

Application for Approval of an Above-the-Line Tariff applicable to Port Hawkesbury Paper
(NSEB M12661)
NSPI Responses to Port Hawkesbury Paper Information Requests

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Request IR-1:

Reference: Application, page 5, lines 15-17.

“In accordance with the Company’s Cost of Service Study (COSS), demand-related costs are proposed to be allocated to the ELID Tariff class based on PHP assigned demand at the time of the three coincident peaks (3CP).”

Reference: NS Power Report on the January 23-26, Cold Weather Event, M12694, pages 12-13, Figures 4 and 5.

Question:

Please provide a breakdown of the hourly Net Load as shown in each of Figures 4 and 5 of the Cold Weather Event Report by Customer Class, including PHP.

Response IR-1:

Data to show the breakdown by customer class of hourly Net Load shown in the Cold Weather Event, M12694, pages 12-13, Figures 4 and 5 is not available due to the cyber incident.

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Request IR-2:

Reference: Application, page 5, line 21 to page 6, line 2.

“As proposed, rather than relying solely on PHP metered data at the time of the 3CPs, the setting of the PHP coincident peaks for costing and pricing purposes will require judgment as to the level of demand which is representative of the PHP system usage and provides for fair allocation of demand-related costs across ATL classes. Given that PHP coincident demand could swing based on the Company’s dispatch between very low (e.g. 8 MW) and very high (e.g. 160 MW), depending largely on system load conditions and the level of PHP demand that produces the lowest cost to serve the system in real time (as enabled by the Dispatchable Rider), it 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.”

Questions:

- (a) How does NS Power propose that “judgment as to the level of demand which is representative of PHP system usage” be used to determine the PHP coincident peaks?
- (b) Does NS Power use “judgment” in determining the coincident peaks of any other rate class? Please explain.
- (c) How often and under what circumstances does NS Power plan to adjust the PHP coincident peaks?

Response IR-2:

- (a-c) Please refer to SBA IR-1 and IG IR-5. As provided in the IR responses, this approach to setting PHP’s coincident peak demand is unique to the ELID Tariff, is required because of the unique ELID Tariff class composition, and reflects the characteristics of a single, large

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1 customer with dispatchable load whose demand at system peak can vary depending on
2 system conditions. The use of judgment is required to establish a demand billing
3 determinant that is representative of PHP's system usage and supports fair allocation of
4 demand-related costs across above-the-line classes.

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Request IR-3:

Reference: Application, page 7, lines 20-21.

“The proposed energy charges for 2026 and 2027 are 9.977 cents per kWh and 11.240 cents per kWh, respectively.”

Question:

- (a) Please confirm that these proposed energy charges do not include any costs associated with the securitization deferral account as proposed in the GRA.**
- (b) Please provide a calculation of the proposed securitization rider applicable to PHP in 2026 and 2027 assuming that securitization is approved effective January 1, 2027 using an interest rate of 5%.**
- (c) Please provide a calculation of the increase in the proposed demand and energy charges for 2027 for PHP if securitization is not approved, and NS Power receives approval to recover such costs from customers as an additional rider to its rates effective January 1, 2027.**

Response IR-3:

- (a) Confirmed.**
- (b) A securitization program has not been established. Consistent with this a securitization rider has not been developed.**
- (c) Please refer to part (b). The Company has not undertaken the financial analysis or cost of service model development to complete this work.**

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Request IR-4:

Reference: Application, page 8, lines 13-16.

“As noted in the SA, for 2026 and 2027, the proposed interruptible credit applicable to PHP is the same as proposed for the LIIR: \$7.638 per kVA and \$7.667 per kVA of interruptible service for 2026 and 2027, respectively. It 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).”

Questions:

- (a) Please confirm that NS Power simply used the credit applicable to Large Industrial Interruptible customers as the credit to be applied to PHP’s interruptible load on the basis that this was the language of section c) of the PHP Treatment portion of the Settlement Agreement.
- (b) Please confirm that if NS Power had independently developed the interruptible credit for PHP using NS Power’s established practice for pricing the interruptible credit for Large Industrial Interruptible customers, PHP’s interruptible credit would have been \$13.107/kVA.
- (c) Please provide the reduction in allocated costs to PHP in each of 2026 and 2027 if the interruptible credit independently developed for PHP is used as opposed to the interruptible credit calculated for the LIIR.
- (d) Please explain why it would be appropriate from a cost causation perspective to use the same interruptible credit for PHP as for the LIIR.

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1 (e) At page 6, lines 18-19 of the Application, NS Power states in relation to the Demand
2 Charge that: “In light of the provisions of the GRA Settlement Agreement and well-
3 established NS Power cost of service treatment, the Company does not agree.” Does
4 NS Power consider utilization of the Large Industrial Interruptible credit as the
5 credit to be applied to PHP’s interruptible load to be consistent with “well-established
6 NS Power cost of service treatment”. If yes, please explain.

7
8 (f) If the ELID Tariff is approved, how does NS Power propose that any interruptible
9 credit for PHP be developed for the years following 2027?

10
11 (g) If a GRA is not held for 2028, in what process does NS Power propose the
12 interruptible credit for PHP be revisited?

13
14 Response IR-4:

15
16 (a,d-e) Please refer to CA IR-1 and the Preamble to CA IR-9. The Interruptible Credit (prior to the
17 inclusion of the Priority Interruptible provision) proposed to be included in the ELID Tariff
18 is based on the provisions of the GRA Settlement Agreement, to which PHP is a signatory.

19
20 (b) As provided in the cited extract from the Company’s Application:

21
22 It is important to note that this is a significantly lower figure than would be
23 applicable to PHP had the credit been developed in accordance with the
24 Company’s established practice for pricing of the interruptible credit
25 (\$13.107 per kVA demand coincident with system peak).

26
27 (c) The reduction in PHP’s annual costs is \$4.2 million in the 2026 and 2027 test years if the
28 interruptible credit independently developed for PHP is used as opposed to the interruptible
29 credit calculated for the LIIR. Please also refer to IG IR-07 part (a)(ii).

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1 (f-g) At page 8 of the ELID Tariff Application, the following is provided:

2
3 Subject to a Board Decision in this matter, it is anticipated the ELID
4 interruptible credit will be revisited in the next GRA.

5
6 This is the normal course for revisions to the interruptible credit.

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Request IR-5:

Reference: Application, Attachment 1, page 8 of 8:

“Annually, NS Power shall report to the Board to confirm the dollar value of system savings that have been achieved through the dispatch of the Customer’s load under the Operating Procedure. NS Power shall endeavour to submit this report no later than 60 days after the end of a tariff year. The Customer will be entitled to a credit equal to the cost differential between the actual annual system cost and the calculated system cost if the Customer was served under the high load factor scenario.”

Question:

Does NS Power agree that the credit payable to PHP should include an interest component to recognize the fact that the dollar value of system savings will occur throughout the year? If so, please indicate how NS Power proposes to incorporate interest as part of the credit payable to PHP under the Dispatchable Rider. If not, please explain.

Response IR-5:

The Company is not proposing the application of an interest component to the system savings calculated at year-end. The savings will be the function of a variety of factors, including but not limited to system load profile, PHP load, fuels and purchased power prices, environmental constraints, generator availability, and wind generation. The savings are not expected to be isolated to a specific time-period such that a base for determining interest would be available. Furthermore, there can be months when PHP wind generation exceeds PHP demand, in which case NS Power is required to purchase PHP’s wind energy, as per the Power Purchase Agreement, and carry the sleeving obligations, under the Power Sales Agreement, into the following month, further complicating any interest calculation. Similarly, weekly billing would not apply interest to funds owed by PHP for energy consumed between the date of consumption and the date of payment.

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Request IR-6:

Reference: Application, Attachment 4, page 11 of 21:

“The dollar value of the Interruptible credit to be applicable to PHP’s interruptible load shall be the same as the credit for Large Industrial Interruptible customers.”

Please provide the reduction in the allocated demand costs to the Large Industrial Interruptible customer class as a whole as a result of the application of the interruptible credit for each of 2026 and 2027?

Response IR-6:

The application of the interruptible credit to the PHP above-the-line (ATL) rate class and the Large Industrial rate class represent a cost to above-the-line rate classes, including the Large Industrial (LI) rate class and the PHP ATL class. As proposed for the PHP ATL class and as applied to the LI class, demand related costs are allocated based on the sum of three winter month demands at generator coincident with the system peaks (which for PHP as proposed is 203.227 kW (i.e. 65 MW x 3 plus line losses).

Please refer to the following figures in column (8) Large Industrial in Exh 6 of 2026 and 2027 COSS filed in Exhibit N-91(C)-(i) in M12451.

- 2026 COSS:
 - Row 31 (cost of interruptible credit to PHP ATL): \$202,000
 - Row 32 (cost of priority interruptible credit to PHP ATL): \$20,200
- 2027 COSS:
 - Row 31 (cost of interruptible credit to PHP ATL): \$203,000

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- 1 • Row 32 (cost of priority interruptible credit to PHP ATL): \$20,300