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**Request IR-1:**

**On page 7, NS Power stated:**

> **The ultimate energy charges are also subject to change based on the outcome of the ongoing Court proceedings regarding PHP's responsibility for the payment of costs associated with the new Maritime Link Federal Loan Guarantee (FLG2).**

**Please provide the latest update on the status of this ongoing Court proceeding.**

Response IR-1:

PHP initiated both an appeal to the Nova Scotia Court of Appeal (NSCA) and an application for judicial review before the Nova Scotia Supreme Court (NSSC) in respect of the Board's decisions in M12004 and M11902. On October 7, 2025, the NSSC granted PHP's request to stay the judicial review proceeding pending the outcome of the appeal. The responding parties – the Nova Scotia Energy Board, Consumer Advocate, Small Business Advocate, Industrial Group, NS Power, and the Municipal Electric Utilities, consented to the stay without waiving their right to subsequently challenge the availability of judicial review following the appeal.

PHP's appeal to the Nova Scotia Court of Appeal (Case No. CA 544150 – *Port Hawkesbury Paper LP v. Nova Scotia Energy Board et al.*) was heard on March 10, 2026. The Court released its decision on April 8, 2026, dismissing the appeal and affirming the Board's decisions.

It is not yet known whether PHP intends to proceed with its application for judicial review.

**Request IR-2:**

**Regarding interruptible service, on page 8, NS Power stated:**

> **…the relatively low cost of acquiring priority interruptible service (approximately $500,000 annually as modeled in the GRA COSS), the Company considers this to be an area that requires more review and is premature to discontinue.**

**(a) Please explain how the $500,000 was derived.**

**(b) With reference to "more review", please elaborate on what additional review is contemplated and what associated metrics are anticipated.**

Response IR-2:

Preamble

Please refer to SBA IR-2 part (i) and IG IR-13 part (g) for information concerning prior Board Decisions in which the Board considered the value associated with PHP's provision of Priority Interruptible (PI) service. In the most recent matter (M05550) during which the Board established a value for this service, the Board determined the customer was to be compensated at 15 percent of the value of the interruptible credit under the Large Industrial Interruptible Rider.[1]

Over the past decade, PHP has taken service under the Load Retention Tariff and ELIADC Tariff. While PHP continued to provide PI service under both tariffs, under neither tariff was the value of PI service examined and quantified or the cost of service treatment associated with the recovery of any associated value determined. Developments occurring over the period since the Board last established the value of PI service with the potential to affect the value of PI service include, but

[1] M05550 – Board Decision, 112539, March 10, 2006.

are not limited to, the growth in system demand, increase in intermittent energy resources, proliferation of holding interruptible load as Operating Reserve, advances in system technology, and the introduction of the Nova Scotia Independent Energy System Operator.

(a) In light of the limited period between filing of the 2026-2027 General Rate Application (GRA), inclusive of the Settlement Agreement (SA), and the filing of this Application, NS Power has not undertaken the analysis required to determine the value and cost of service treatment for PI service or examined and quantified the potential reliability benefits enabled by dispatch of the system's largest customer's load. Rather, for the GRA test year period, the Company proposed to adopt the modelled PI valuation (i.e. 10 percent) as established through the SA, as a proxy value for the PHP PI and reliability benefits. As provided in the Application, "NS Power proposes that priority interruptible service and the compensation to PHP, as modeled, be maintained until it can be revisited in the next GRA."[2]

With respect to the "approximately $500,000" cited in the Application, as provided in the SA, "[t]he priority interruptibility service that may be provided by PHP is modelled at an additional 10% credit" which, per the Cost of Service treatment, is calculated as a percentage of the proposed interruptible credit and is $555,795 ($7.638 x 727,660 kVA x 10 percent) and $557,895 ($7.667 x 727,660 kVA x 10 percent) for 2026 and 2027, respectively.

(b) As provided above and in the Application, the Company is proposing the cost of service calculated values be adopted for 2026 and 2027 and these values will be examined and revised in the next GRA. Items that are expected to be included as part of this analysis include, but are not limited to:

- Priority Interruptible Service provided by PHP, including:

[2] Please refer to page 8 line 26 to page 9 lines 1-2 of the Company's ELID Tariff Application.

- Examination and quantification of system planning benefits, if any, enabled by PI service provided by PHP.

- Examination and quantification of system operations and maintenance benefits, if any, enabled by PI serviced provided by PHP, including consideration of implications of holding PHP load and the loads of other interruptible customers as Operating Reserve.

- Examination and quantification of benefits, if any, provided to other interruptible service customers, including consideration of implications of holding PHP load and the loads of other interruptible customers as Operating Reserve.

- Cost of Service treatment for allocation of any associated compensation provided to PHP.

- Reliability benefits of PHP dispatchable load, including:

    - Review of dispatch of PHP load at times of system stress, whether due to load, capacity or other circumstances.

    - Examination of system benefits associated with dispatch of PHP load and recovery of any associated costs through the Dispatchable Rider.

    - Cost of Service treatment for allocation of any associated compensation provided to PHP.

It is expected this analysis will, at least initially, be undertaken by NS Power. However, it may be the work will be joined, or assumed, by the Nova Scotia Independent Energy System Operator.

**Request IR-3:**

**On page 10, NS Power proposed that the value created by the dispatch of PHP load should be fully credited to PHP. It also proposed that the cost of the DR service should be included as a FAM cost and recovered from all ATL customers. Furthermore, NS Power stated that ATL customers will be held harmless under the DR construct.**

**(a) What is the dollar amount of the dispatch value that NS Power anticipates will be created?**

**(b) If ATL customers will be paying PHP for the DR service, please elaborate on how they will be held harmless.**

**(c) If the value created by dispatch of PHP load is fully credited to PHP, please explain the value that other ATL customers receive from the ADC component of the proposed tariff.**

Response IR-3:

(a) Provided at page 10 of the Application is the following:

> Based on initial analysis completed in 2025 utilizing forecast data, the Company has estimated that for that period, if PHP load had been dispatched at 100 percent optimal, this service would have delivered approximately $7 to $11 million of savings to PHP in a year. In reality, this level of savings will be challenging to achieve as system conditions, customer production constraints/requirements, etc. will, at times, conflict with optimal load dispatch. Based on experience with the ELIADC Tariff, the Company estimates that the actual benefit that can be realized will be approximately half this amount.

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The Company estimates the annual value to the system and PHP of NS Power dispatching the PHP load will be approximately $3.5 to 5.5 million.

(b) On page 8 and page 9 of the Application is the following:

> The DR is premised on the understanding that, absent the Rider, and as an ATL customer with demand and energy charges, PHP would generally be incented to operate at a high load factor (i.e. levelized load) across the year, as this mode of operation will reduce the per unit cost of electricity for PHP. However, for a customer with the load flexibility of PHP, a levelized load profile will, in general, not produce the optimal customer or system load profile as the Customer would be expected to consume equally across the year, indifferent to changes in the marginal cost of system supply. In light of the size of PHP load, 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.

As described above, as an above-the-line (ATL) customer and absent the Dispatchable Rider (DR), PHP will be expected to run relatively flat throughout the day and across the year. Operating in this manner, PHP will have no incentive to optimize system costs. Moreover, should PHP choose to run during high-cost periods (perhaps to meet sales commitments), a significant portion of this higher cost would flow to FAM customers for recovery (as is the case with other ATL customers).

The DR will enable system savings compared to the assumed high load factor profile, which will flow to PHP but also insulate other customers should PHP opt to increase its load beyond the baseline during high-cost periods. Under the proposed ELID Tariff, FAM customers are held "harmless" because the credit assigned to PHP will be equal to the difference between the cost of serving PHP at the assumed flat load profile and the actual

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cost to serve the NS Power dispatched PHP load. (i.e. the credit for DR will equal the benefit of DR, returning the FAM to the same result as if PHP had run flat without DR.)

(c) Per the response to part (b), the fuel and purchased power savings value created by dispatching PHP load will accrue to PHP. While on the ELIADC Tariff, 75 percent of the Active Demand Control (ADC) value was assigned to FAM. However, under the ELIADC Tariff, non-fuel cost recovery was not embedded cost-based. On the ELID Tariff, which is an above-the-line embedded cost of service based tariff, PHP will contribute full allocation of fixed costs, which is a benefit to all customers.

Like the operational and capital costs incurred by PHP to accommodate NS Power's dispatch of its load, the benefit created by this service compared to running flat will accrue solely to PHP. This is considered appropriate as a Rider applied to an ATL tariff because the energy and demand charges applicable to PHP are embedded cost based and as such provide for the recovery of the fixed transmission and generation costs allocated to PHP in accordance with the Cost of Service (as is the case with other ATL customers).

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**Request IR-4:**

**In its evidence, PHP identified several concerns with the proposed ATL tariff and stated it is unlikely to accept service under that tariff if those concerns are not addressed in a satisfactory manner by the Board. In that situation, PHP stated that it would need to undertake development of a below-the-line tariff.**

**(a) Please explain whether, prior to filing the ATL tariff, NS Power was aware of the concerns that PHP identified in its evidence. If so, describe what attempts were made to resolve those issues.**

**(b) Please explain and quantify any detrimental operational and financial impacts that NS Power anticipates if the ATL tariff is amended to satisfy PHP's concerns.**

**(c) Please explain whether NS Power contemplated any potential BTL tariffs as potential options if PHP does not accept service under the ATL tariff. Were any such discussions held with PHP? Please elaborate.**

Response IR-4:

(a) As noted in the Application at page 6, the Company was aware "that PHP's view is that the three coincident peak demand determinants applicable to PHP should be set at the firm demand level of 8 MW." As well, in light of the differential between the interruptible credit applicable to the Large Industrial Interruptible Rider (LIIR) class and that applicable to PHP, had the credit been developed in accordance with the Company's established practice rather than as prescribed in the Settlement Agreement (see page 8 of the Application), the Company understood PHP may not support utilization of the LIIR interruptible credit for 2026 and 2027.

It is important to keep in perspective the aspects of the Application with which PHP does not agree. The ELID Tariff is a comprehensive above-the-line (ATL) tariff construct that enables the transfer of the system's largest customer to a more conventional ATL tariff after years of being served as an incremental cost-based below-the-line customer. The ATL construct provides stability of pricing and cost recovery for PHP and Fuel Adjustment Mechanism (FAM) customers, while also enabling PHP to extract value from the flexibility of its load and accommodating the supply of wind generation from the Goose Harbour Lake Wind Farm under the PHP Wind Power Purchase Agreement (PPA) and the PHP Power Sales Agreement as prescribed under s. 4AA (now s. 24) of the *Electricity Act*. By comparison, the Company submits that the issues raised by PHP in its Evidence as areas of disagreement are relatively narrow and centred primarily on costing/pricing matters addressed in the Settlement Agreement. As such, there is a good record before the Board to have these matters resolved.

With respect to attempts to resolve these issues, the Company submits the parties worked hard for over a year to inform and resolve these matters, most directly through the Cost of Service proceeding and the GRA Settlement Agreement, and the relatively small number of issues that remain in contention between NS Power and PHP is the result of this collaborative work.

(b) The areas of concern raised by PHP at page 8 of its Evidence are not expected to have detrimental operational impacts if the ATL tariff is amended to satisfy PHP's concerns as the items are matters of costing and rate-design applicable to the monthly demand and energy components. With respect to the financial impacts compared to the Application, such a decision would increase costs borne by other above-the-line customers. For a quantitative assessment of the financial impacts if the ATL Tariff is amended to PHP's recommendation, please refer to CA IR-2.

Please also refer to CA IR-9.

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(c) Please refer to NSEB IR-6.

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**Request IR-5:**

**Considering that the system control function, including resource dispatch, will come under the authority of IESO Nova Scotia, please explain whether NS Power undertook any consultation with IESO Nova Scotia about the proposed ATL tariff before filing for Board approval.**

Response IR-5:

In December 2025, the System Planning function transferred to the Nova Scotia Independent Energy System Operator (IESO-NS) in what is expected to be Phase 1 of 2 of IESO-NS implementation as the new System Operator.

On April 9, 2026, Bill 193 (Powering the Economy Act) received Royal Assent. This Bill extends the deadline under the *More Access to Energy Act* for transferring specified positions, employees, bargaining units, assets, liabilities, rights and obligations (i.e. Phase 2) from NS Power to the IESO-NS from October 24, 2026 to May 1, 2028.[1]

At the time the ELID Tariff was developed and the Application was filed, the system control function, including real-time resource dispatch, remained (and, at the time of this filing, continues to remain) within NS Power. Accordingly, NS Power consulted internally with the personnel responsible for system operations and dispatch in the development of the ELID Tariff.

Pending the Phase 2 transition, NS Power anticipates that engagement with IESO-NS would occur, as appropriate, in connection with matters within the IESO's future mandate. Subject to the outcome of this proceeding, it is anticipated this engagement with IESO-NS, as noted in NSEB IR-2, would include a review of the value of priority interruptible service and potential reliability benefits associated with dispatch of PHP load.

[1] https://nslegislature.ca/sites/default/files/legc/PDFs/annual%20statutes/2026%20Spring/c005.pdf

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**Request IR-6:**

**Considering the circumstance where the application is not approved, or considered not to be acceptable by PHP, and the ELIADC is not extended, and no new BTL rate exists on January 1, 2027, what is NS Power's understanding of the default rate for service to PHP?**

Response IR-6:

It remains NS Power's objective that at the conclusion of this regulatory proceeding PHP will be in a position to subscribe to a Board-approved above-the-line (ATL) tariff and the Application provided by the Company provides an acceptable tariff form for this. The Application addresses a number of objectives of PHP including providing increased rate stability and the ability for NS Power to optimize PHP's load to the direct and sole benefit of PHP. While PHP does not agree with all aspects of the Application, these are largely due to the Company's adherence to the terms of the General Rate Application (GRA) Settlement Agreement, to which PHP is a signatory, and as proposed concern tariff elements that will be subject to review and updating at the next GRA.

In light of the size of PHP's load and its unique characteristics, there is no ATL tariff offering which would be considered a "default rate for service to PHP" in 2027. While as an industrial customer with greater that 2,000 kVa of billing demand, PHP would meet the Availability clauses of the Large Industrial (LI) Tariff and the below-the-line (BTL) One-Part Transmission Real-time Pricing (1P-RTP) Tariff, the LI tariff has not been costed or priced with the inclusion of the PHP demand and energy forecast and the 1P-RTP Tariff does not provide for non-firm service. Neither tariff enables the dispatch of PHP load.

Should this Application not be approved or PHP not agree to subscribe to the proposed ELID Tariff, or a revised tariff, as approved by the Board, it is likely NS Power and PHP would need to consider extension of the current Extra Large Industrial Active Demand Control (ELIADC) Tariff for a fourth term. While perhaps the most expedient response, NS Power and PHP will be aware

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that in addition to accommodating the PHP Power Sales Agreement, an application would need to be undertaken in accordance with the Board's directive in the ELIADC Third Term proceeding (M12184) regarding further extensions of the ELIADC Tariff:

> If there is an application to further extend the ELIADC, even for only a short duration, that application must be supported by the financial information contemplated by the NSUARB and must provide a detailed review justifying the continuation of all of the elements of the ELIADC tariff.[1]

The time to complete this work, make an application to the Board, and proceed through the associated regulatory process has not been determined. If this proves necessary, all avenues to expedite this work will be explored.

[1] M12184 – Board Decision, 324430, pages 5-6. September 22, 2025.