

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: THE PUBLIC UTILITIES ACT

- 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

SYNAPSE INFORMATION REQUEST RESPONSES

To: **Port Hawkesbury Paper LP**
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From: **Melissa Whited**
Synapse Energy Economics, Inc.

Responses Due: **Monday, June 22, 2026**

Copies: **1 electronic copy (PDF searchable)**

Contact Person: **Melissa Whited**
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Issued at Halifax, Nova Scotia, this 22nd day of June 2026.

1 **Request IR-1:**
2

3 **Reference: Testimony, page 12, line 20 to page 13, line 2: “Given that transmission**
4 **costs are driven by both interruptible and firm load, it would not be appropriate to**
5 **assign PHP a demand charge based solely on its 8 MW firm load. Doing so would**
6 **allow a substantial portion of PHP’s load to avoid responsibility for transmission**
7 **costs, shifting those costs to other customers.”**
8

- 9 (a) Please provide all analyses demonstrating that PHP’s interruptible load above its
10 8 MW firm base demand has directly driven, or is forecasted to drive, incremental
11 transmission investment or physical transmission capacity expansion in Nova
12 Scotia.
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14

15 **Response IR-1:**
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- 17 (a) Ms. Whited has not performed such analyses, nor does she have any such analyses in
18 her possession. Instead, Ms. Whited relied on NS Power’s responses to information
19 requests, including in response to Synapse’s IR-11 (a), in which NS Power states that
20 “The transmission and distribution system are designed to meet the winter peak load
21 (capacity on the system required to transmit power to customers when the customer
22 demand is at its maximum in the year). The peak load is made up of both firm and
23 interruptible load. Transmission and distribution planning studies are conducted, using the
24 most recently available load forecast, to determine what grid investments are required to
25 meet the peak forecasted load.”
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1 **Request IR-2:**

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3 **Reference: Testimony, page 13, lines 10-19. “First, compensating PHP at the full**
4 **marginal cost of generation capacity would overstate the value of its interruptible**
5 **load from the perspective of other customers. While PHP’s interruptible load may**
6 **allow NS Power to avoid procuring new capacity, the relevant benefit to other**
7 **customers is the avoided capacity cost net of the contribution PHP would**
8 **otherwise make to capacity cost recovery as a firm customer. If PHP were**
9 **compensated at the full marginal cost without accounting for this avoided**
10 **contribution, it would receive credit for costs that it would otherwise help pay,**
11 **resulting in an over-allocation of benefits to PHP and a corresponding shift of cost**
12 **responsibility to other customers. Accordingly, compensation to PHP should be**
13 **capped at the avoided capacity cost net of its expected revenue contribution under**
14 **firm service.”**
15

- 16 (a) Explain why the “expected revenue contribution” is the appropriate value to
17 net from the avoided capacity cost?
18
19 (b) Is Ms. Whited proposing that the “expected revenue contribution” be limited to the
20 portions of PHP’s COS for generation? Please explain.
21
22 (c) Provide an example of how this calculation would be made.
23
24 (d) Under Ms. Whited’s proposal, would the expected revenue contribution be based
25 on the percentage of PHP’s contribution to NSP’s planning reserve margin in
26 relation to the total system planning reserve margin? Please explain.
27
28 (e) Considering that NSP’s Application at page 8, lines 13-16 states that “had
29 the credit been developed in accordance with the Company’s [NSP] established
30 practice for pricing of the interruptible credit (\$13.107 per kVA demand coincident
31 with system peak), does Ms. Whited believe that NSP’s established practice for
32 pricing of the interruptible credit for large industrial interruptible customers should
33 likewise be adjusted? If not, please explain.
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35

36 **Response IR-2:**
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- 38 (a) The referenced passage was intended to convey the need to compare two different
39 scenarios: (1) a scenario in PHP is not interruptible and receives no interruptible credit,
40 and in which NS Power procures 57 MW of additional generation capacity from another
41 resource at an additional cost of approximately \$13.107/kVA; and (2) a scenario in which
42 NS Power avoids procuring an additional 57 MW at \$13.107/kVA but reduces PHP’s bills
43 by the interruptible credit multiplied by 57 MW.

1 Under Scenario 1, the revenues that NS Power receives from PHP are not reduced by an
2 interruptible credit, resulting in a higher revenue contribution from PHP, but also a higher
3 revenue requirement. In Scenario 2, the interruptible credit reduces the revenues received
4 from PHP, but adds no additional capacity costs from new resources. The interruptible
5 credit should be set so that the rates paid by other ATL customers under Scenario 2 are
6 equal to or lower than under Scenario 1.

7
8 (b) No. Ms. Whited is proposing to account for the revenue impacts from the interruptible
9 credit to ensure that other ATL customers are no worse off.

10
11 (c) Please see the response to subpart (a).

12
13 (d) Please see the response to subpart (a).

14
15 (e) Yes. Ms. Whited believes that a rate and bill impact analysis should inform how
16 interruptible credits are set.

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19 **Request IR-3:**

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21 **Reference: Testimony, pages 13-14, lines 20-6. "Second, setting the interruptible**
22 **credit equal to the full marginal cost would allocate all of the benefits of avoided**
23 **capacity to PHP, leaving other customers no better off than if an equivalent amount**
24 **of generation capacity had been procured. While PHP should receive a substantial**
25 **portion of the value it provides, it is reasonable for other customers to share in**
26 **those benefits, particularly where they continue to bear responsibility for**
27 **recovering embedded system costs. In my view, the credit should be set at a level**
28 **that is sufficient to induce participation by PHP, while ensuring that a portion of**
29 **the avoided costs is retained for the benefit of other ATL customers."**

30
31 (a) Does Ms. Whited agree that NSP utilized the avoided cost of a peaker to
32 determine the avoided cost of capacity under the Interruptible credit? Please
33 explain.

34
35 (b) Does Ms. Whited agree that if NSP's marginal cost of capacity was based on
36 the installed cost of a new generating unit, it would likely be greater
37 than the conservative estimate of a new gas peaker (last set in 2021) used in
38 the calculation of the Interruptible Rider? If not, please explain.

39
40 (c) Does Ms. Whited agree that under NSP's current interruptible rider proposal,

1 the assumed price of a peaker unit is likely understated, and as a result,
2 other customer classes are sharing in the benefits of PHP's interruptibility by
3 not having to invest in the full marginal cost of new generation. If not, please
4 explain.
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8 **Response IR-3:**
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10 (a) Yes. NS Power states on page 8 of its ELID application states that it used the Annual
11 Levelized Avoided Peaker Cost of \$160.44/kW.

12 (b) Yes.

13 (c) Ms. Whited agrees that the assumed price of a peaker is likely understated, and that the
14 benefits of PHP's interruptibility are likely higher. However, the extent to which other
15 classes share in these benefits is impacted by the interruptible credit level.