

NOVA SCOTIA ENERGY BOARD**IN THE MATTER OF:** *The Public Utilities Act***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****COUNSEL OPENING STATEMENT for
THE INDUSTRIAL GROUP**

Nova Scotia Power Inc. ("**NSPI**") has applied to establish a new Above-the-Line tariff for Port Hawkesbury Paper ("**PHP**"): the Extra Large Industrial Dispatchable Tariff (the "**ELID**"). The ELID is the long-awaited successor to the existing Extra Large Industrial Active Demand Control Tariff, which served PHP as a Below-the-Line customer.

The ELID is a unique tariff structure, serving a single customer. While modelled in part on the Large Industrial tariff, it introduces features specific to PHP, including a Dispatchable Rider, an Interruptible Rider with an additional premium for priority interruptibility, and an accounting mechanism addressing the treatment of output from the Goose Harbour Lake Wind Farm owned by a sister company to PHP.

Unlike in previous proceedings establishing a rate to serve PHP or its predecessor, this is not a joint proposal. Despite lengthy negotiations since the summer of 2023, NSPI and PHP have reached no consensus on the appropriate terms of the tariff. NSPI, PHP, and the expert witnesses — including Patrick Bowman, Brubaker and Associates Inc., Bates White Economic Consulting, Synapse Energy Economics, Inc., and InterGroup Consultants Ltd.— diverge on almost every aspect of the application including the customer charge, the demand charge, PHP's forecast energy usage, its theoretical Customer Baseline Load ("**CBL**"), the operation of the Dispatchable Rider, the value of interruptibility and the revenue/cost ratio to serve this class.

The Industrial Group's overarching submission is straightforward: whatever methodology the Board ultimately adopts, the ELID must be a principled tariff grounded in the foundational tenets of ratemaking — above all, cost causation — consistent with the treatment of other Above-the-Line customers. PHP should be charged for the costs it causes the system, with appropriate credit for genuine load-shifting benefits it provides, and no more. It should not have bargaining power extended to it to negotiate terms it considers "satisfactory".

Nothing in the settlement reached in NSPI's General Rate Application (Matter M12451) forecloses submissions by the parties in this matter. To the contrary, the settlement expressly provides that "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." The tariff structure and the figures in the Cost-of-Service Study were assumptions used for settlement purposes in the GRA, in the absence of a complete tariff application and evidentiary support.

Within the range of expert opinions before the Board, the Industrial Group relies on the conclusions and recommendations of its consultant, Patrick Bowman, as the most principled,

properly sequenced, and well-reasoned approach. Mr. Bowman's evidence proceeds in logical order. First, a cost-of-service-based CBL reflecting PHP's expected high-load-factor demand must be determined before any riders are considered. Second, the Dispatchable Rider should be applied to credit PHP for genuine load-shaping relative to that true CBL, based on the benefit provided, tempered by benefit-sharing consistent with the approach taken under the ELIADC and recognizing the practical difficulty of calculating a precise CBL. Third, any interruptible credit should be sized to what the historical record shows: PHP's load is rarely, if ever, available for interruption given the operation of the Dispatchable Rider. On this sequencing, PHP is entitled to a modest interruptible credit at most and should receive no credit for priority interruptibility.

The appropriate CBL is central to the Board's determination in this proceeding. Mr. Bowman recommends 120 MW, reflecting PHP's expected demand on its full annual energy requirement before any wind or dispatch credit. That figure tracks NSPI's recorded PHP load when it is not dispatched down under the previous ADC. NSPI proposes 65 MW — a figure carried over from the GRA settlement that is itself an average of PHP's historical, already-dispatched-down demand at the time of system peak. PHP proposes 8 MW, its bare firm load. The Industrial Group submits that Mr. Bowman's approach is the only one of the three proposals that is analytically coherent with the premise of an Above-the-Line rate and reflects the demand on which NSPI has built its system.

A further complicating factor is the interaction between the ELID and the separate commercial arrangements between PHP and its affiliate, PHP Wind Limited, for the output of the Goose Harbour Lake Wind Farm. Those arrangements permit deemed delivery and monthly or annual banking of wind output against PHP's billed load. How the ELID's billing determinants will interact with that banking and deeming mechanism remains materially unresolved on this record and warrants careful exploration during this hearing.

In addition to the above, the Industrial Group flags the following issues for exploration at this hearing:

1. the adequacy of NSPI's proposed dispatch rights under the Dispatchable Rider, given PHP's ability to decline dispatch direction;
2. the appropriate degree of benefit-sharing on Dispatchable Rider savings; and
3. oversight of operational procedures, and reporting.

The Industrial Group looks forward to exploring these issues during the hearing and may raise additional issues as the evidence develops.

Thank you for the opportunity to make this Opening Statement.

Nancy G. Rubin, K.C.
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