
Nova Scotia Energy Board

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

M12661

**Application for approval of the Extra
Large Industrial Dispatchable (ELID)
Tariff, an above-the-line- tariff
available to Port Hawkesbury Paper**

**NS Power
Reply Evidence**

July 8, 2026

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1.0 INTRODUCTION

In light of the passage of six months since Nova Scotia Power Inc. (NS Power, the Company) filed its application in this proceeding, and ten months since completion of the Settlement Agreement (SA) which underpinned the Company's 2026/2027 General Rate Application (GRA) (M12451) and established the parameters for the development of the Extra Large Industrial Dispatchable (ELID) Tariff Application, and in light of issuance of the Nova Scotia Energy Board's (NSEB, Board) Decision in the GRA and exchange of evidence in this proceeding to date, it is appropriate for the Company to confirm its position on this application.

With respect to what the Company considers to be the fundamental and more material elements of the ELID Tariff design, the Company's position is:

(1) The GRA SA signatories, including the Consumer Advocate (CA), the Small Business Advocate (SBA), the Industrial Group (IG) and Port Hawkesbury Paper LP (PHP), established the parties' agreement as to:

- The demand and energy determinants to be employed in the development of the cost of service (COS) applicable to the PHP above-the-line (ATL) tariff for 2026 and 2027;
- The value of the Interruptible Rider credit applicable to PHP interruptible load under the new ATL tariff for 2026 and 2027;
- The revenue/cost ratio applicable to the new ATL tariff; and
- That the form and values of the provision of Active Demand Control (i.e. Dispatchable Rider (DR) service) and Priority Interruptible (PI) service by PHP would be matters upon which the parties were open to take whatever position they chose in this tariff proceeding.

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1 (2) Given that service to PHP under the proposed ELID Tariff has been costed and priced in
2 accordance with well-established ATL embedded cost-based practices, examined and
3 approved by the Board in the 2026/2027 Cost of Service Study, the additional value created
4 by dispatch of PHP load as enabled by PHP load flexibility and prescribed in the ELID
5 Tariff Dispatchable Rider, should accrue solely to PHP.

6
7 (3) Until the value of PHP's long-provided Priority Interruptible service and the reliability
8 benefits created for all customers by NS Power's dispatch of PHP's load can be thoroughly
9 examined, quantified, and vetted in a regulatory proceeding, it is premature to discontinue
10 the provision of PI by PHP (which is the assumed result should PHP not be compensated
11 for providing this service). In light of the established practice of compensating PHP for the
12 provision of PI service and the relatively small proposed annual cost to customers for
13 acquiring this service (approximately \$500,000) compared to the uncertain reliability
14 effects of terminating PI service, the Company proposes PHP be compensated for
15 providing this service.

16
17 (4) The supply of electricity from the Goose Harbour Lake Wind Farm to PHP and the
18 interplay of this energy with NS Power electricity service to PHP under the ELID Tariff is
19 prescribed in the PHP Power Purchase and Sales Agreements established by the Minister
20 of Energy in accordance with the Minister's authority under s. 24 of the *Electricity Act*
21 (Act). The costing and pricing of the ELID Tariff in this application is in accordance with
22 the Act and the Regulations made under the Act.¹

23
24 With respect to what NS Power considers to be lesser, more administrative matters that will not
25 fundamentally alter the Tariff, and are not contrary to, agreed-upon elements of the Tariff, and for
26 which the Company recognizes there are legitimate differing views, it is the Company's position
27 that:

¹ *Prescribed Generation Facilities and Energy-Storage Projects Regulations*, N.S. Reg 160/2024.

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1 (1) For a new tariff with the unique characteristics and administrative requirements of the
2 ELID Tariff, a Customer Charge is appropriate. In the absence of a concrete cost foundation
3 for this tariff element, a high-level forecast of \$10,000 per month is appropriate for the
4 initial tariff term until more information with respect to the incremental costs to administer
5 the tariff is known and can be brought forward for review in the next GRA. Consistent with
6 other ATL tariffs that include Customer Charges, tracking of actual costs against revenues
7 and reconciliation or a true-up for this tariff element should not be required and would
8 amount to a challenging and costly exercise, far out of proportion to the associated tariff
9 administration cost recovered through the proposed ELID Tariff Customer Charge.

10
11 (2) In light of the importance of operational flexibility in maximizing the potential benefit of
12 dispatch of PHP load, and the time and effort required of all parties to acquire Board
13 approval of the DR Operating Procedures (and subsequent revisions if necessary), and
14 recognizing that the biennial Fuel Adjustment Mechanism (FAM) audit is expected to
15 examine DR administration in detail, it remains the Company's view that Board approval
16 of the DR Operating Procedures will not improve the transparency, accuracy, or
17 effectiveness of ELID Tariff administration or regulatory oversight and is not required.

18
19 (3) With respect to ongoing reporting, given the annual DR construct and recognizing that with
20 the shift to an ATL tariff, the significant majority of ELID Tariff revenues and costs will
21 be addressed through the Cost of Service embedded cost-based demand and energy
22 charges, not the DR, the Company remains of the view that no additional reporting is
23 required and the current annual reporting of benefits at year-end provides the Board and
24 stakeholders with the most accurate and complete view of DR operation.

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2.0 ISSUES

This Reply addresses issues raised by parties, including in the evidence of Board Counsel consultants Bates White Economic Consulting (BW) and Synapse Energy Economics, Inc. (Synapse), the Consumer Advocate consultant InterGroup Consultants (InterGroup), the Industrial Group consultant Bowman Economic Consulting Inc. (Bowman), and, as necessary, PHP submissions received to date on the issues listed below:

1. The GRA Settlement Agreement provisions;
2. ELID Tariff Dispatchable Rider;
3. ELID Tariff Priority Interruptible service; and
4. Other ELID Tariff issues.

2.1 The GRA Settlement Agreement Provisions

2.1.1 Context

NS Power, PHP, and the consultants filing evidence in this matter differ with respect to the latitude the GRA SA provides Settlement Agreement signatories concerning positions to be taken in this proceeding. It is the Company's position that the SA establishes signatories' agreement on the demand and energy components used in the Tariff design, the value of the Interruptible Rider (IR) credit applicable to PHP's interruptible load, and the revenue/cost ratio.² Specifically, the GRA SA provides:

- f) In the PHP ADC and tariff processes that will be brought forward for approval by the Board later this year, it remains open for all Parties to take any position they so choose, including whether **each of the PHP ADC and tariff filing(s) is inconsistent with the load characteristics and basic tariff structure as set out above.**³ [emphasis added]

² Refer to NS Power's responses to NSEB IR-4, CA IR-9, SBA IR-2 part (e), SBA IR-8, and IG IR-5 part (c).

³ ELID Tariff Application, Attachment 4, page 12, "PHP Treatment," item f.

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1 The Settlement Agreement does not provide that parties are able to take whatever position they so
2 choose on all ELID Tariff issues but rather whether the application is consistent with the “basic
3 tariff structure as set out above” (i.e. the prescribed energy, demand, and IR provisions). It is
4 notable that, in this regard, while PHP, BW, Synapse, and Bowman have put forward different
5 recommended parameters for the ELID Tariff energy, demand, and IR assumptions, none of these
6 parties have provided evidence that the “tariff filing(s) is inconsistent with the load characteristics
7 and basic tariff structure as set out above.”

8
9 InterGroup is in agreement with NS Power’s position providing:

10
11 However, InterGroup notes and agrees with NSP’s position that the SA expressly
12 confirmed that “NS Power and PHP shall reflect the foregoing in a written tariff;”
13 and it is open to Parties to take a position that the tariff filing is “inconsistent with
14 the load characteristics and basic tariff structure as set out above” recognizes that
15 the Parties intended that the SA terms would be employed in the Application to be
16 made to the Board.⁴

17
18 PHP, Bowman, and Synapse do not agree that the GRA SA serves to establish the ELID Tariff
19 design parameters, in each case relying on the GRA SA provision re: “it remains open etc.” as
20 noted above.

21
22 Beyond the specific GRA SA terms, the Company submits that the vastly different perspectives
23 provided in consultant evidence in this proceeding with respect to PHP demand, energy and IR
24 credit parameters actually serve to reinforce why settling these fundamental parameters through
25 the GRA SA was an appropriate and pragmatic approach for the initial ELID Tariff design
26 application. As InterGroup provides, specific to the revenue/cost ratio, but as equally applicable
27 to the broader GRA SA provisions:

28
29 InterGroup agrees that the revenue-to-cost ratios for 2026 and 2027 were an integral
30 consideration understood by parties to the SA. In InterGroup’s experience
31 settlement agreements typically reflect trade-offs among parties on a number of

⁴ Pre-Filed Testimony of InterGroup Consultants, on behalf of the Consumer Advocate (CA), page 7. May 8, 2026.

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1 issues and altering one item of a settlement package risks undermining the basis for
2 the entirety of the agreement. It could also impact the ability and willingness for
3 parties to participate in future settlements.⁵
4

5 **2.1.2 Demand Assumptions**
6

7 The Company expressly recognized, in section 2.2. of the Application, the challenge with setting
8 the initial demand assumption for a customer whose load is dispatched by the Company. To
9 address this, NS Power proposed that this be revisited in future GRAs.⁶ While, for the reasons
10 cited on the record in this proceeding,⁷ the SA prescribed 65 MW initial demand assumption is
11 reasonable, to appropriately support this figure in a regulatory proceeding would require a formal
12 analysis of the historical operations and future outlook for PHP and, likely expert evidence as to
13 the appropriate regulatory treatment for a class where the sole customer's load is dispatchable by
14 the utility and the customer's interruptible load accounts for a high portion of total load. In light
15 of the timelines between completion of the Settlement Agreement and the requirement to file the
16 ELID Tariff Application,⁸ it was not practical to undertake this work, and in fact it was not
17 necessary because the demand levels for 2026 and 2027 had been set in the GRA SA.
18

19 Both Bowman and PHP, who claim the SA provides latitude to employ a different demand figure,
20 reach dramatically different positions as to what this figure should be. Bowman asserts PHP's
21 average load (approximately 120 MW) should be adopted. PHP argues in favour of its firm load
22 only (8 MW). Both positions have an operational foundation (Bowman, approximate average PHP

⁵ InterGroup Evidence (CA Consultant), page 6.

⁶ The Application at pages 5-6, provided "[i]t is proposed that the PHP demand determinant be reviewed and set as part of the GRA process or, as applicable, Fuel Adjustment Mechanism (FAM) or other related proceedings, if occurring between GRAs." Please also refer to NS Power's responses to SBA IR-1 part (c), IG IR-5 part (c), and PHP IR-2, and as further clarified in the ELID Tariff Technical Conference materials (Exhibit N-18) at page 12, "[a] proposal will be required for the next GRA, subject [to] the Board's approval of the ELID Tariff and PHP's subscription to this tariff[.]" NS Power further confirmed it would consider "a standardized, formula based metric – such as a rolling multi year average" for the 3CP demand determinant "if such an approach was determined to provide for a fair allocation of costs to PHP served under the proposed ELID Tariff."

⁷ Refer to the Company's response to SBA IR-1.

⁸ In its Decision on the ELIADC Third Term Application (M12184), the Board directed NS Power file an application for the ELIADC successor tariff "no later than December 31, 2025."

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1 load; PHP, its firm subscription) and a regulatory foundation (Bowman, representative usage of
2 the system and fairness; PHP, cost causation as determined by firm load at time of system peak).

3
4 With respect to other consultants' comments on the PHP demand assumption, InterGroup agrees
5 with the Company's position with regard to PHP's proposed 8 MW figure, and notes "[i]n
6 InterGroup's experience this is a common problem with "interruptible" loads that reflect a
7 considerable portion of a customer's ordinary electricity needs."⁹ The Company agrees.

8
9 With respect to Synapse's evidence in this area, Synapse disagrees "with PHP's proposal to base
10 its demand charge solely on its 8 MW firm load, as this would understate its contribution to system
11 costs, particularly transmission costs, and would result in cost shifting to other customers."¹⁰ NS
12 Power agrees.

13
14 The Company has addressed in its IR responses¹¹ why it disagrees with PHP's proposal that an 8
15 MW demand figure be adopted. With respect to Bowman's position, the proposed 120 MW figure
16 likely overstates PHP's load at time of system peak, but this remains to be determined.

17
18 The Company submits that the evidence of both PHP and Bowman, reinforced by InterGroup,
19 demonstrates why this is a complex question and why, for the 2026-2027 test period settling the
20 demand level to be applied to PHP load in the GRA SA was appropriate and why that should be
21 approved in the Board's Decision in this matter until it can be reexamined in a future period with
22 the benefit of actual results operating under this Tariff.

23
24 Finally, related to the demand discussion, and as an element specifically proposed to address the
25 likely large and unpredictable variances between the demand used for costing and pricing this tariff
26 and actual PHP demand, the Company is proposing that the same determinant be used for both

⁹ InterGroup Evidence (CA Consultant), page 5.

¹⁰ Evidence of Melissa Whited (Synapse Energy Economics), on behalf of Counsel to Nova Scotia Energy Board, page 3, lines 15-17. May 8, 2026.

¹¹ As provided in NS Power's responses to CA IR-9 and SBA IR-1, the 8 MW approach "would be clearly unfair and result in cost transfers to other classes," while 65 MW reflects PHP's "historical demand at the time of system peak as dispatched by the Company."

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1 costing and billing. This approach is unique to the ELID Tariff but appropriate for a tariff for which
2 the objective is to dynamically optimize the customer's load. Using the same demand figure for
3 costing/pricing and billing eliminates the unnecessary and ineffective forecast variance that would
4 arise if a conventional approach to billing was adopted and applied to the single Tariff customer
5 load. It also effectively turns demand cost recovery for PHP into a fixed charge, which addresses,
6 at least in part, consultants' concerns with respect to variances that could arise between tariff
7 development assumptions and actual results. It is the type of innovation that is required to optimize
8 and simplify an admittedly complex tariff such as the ELID Tariff.

9
10 **2.1.3 Energy Assumptions**

11
12 With respect to the Cost of Service energy assumptions and proposed ELID Tariff Energy Charge,
13 BW opposes the application, primarily on the basis that the PHP energy amounts assumed in the
14 application are considered high in light of lower anticipated PHP energy consumption and higher
15 anticipated output from the Goose Harbour Lake Wind Farm. BW concludes correctly that,
16 because a portion of energy-related costs per the COS are fixed, using a higher forecast energy
17 compared to lower actual energy consumption will produce lower fixed cost recovery. PHP is also
18 of the view that the cost of service should be updated for lower energy forecast amounts.

19
20 BW recognizes the uncertainty associated with PHP load and the challenges of developing reliable
21 energy production forecasts with a wind facility under development.¹² While providing support
22 for the various assumptions discussed, BW concludes that its recommended updates in particular,
23 are required if other elements of the SA are recast:

24
25 In particular, it would not be appropriate to modify other components of the ELID
26 tariff determination that would lower costs to PHP – such as reducing PHP's
27 coincident demand for interruptible load applied in the COSS – without also fully
28 updating the model with a more realistic estimate of PHP net load. Otherwise, the
29 potential for under-recovery of embedded costs from PHP would be exacerbated.¹³

¹² Evidence of Bates White Economic Consulting, on behalf of Nova Scotia Energy Board Counsel, pages 16 and 22.
May 8, 2026.

¹³ Bates White Evidence (BCC), page 17, lines 20-24.

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1 NS Power agrees. It is the nature of rate-setting for ATL tariffs that the process is reliant on
2 forecasts at a point in time. For this application, the Company submits the “point in time” was
3 when the tariff costing was examined as part of the COS development process, prior to completion
4 of the SA, and was affirmed through the Settlement Agreement. To begin altering certain agreed-
5 upon elements of the Settlement Agreement risks unwinding all SA agreed-upon elements and
6 fundamentally resetting this process.

7
8 With respect to the financial implications of the proposed Energy Charge, Bowman provides:

9
10 For PHP, the appropriate test of materiality is whether there is a net change in the
11 average energy unit cost. Under the updated loads for 2026, the PHP average unit
12 cost declines slightly under the updated load (0.07 cents/kW.h) which, at the
13 updated load saves PHP approximately \$425,000 annually. However, the cost of
14 capacity for PHP goes up due to the change, by \$233,000, for a net impact (at a
15 consistent load) of less than \$200,000 on a total billed amount of over \$80
16 million/year. This net impact will be further reduced at the demand levels proposed
17 above (120 MW, rather than 65 MW) so the net effect appears to be *de minimus*.¹⁴

18
19 It is important to note that within Bowman’s analysis there are several variables that would affect
20 the COS and the resultant prices applicable to PHP under this Tariff. However, Bowman’s high-
21 level calculations are indicative of the anticipated results of applying alternative demand and
22 energy values.

23
24 As discussed above, InterGroup is of the view “these terms were specified as part of the settlement
25 agreement and in InterGroup’s view should not be adjusted.”¹⁵

26
27 **2.1.4 Interruptible Rider**

28
29 It may be that the most disputed element of this application is the Interruptible Rider. While the
30 value of the IR credit applicable under the Tariff is addressed in the SA, and the regulatory and

¹⁴ Pre-filed Testimony of Patrick Bowman, on behalf of the Industrial Group (IG), page 17, lines 17-23. May 8, 2026.

¹⁵ InterGroup Evidence (CA Consultant), page 6.

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operational frameworks applicable to non-firm service for large industrial customers in Nova Scotia have been in place for decades,¹⁶ the ELID Tariff – like its predecessors: the PHP Load Retention Tariff and ELIADC Tariff – is unique in that it encompasses both incremental cost-based economic interruption service, as prescribed under the DR, and reliability-based interruption service, as prescribed under the IR.

Though distinct in resource planning and regulatory terms, there is some operational overlap between the two services which has led to concerns, summarized by InterGroup as “risk that pairing the proposed Dispatchable Rider with the proposed Interruptible Credit credits PHP twice for effectively the same provision.”¹⁷

The Company has provided its position on this question.¹⁸ It remains the Company’s view that, with respect to value they offer to the system, IR and DR services are distinct:

- IR is mandatory service interruption, which, like interruptible service available to other large customer classes, is enforced by significant penalties for failure to comply with interruption calls within 10 minutes. Were it not for the SA, the proposed ELID Tariff IR service credit would be based on the avoided investment in generation capacity enabled by PHP’s non-firm load and calculated based on PHP’s non-firm demand billing. As applicable to other interruptible customers, the “cost” of this credit is recovered from all customers, including those customers providing the interruptible service.¹⁹ This is the long-established process applicable to ATL interruptible service in Nova Scotia.

¹⁶ As provided in NS Power’s responses to Synapse IR-14 and SBA IR-2 part (c), “[t]he ‘Industrial Interruptible Rate’ was approved by the Board in March 1977” and “[t]he current methodology for determination of the interruptible credit amount was originally approved for use in the 1996 General Rate Application (GRA) Decision.” Please also refer to NSPI (Synapse) IR-23.

¹⁷ InterGroup Evidence (CA Consultant), page 13.

¹⁸ Refer to NS Power’s responses to Synapse IR-14, Synapse IR-23 part (d), and IG IR-23 part (c).

¹⁹ NSPI (Synapse) IR-10 provided “[t]he system cost savings associated with the interruptible service are credited to rate classes which provide this service and at the same time are assigned as costs to all rate classes, including those which provide the interruptible service, such that the net cost effect of these calculations on the total revenue requirement is zero.”

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- 1 • As with ADC under the ELIADC Tariff, DR is not mandatory. Under both the ELIADC
2 Tariff and the proposed ELID Tariff it remains the customer's decision to comply with the
3 dispatch direction necessary for the customer to achieve the associated operational (e.g.
4 fuel) savings. As such, this economic dispatch service does not provide system planning
5 capacity relief and, accordingly, no capacity-related compensation is provided under DR
6 (or previously under ADC).

7
8 Bowman expresses concern with the infrequent interruption of PHP, concluding this is evidence
9 of the limited value of this service. This ignores the fact that there has historically been limited
10 correlation between the crediting of customers for interruptible service and the frequency of actual
11 interruptions and, in fact, for the customers on whose behalf the Bowman evidence is submitted,
12 there have been years without interruption while continuing to receive the interruptible credit in
13 full.²⁰ This situation arises, legitimately, because system planning and system operations operate
14 on different time horizons and involve different processes.²¹ While the presence of interruptible
15 load in the long-term forecast is necessary to allow the Company to avoid generation capacity
16 additions, it remains the Company's operational practice to take all reasonable actions (e.g.
17 implementation of telemetry and control, generator outage planning) to avoid using this tool in
18 order to minimize service disruptions to customers.

19
20 Both DR and IR services are required under the ELID Tariff, and it appears this is somewhat
21 acknowledged in Bowman's evidence, which provides:

22
23 However, as noted above, it is recommended that new ELID contain stronger
24 dispatch rights for NSP that would make it even more likely that PHP is already

²⁰ Historically, interruptible service credits have not been correlated with the frequency of interruption events. For example, NS Power confirmed (in its response to SBA IR-3) that PHP experienced no interruption events from 2022-2025 while remaining available as an interruptible resource, and (in its response to Synapse IR-5) that LIIR customers experienced 25 interruption events over that four-year period.

²¹ While long-term planning considers interruptible load as a resource that can reduce future capacity requirements, system operators seek to manage actual system conditions in a manner that minimizes customer interruptions whenever reasonably possible. Refer to NS Power's responses to Synapse IR-5, Synapse IR-11 parts (a) and (b), Synapse IR-29, and SBA IR-2 part (g).

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1 dispatched to minimal load under conditions likely to lead to calls for interruption
2 than was the case under the ELIADC.²²

3
4 It is true there is some interplay between these two service offerings. As PHP is dispatched down,
5 whether in day-ahead planning, current dispatch, or in longer-term forecasts, system peaks will be
6 reduced and PHP load during the coincident peaks will be lower, potentially creating the
7 impression that the value of PHP IR service is limited. However, under DR service, PHP retains
8 the option to increase its load to meet its operational requirements, including during periods of
9 system constraint. By contrast, IR provides the Company with the ability to interrupt load when
10 required for reliability purposes and allows that interruptible capability to be reflected in
11 generation resource planning.²³ Absent IR, the Company would need to account for PHP's full
12 load in its peak forecast and build generation capacity to meet this now firm load. This is why it
13 would be incorrect, as suggested in the Bowman Evidence,²⁴ to use PHP's forecast load at the time
14 of system peak to calculate the ELID Tariff interruptible credit.

15
16 Were the Company to seek to incorporate stronger reliability-based interruption provisions into
17 the DR provisions of the Tariff, it seems likely that the required provisions and the associated
18 compensation would be similar, if not the same, as that already explicitly addressed in the
19 Interruptible Rider to the ELID Tariff. The presence of the IR service within the ELID Tariff makes
20 the addition of "stronger dispatch rights for NSP" in the DR service unnecessary.

21
22 While there is operational interplay between IR and DR, there is no overlap in the compensation
23 paid. Both services are distinct and the separate compensation streams are also distinct and
24 appropriate.²⁵

²² Bowman Evidence (IG Consultant), page 14, lines 1-3.

²³ Refer to NS Power's responses to SBA IR-2 part (g), Synapse IR-5 part (i), Synapse IR-11 parts (a) and (b), and Synapse IR-14 which distinguish between dispatchability and interruptibility and explain the role of interruptible load in generation resource planning.

²⁴ Bowman Evidence (IG Consultant), Section 3.3, pages 13-14.

²⁵ Refer to NSPI (SBA) IR-2 part (g), and NSPI (SBA) IR-4 parts (f) and (j).

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1 Finally, there is a variance in this application with respect to the proposed IR service credit. NS
2 Power recognizes that the established IR credit protocol would produce a larger credit applicable
3 to PHP, if the value of this service was not expressly established in the SA.²⁶ Consistent with this,
4 the Company proposes that this will be revisited in the next GRA. As well, an anomaly, not specific
5 to this application but rather to ATL interruptible service classes generally, is that the calculated
6 value of the avoided cost of the combustion turbine proxy has, in recent years, converged with
7 demand-related costs assigned to these classes under the embedded cost-based cost of service.
8 Effectively, demand costs assigned to these groups of customers are now largely being offset by
9 the value of the interruptible credit these customers are receiving. This issue is recognized in the
10 InterGroup evidence which provides: “It is clearly unreasonable to determine that value of an
11 interruptible credit is higher than a full cost-based demand cost for the firm service.”²⁷

12
13 The IR credit is reflective of the value produced under the Company's established interruptible
14 credit methodology as the avoided cost of peaking capacity has increased (and the associated value
15 provided by avoiding/deferring these investments). It is simply more apparent in the ELID Tariff
16 application because the value of the non-firm load is costed, priced, and proposed to be billed using
17 the same demand determinant – the class’ single customer’s assumed interruptible demand (57
18 MW). The calculated ELID Tariff IR credit value is not reduced by a higher class non-coincident
19 interruptible billing demand as is the case with the Large Industrial Interruptible Rider class.²⁸ The
20 result is (absent the SA provision), the calculated ELID Tariff IR credit is much larger than the
21 calculated LIIR IR credit.

22
23 While Synapse recommends a larger IR credit should be provided to PHP than the SA prescribes,
24 Synapse is of the view the full calculated credit should not apply because PHP “would receive
25 credit for costs that it would otherwise help pay, resulting in an over-allocation of benefits to PHP
26 and a corresponding shift of cost responsibility to other customers”²⁹ and this treatment “would

²⁶ As provided at page 8 of the Application, “[i]t is important to note that this is a significantly lower figure than would be applicable to PHP had the credit been developed in accordance with the Company's established practice for pricing of the interruptible credit (\$13.107 per kVA demand coincident with system peak).”

²⁷ InterGroup Evidence (CA Consultant), page 7.

²⁸ Refer to NS Power’s responses to CA IR-1 and CA IR-9.

²⁹ Synapse Evidence (BCC), page 13, lines 16-18.

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1 allocate all of the benefits of avoided capacity to PHP, leaving other customers no better off than
2 if an equivalent amount of generation capacity had been procured.”³⁰

3
4 While NS Power’s position is that the ELID IR credit has been established by the SA, the Company
5 disagrees with Synapse’s justification for not using the larger figure. Under the Company’s long-
6 established cost of service treatment applicable to interruptible load, the cost of this resource is
7 recovered from all customers, including the interruptible customers providing the service.³¹ The
8 practice is effectively cost-neutral in that revenue requirements, with and without the interruptible
9 resource, are essentially the same (i.e. the credit for interruptible service is the same as the forecast
10 cost of serving the load if firm and as a result, firm customers are indifferent).

11
12 As described earlier, the terms proposed under the ELID Tariff to provide interruptible service to
13 PHP are consistent with IR service that has been in place in Nova Scotia for decades. Other than
14 the calculation of the credit, which is proposed to be updated in the next GRA, the interruptible
15 terms and compensation foundation is the same for PHP as Large Industrial Interruptible Rider
16 customers. As proposed in the Application, it is appropriate this service be recognized as distinct
17 from DR service and compensated accordingly.

18
19 **2.1.5 Revenue/Cost Ratio**

20
21 As noted above in the cited InterGroup reference “InterGroup agrees that the revenue-to-cost ratios
22 for 2026 and 2027 were an integral consideration understood by parties to the SA.”³² This is also
23 addressed in the Company’s evidence.³³ Bowman, despite proposing changes to other items
24 addressed in the SA, also proposes this element of the original PHP ATL costing be maintained.³⁴

³⁰ Synapse Evidence (BCC), page 13, lines 20-21 and page 14, line 1.

³¹ NSPI (Synapse) IR-10, as provided in footnote 20.

³² InterGroup Evidence (CA Consultant), page 6.

³³ Refer to NSPI (CA) IR-9 which provided “[w]hile not expressly addressed in the SA, the alignment of PHP’s revenue-to-cost (R/C) ratio with other classes (initially at 1.05; subsequently revised to 1.0438 for 2026 and 1.0471 for 2027) as a foundation for the ELID Tariff costing was understood by Parties to the SA and reflected in the subsequent Cost of Service information circulated among Parties and included in the General Rate Application.”

³⁴ Bowman Evidence, page 18, lines 8-10.

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2.2 ELID Tariff Dispatchable Rider

PHP’s transition from the ELIADC Tariff, which is primarily an incremental cost-based tariff with a relatively small, fixed cost component, to the proposed ELID Tariff, which is primarily an embedded cost-based tariff with a relatively small incremental cost component, marks a significant tariff design change but a limited operational change. ADC and DR are essentially the same service. Both are intended to achieve near-term operational savings, and neither ensures that the customer will reduce load when required by the System Operator to address capacity shortfalls. In both the ELIADC Tariff and the ELID Tariff, it is the interruptible service element that provides this generation capacity planning benefit.

It appears there is no opposition to PHP’s continued provision of DR service. Concerns are focused on:

- The proposal that DR benefits flow fully to PHP
- The assumed high load factor ATL Tariff base
- Concern with ELID Tariff complexity
- NSEB approval of DR operating procedures

2.2.1 Proposal that DR Benefits Flow Fully to PHP

NS Power has provided and explained its position clearly that the shift to embedded cost-based energy and demand pricing puts PHP on a base comparable to other ATL customers.³⁵ As such, the DR service PHP provides is unique to PHP and the benefits are reliant on PHP performance

³⁵ In response to NSEB IR-1, NS Power provided “running as a conventional ATL customer risks increasing costs for all ATL customers, including PHP. The Rider will serve to align the interests of all ATL customers. Given PHP energy and demand will be priced on an embedded cost basis consistent with other ATL customers, and because the cost of providing DR service is borne by PHP and the overall effectiveness of the tool is determined by PHP’s performance, it is proposed that the value created by the dispatch of PHP load be credited fully to PHP.” See also NSPI (SBA) IR-4.

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1 and, as a result, it is proposed the benefits accrue fully to PHP (other than the portion recovered
2 from PHP through the FAM).³⁶

3
4 While the ELIADC Tariff has a sharing mechanism, this was appropriate because the cost
5 foundation was incremental cost-based and additional cost recovery was a function of the
6 minimum \$4/MWh figure and the sharing mechanism.

7
8 Under the ELID Tariff, the embedded cost foundation means, like other ATL customers, PHP's
9 non-fuel cost component of the demand and energy prices is fixed between GRAs. Like other ATL
10 customers, PHP will be subject to the FAM riders and other ATL customer riders to the extent
11 they apply (e.g. If PHP is provided with demand side management (DSM) services, the DSM rider
12 will apply). To add another sharing element to this based on PHP performance would be to see
13 PHP pay more than the COS prescribes while undermining PHP's incentive to move its load to
14 produce system savings. It seems this would only exacerbate concern expressed in the BW
15 evidence with respect to the timeliness and predictability of savings to PHP, which BW is
16 concerned would reduce PHP's incentive to shift load.³⁷

17
18 **2.2.2 The Assumed High Load Factor ATL Tariff Base**

19
20 Within its evidence BW refers to the DR credit being "an imperfect proxy for marginal price
21 signals"³⁸ and the DR credit being "built upon a shaky premise."³⁹ With respect to the latter,
22 Bowman expresses a similar concern, in particular, whether in light of changes in PHP's market
23 across the year, a high load factor premise is reasonable.

24
25 Like the tariffs applicable to other customer classes, care is required in imposing extreme levels of
26 precision on the ELID Tariff. Power systems and customer markets and loads are dynamic and
27 assumptions imperfect. The shift to the embedded cost construct will reduce the variability in cost

³⁶ NS Power Application, page 10, lines 9-10.

³⁷ Bates White Evidence (BCC), page 20.

³⁸ Bates White Evidence (BCC), page 19, line 23.

³⁹ Bates White Evidence (BCC), page 21, line 2.

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1 recovery between PHP and other customers. Building on this, the assumed flat customer profile,
2 while likely to be imperfect, provides a reasonable foundation upon which to measure load shift.
3 Moreover, the development of the updated customer baseline (CBL) at year-end with the
4 foundation of actual customer load, actual system profile, actual fuel information, etc. is a
5 significant improvement on the ELIADC Tariff in terms of transparency and simplicity.

6
7 As is likely to be the case for any large customer complex tariff, the ELID Tariff will not be perfect.
8 While the high load factor base may offer some benefit to PHP in terms of a favourable starting
9 point it also offers benefits to other customers in that, should PHP choose to operate during high
10 load periods, under the DR construct the incremental cost of this compared to the CBL will be
11 borne by PHP, not other customers. As experience with the tariff, in general, and this element in
12 particular is developed, it may be this will be an area for further review and refinement.

13
14 While BW has identified a number of potential concerns with the DR construct, it has not proposed
15 an alternative that would address PHP's unique operational requirements while preserving the
16 dispatchability benefits underlying the proposed DR service. Thus, while BW concludes "[i]t may
17 be that, with additional elaboration, revisions, reporting requirements, and verifiability guardrails,
18 the mechanism may achieve these objectives,"⁴⁰ the Company submits that seeking this level of
19 assurance in advance of both a Board-approved tariff and a subscribing customer, is premature. It
20 also ignores that implementation challenges are likely to occur with most new tariffs and that the
21 operation and performance of this Tariff remains subject to FAM audits and ongoing regulatory
22 scrutiny.

23
24 **2.2.3 Concern with ELID Tariff Complexity**

25
26 Bowman provides: "[t]he proposed ELID rate is complicated and unusual in utility rate regulation.
27 No comparable rate could be identified in Canada, particularly for a major customer on a regulated
28 utility system."⁴¹ This characterization appears overstated. The ATL element of the proposed

⁴⁰ Bates White Evidence (BCC), page 28, lines 18-19.

⁴¹ Bowman Evidence (IG Consultant), page 3, lines 27-28.

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1 ELID Tariff is well-established and formed part of the COS work, preceding the current
2 application, and the load-shifting differential construct is based on the ELIADC Tariff that has
3 been in place in Nova Scotia for several years.

4
5 The primary difference between the load shift credit calculation under the ELIADC Tariff and the
6 ELID Tariff is that the former was a ‘with PHP’ and ‘without PHP’ differential calculation based
7 on actual PHP load, which was appropriate for an incremental cost-based tariff, whereas the latter
8 is a ‘with PHP’ and ‘without PHP’ differential calculation based on a levelized load, which is
9 appropriate for an embedded cost-based tariff. The Company submits this is an evolution, that is
10 positive, rather than a dramatic change that warrants the Board rejecting the application. It may be
11 Bowman recognizes this, in confirming the consultant’s concerns could be overcome with
12 implementation of a sharing of benefits.⁴² However, as discussed earlier, as there are benefits being
13 provided in the construct though its embedded cost-based foundation, implementation of a sharing
14 mechanism should not be required.

15
16 **2.2.4 NSEB Approval of DR Operating Procedures**

17
18 InterGroup and Bowman recommend the DR operating procedures be subject to Board approval.
19 Bowman recognizes that “[i]t is understandable that the Operating Procedures may still be under
20 development, pending approval of the specific tariff form as part of the current process” while
21 providing “it would appear appropriate that the Board have **direct approval oversight** of the
22 documentation and mechanics.”⁴³ [emphasis added]

23
24 Neither consultant establishes the process for this approval or describes how this will lead to
25 improved tariff performance or regulatory oversight. Neither consultant proposes that this Board
26 approval would serve to reduce the scope of review of the ELID Tariff operation in the FAM Audit
27 (which already includes an assessment of PHP’s performance on the ELID Tariff predecessor).

⁴² Bowman Evidence (IG Consultant), page 12.

⁴³ Bowman Evidence (IG Consultant), page 15, lines 25-26 and lines 27-28.

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1 The Company submits the Board’s approval of the Operating Procedures will not limit or expand
2 the Board’s oversight of tariff operation, while the process required to achieve that approval will
3 require commitment of time and resources by all interested parties. The Company submits a key
4 benefit of the tariff is the flexibility provided to the Company and PHP in finding the best way to
5 optimize PHP’s flexibility. It is difficult to see how the Board approval of the Operating Procedures
6 will enhance this or provide improved regulatory oversight.

7
8 **2.3 ELID Tariff Priority Interruptible Service**
9

10 Within the Company’s application, it is recognized that NS Power’s initial analysis has concluded
11 the primary beneficiaries of PI service are likely other interruptible customers. The Company is
12 not proposing to retain the service for this reason. Rather, it is the Company’s position that
13 eliminating this service without first completing a thorough analysis of the implications of PHP’s
14 provision of PI service for all customers contains risk. The power system has been managed for
15 many years with PHP being treated as a Priority Interruptible customer. Given the size of PHP’s
16 load and the challenges which can arise suddenly on a power system, the elimination of PI service
17 without first understanding the full implications for interruptible and non-interruptible customers
18 is not recommended. Further, the Company has recognized that PHP’s load flexibility provides
19 important reliability benefits to the system, though to date this has also not been fully examined or
20 quantified.

21
22 In light of these considerations, it is practical to pause on this question, and take the time required
23 to develop a fully informed position and address this in the next GRA. InterGroup supports this
24 providing:
25

26 InterGroup agrees with NSP that PI service value to the system and applicability to
27 the ELID Tariff should be further examined. However, this review should be
28 undertaken in time for implementation in 2028 and should not be necessarily linked
29 to the next GRA.⁴⁴

⁴⁴ InterGroup Evidence (CA Consultant), page 13.

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1 With respect to InterGroup’s recommendation that the outcome of the proposed PI review be
2 implemented in 2028, the Company submits the timing remains subject to a Board Decision in this
3 application and PHP’s subscription to the tariff, and the outcome of the PI review and a Board
4 Decision in the matter. As a result, it is premature to set the date for implementation of results.

5
6 **2.4 Other ELID Tariff Issues**

7
8 **2.4.1 Supply of Electricity to PHP from the Goose Harbour Lake Wind Farm**

9
10 No evidence was submitted that the Company’s interpretation or application of the PHP Power
11 Purchase and Sales Agreements to the ELID Tariff is incorrect. BW confirmed they have not
12 identified any inconsistencies between the proposed ELID Tariff and the Goose Harbour Power
13 Purchase and Sales Agreements.⁴⁵

14
15 **2.4.2 Customer Charge**

16
17 No party disagrees with the addition of a Customer Charge for this service. BW provides “[t]he
18 concept of a Customer Charge is appropriate.”⁴⁶ However, BW has a number of concerns with the
19 \$10,000 per month charge proposed by NS Power, favoring \$12,291.67 per month and proposing
20 NS Power file additional information regarding tracking and administering the associated costs.

21
22 A number of NS Power tariffs, both above-the-line and below-the-line, include customer charges.
23 None include individual tracking against revenues. For all ATL tariffs, Customer Charges are
24 assessed and approved as part of GRAs.

25
26 NS Power has sought to be transparent in the application with respect to uncertainty regarding the
27 Customer Charge costs forecast for this initial tariff offering and why a high-level estimate of

⁴⁵ BW (NSPI) IR-1, part (b). June 18, 2026.

⁴⁶ Bates White Evidence (BCC), page 12, line 8.

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1 \$10,000 per month was appropriate until experience with the tariff is acquired.⁴⁷ BW's preferred
2 figure is no more defensible than NS Power's proposed \$10,000 figure. Expending time and effort
3 on tracking and reporting on these costs would add costs far out of proportion to the associated
4 costs. As an initial tariff charge, the Company submits no revision is required. Subject to the
5 Board's approval of this tariff and PHP's subscription to it, additional and improved Customer
6 Charge costs information will be available in the next GRA.

7
8 **2.4.3 Reporting/Tariff Review**
9

10 The ELID Tariff DR calculation is an annual exercise. This is because the calculation relies on the
11 customer's actual annual load, the system annual profile, fuel market prices throughout the year,
12 etc. More frequent reporting is likely to be misleading and subject to significant adjustment. The
13 Company submits no additional reporting is required.

14
15 As discussed during the Q2 2026 FAM Small Working Group (SWG) meeting, NS Power has
16 developed a methodology to quantify the value of ADC to value load shifting isolated from
17 changing prices. This was developed in accordance with Recommendation XV-3 from the 2022-
18 2023 FAM Audit. This methodology will be subject to FAM SWG review and, subject to Board
19 approval of the ELID Tariff application, future FAM Audits.

20
21 With respect to the NSEB review proposed by InterGroup to be undertaken "after the first year of
22 implementation,"⁴⁸ the Company submits that the annual reporting and established FAM Audit
23 process will address this, and a separate review is not required.
24

⁴⁷ Refer to Section 2.1 of the Application and NS Power's responses to BW IR-1 and BW IR-9.

⁴⁸ InterGroup Evidence (CA Consultant), page 7.

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3.0 CONCLUSION

It is encouraging that the evidence submitted in this proceeding is focused primarily on tariff costing and pricing parameters and, in general, seems to accept the new above-the-line ELID Tariff construct. In this regard, Synapse provides:

NS Power's proposed tariff is generally reasonable and represents an appropriate transition from a below-the-line to an above-the-line framework for service to PHP. However, I recommend a few modifications to the proposed tariff to address PHP's concerns regarding capacity costs and promote more equitable allocation of benefits. I recommend that the Board approve the ELID tariff, subject to the targeted modifications that I propose below.⁴⁹

The Company acknowledges that like its predecessors, the ELID Tariff involves complexity unique to serving PHP and, at times, this will create challenges. This has been discussed through this proceeding, and virtually all proceedings related to the ELID Tariff predecessor, the ELIADC Tariff and its predecessor, the PHP Load Retention Tariff (LRT). However, it should not be overlooked that prior to the implementation of these tariffs, the pulp and paper operation at Point Tupper obtained creditor protection under the federal *Companies' Creditors and Arrangement Act*, filed for bankruptcy protection under Chapter 11 of the *United States Bankruptcy Code*, and announced an indefinite shut down of this key industry operation and employer in our province.⁵⁰ The PHP LRT and the ELIADC Tariff and the optimization of PHP's load flexibility that each has enabled have supported the recovery of this industrial operation, to the benefit of Nova Scotians and electricity customers.

The Company submits the proposed ELID Tariff, with its embedded cost foundation, represents another positive step in the evolution of service to Port Hawkesbury Paper. It is understood that details concerning the operation of the new tariff and its long-term application will be subject to further scrutiny and may require refinement going forward. However, the current application

⁴⁹ Synapse Evidence (BCC), page 3, lines 6-11.

⁵⁰ M04175 – Board Decision, 196889, page 7, para. 9. November 29, 2011.

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1 provides an effective and transparent regulatory foundation for providing service to Port
2 Hawkesbury Paper as an above-the-line, embedded cost-based customer and, with respect, should
3 be approved by the Board.