proposed by BAI.**

3
4 **Response IR-8:**

5
6 BAI agrees that the application of the interruptible credit, that is that the per unit credit would be
7 multiplied by a fixed, agreed upon, interruptible demand level, in the same manner as the LIIR
8 class. However, that is where the similarities between the LIIR class interruptible credit and the
9 ELID interruptible credit stop. All other components of the interruptible credit calculation and
10 application, including the calculation of the per unit value and the determination of the magnitude
11 of interruptible demand, differ between the LIIR and the ELID class. In addition, the ELID load is
12 subject to priority interruption ahead of the LIIR class and could be subject to more interruptions
13 than the LIIR class.
14
15

Request IR-9:

Reference: Evidence of Colin T. Fitzhenry and Michael P. Gorman (BAI), page 5.

Hence, the ELID dispatch and curtailment rights for the PHP's demands above 8 MW allow NS Power to reduce system energy costs and to avoid the cost of adding additional production and transmission resource capacity that would otherwise be needed to serve a higher ATL firm peak demand if PHP full 3-CP demands were served as firm load. Further, NS Power states that it will require the PHP load to be interrupted within 10 minutes of a request by NS Power, which will allow NS Power to hold this interruption right as Operating Reserves, as needed for system reliability.

Request:

Please confirm, or explain otherwise, if it is BAI's understanding that under the proposed ELID Tariff:

- (a) System energy cost savings produced by the dispatch of PHP load will accrue solely to PHP, not other customers.
- (b) PHP is compensated for avoided generation capacity savings as enabled by its interruptible load through the interruptible credit (recognizing PHP and NS Power disagree on the credit value) and this is the same methodology which has been in place for decades with respect to Large Industrial Interruptible Rider customers.
- (c) Transmission savings attributed to PHP interruptible load would be limited, if any, because NS Power's transmission system capacity is built to meet the total system load made up of both firm and interruptible loads. This is affirmed by the method of interruptible credit calculation which reflects only the avoided generation capacity costs and the long-standing assignment of responsibility for transmission costs to interruptible customers under the Large Industrial Tariff and non-firm Point-to-Point service of the Open Access Transmission Tariff.

Response IR-9:

- (a) Confirmed that the Dispatchable Rider is designed to credit estimated system energy cost savings specifically to PHP. However, BAI cannot confirm that these savings accrue solely to PHP. While the credit is intended to reflect modeled power supply savings, PHP maintains that the current ELID design is imbalanced and fails to allocate a fair share of the total benefits created by PHP's load flexibility. Consequently, if the modeled credit does not fully capture the actual avoided costs, the remaining value is effectively socialized, providing a benefit to other customer classes at PHP's expense.
- (b) BAI agrees that the purpose of the interruptible credit is to compensate for avoided generation capacity savings enabled by its interruptible load through the interruptible credit (recognizing PHP and NS Power disagree on the credit value). BAI agrees that this purpose remains unchanged, and BAI agrees that the methodology for the interruptible credit calculation for the LIIR class has been in place for an extended period. PHP disagrees that the methodology proposed under the proposed ELID tariff is similar to the method for the LIIR class or that it effectively compensates PHP for avoided generation capacity savings.
- (c) BAI does not confirm that transmission savings are limited. If current transmission planning studies assume that PHP's demand is minimal during system peaks, this would indicate that PHP's load is not a driver for additional transmission investment or capacity expansion. Under the core regulatory principle of cost-causation, costs should only be allocated to classes that cause the utility to incur them. Therefore, assigning significant transmission capacity costs to PHP's interruptible load, which is assumed to be absent during peak periods, would result in an over-allocation of costs that does not reflect actual system usage.

1 **Request IR-10:**

2
3 **Reference:** Evidence of Colin T. Fitzhenry and Michael P. Gorman (BAI), page 8.

4
5 **NS Power's proposal under the ELID Tariff is imbalanced and also ignores**
6 **the fact that PHP incurs production delays and likely increased operating**
7 **cost in order to provide NS Power the right to dispatch PHP's load and to**
8 **interrupt PHP down to the firm demand level with only 10 minutes' notice.**
9

10 **Request:**

11
12 **(a) Please confirm, or explain otherwise, if it is BAI's view that the ELID Tariff should**
13 **not include provision for the recovery of PHP costs to comply with the tariff**
14 **provisions?**

15
16 **(b) If not confirmed, would BAI agree that these incremental PHP costs would need to**
17 **be applied as reductions to the energy saving benefits to accrue to PHP under either**
18 **the ELIADC Tariff or the proposed ELID Tariff?**
19

20 **Response IR-10:**

21
22 **(a)** BAI does not propose that operating costs incurred by PHP should be recovered through
23 the ELID Tariff. BAI's argument is that PHP incurs operating costs to be both interruptible
24 and dispatchable, and, as result, should be adequately compensated for the operational
25 benefits that PHP provides to the NS Power system through the ELID Tariff.

26 **(b)** See response to subpart (a).
27

Request IR-11:

Reference: Evidence of Colin T. Fitzhenry and Michael P. Gorman (BAI), page 22.

Yes. The proposed ELID 2027 energy charge of \$0.1124/KWh exceeds NS Power's average fuel cost in the LI tariff of \$0.08299/kWh. Hence, NS Power will collect non-fuel margins in the ELID energy rate for all PHP energy purchases from NS Power. The energy rate recovers a large percentage of NS Power non-fuel costs, which are predominantly production, transmission, and related administration charges. Under this approach, PHP would also pay the difference between the proposed demand charge of \$14.310/kVA and the credit of \$13.107/KVA.

Preamble:

The Company notes in the above extract the proposed ELID Tariff 2027 Energy Charge of \$0.1124 per kWh is being compared to the proposed 2026 Large Industrial (LI) Tariff Base Cost of Fuel (BCF) component of \$0.08299 per kWh charge. It may be BAI's intention was to compare the proposed ELID Tariff 2027 Energy Charge to the 2027 BCF component of the \$0.07459 per kWh charge of the LI Tariff.

Request:

Please confirm, or explain otherwise, if it is BAI's understanding that:

(a) Differences between pricing applicable to the LI rate class and PHP under the proposed ELID Tariff are due to, but not limited by, the following:

- Differences in energy and demand usage determinants in the Cost of Service Study (COSS) between these two rate classes. Please refer to the 'Exh. 9a Annual' tab within the COSS (M12451) for the comparison of such metrics as energy line losses, system coincident factor, demand line losses, system coincident load factor, etc.
- Differences in service area mix utilized by these two rate classes. Of note should be lack of utilization of the distribution system by PHP.

- 1
- 2 • **Differences in the extent to which demand and energy charges applicable to**
3 **each of the classes are aligned with the costs of energy and demand services**
4 **in the COSS for these two classes.**

- 5
- 6 • **The effect of fuel-related rate-smoothing which was applied to the LI rate**
7 **class but not the ELID Tariff.**

- 8
- 9 **(b) Neither the Energy Charge nor the Demand Charge recognizes the anticipated value**
10 **to PHP for providing NS Power with dispatch of its load, which is expected to result**
11 **in a credit to PHP.**

12

13 **Response IR-11:**

- 14
- 15 (a) Confirmed that the factors identified in the request contribute to the differences in the
16 energy charges applicable to the LI and ELID rate class.

- 17 (b) Confirmed that the energy charge and the demand charge do not reflect potential credits
18 through the Dispatchable Rider.

1 **Request IR-12:**

2
3 **Reference:** Evidence of Colin T. Fitzhenry and Michael P. Gorman (BAI), pages 10-11.

4
5 The ELID allows NS Power to interrupt the PHP supply as a dispatch
6 resource that will be used to produce system power supply savings. The
7 ELID is also subject to interruptions at the discretion of NS Power if needed
8 to reliably serve its ATL firm customers' peak demands during peak demand
9 periods and/or during system emergencies.

10
11 In contrast, under the [LIIR] tariff, customers can only be interrupted for "16
12 hours a day and 5 days per week to a maximum of 30% of the hours per
13 month, and 15% of the hours per year." The LIIR interruptible service is not
14 used as a dispatch resource, and has limited hours of interruption.
15

16 **Request:**

17
18 Please confirm, or explain otherwise, if it is BAI's understanding that:

- 19
20 (a) Under the proposed ELID Tariff, the "system power supply savings" created by the
21 dispatch of PHP load accrue to PHP, not other customers.
22
23 (b) The cited limitations on interruptions applicable to Large Industrial Interruptible
24 Rider customers are also included in the proposed ELID Tariff.
25

26 **Response IR-12:**

27
28 (a) Please see response to IR-9, subpart (a).
29

30 (b) The cited limitations on interruptions applicable to Large Industrial Interruptible Rider
31 customers are also included in the proposed ELID Tariff.
32

1 **Request IR-13:**

2
3 **Reference: Direct Evidence of Port Hawkesbury LP, page 12.**

4
5 **Q. Aside from ADC and being priority interruptible, are there other aspects**
6 **of PHP's load flexibility that are not properly being captured in the ELID tariff**
7 **filing?**

8
9 **A. Yes. For example, on February 13, 2026 at approximately 4:31 PM the**
10 **Maritime Link tripped offline and separated Nova Scotia from Newfoundland.**
11 **The NSPSO contacted PHP and instructed us to drop a line and PHP reduced**
12 **load by approximately 60MW. This was neither a real time (RT) schedule**
13 **dispatch nor an NSPSO call for interruption. The RT hourly dispatch sent by**
14 **NS Power did not have this anticipated drop in the tie line, nor did the NSPSO**
15 **use the interruption protocol specified in the ELIADC tariff. PHP simply**
16 **complied with an instruction to drop load.**
17

18 **Reference: Extra Large Industrial Active Demand Control Tariff, Schedule 1: Active**
19 **Demand Control Energy Supply Protocol, Part B.**

20
21 **(5) If, during the Current Hour, Hour 1 and/or Hour 2, system conditions**
22 **change unexpectedly such that they have a material impact (positive or**
23 **negative) on system costs, NSPSO will contact PHP with a schedule change**
24 **(an increase or reduction in demand) provided such changes fall within: the**
25 **agreed Operating Mode Characteristics Schedule, the final communicated**
26 **PHP shutdowns, and the ADC Operating Procedure. Otherwise the most**
27 **recent schedule submitted by NS Power will be set as the hourly demand.**
28 **This will represent the final demand schedule with any deviations tracked as**
29 **a schedule variance.**
30

31 **Request:**

32
33 **Please confirm the Nova Scotia Power System Operator followed the Active Demand**
34 **Control Energy Supply Protocol specified in the ELIADC Tariff when it requested the PHP**
35 **load drop during the February 13, 2026 system disturbance. If it is PHP's view that the**
36 **Active Demand Control Energy Supply Protocol was not followed, please reference**
37 **specific sections of the Protocol which were not followed and provide detailed**
38 **explanations to support PHP's view in the response.**
39

Response IR-13:

PHP did not suggest that the NSPSO did not follow the ADC Protocol. PHP described an example of an event that did not have an RT dispatch, nor did the NSPSO use the priority interruption procedure, as PHP is assuming this was not an event that required PHP to be interrupted. The NSPSO has the ability to request PHP to drop load at any time. PHP offered this as an example where dispatch and interruptible load terms are used interchangeably, however this example is very different and apart from either of those terms and is simply called a “schedule change” in the ADC Protocol.