

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

REDACTED

Request IR-1:

Refer to M12661, Exhibit N-1, the Application for Approval of an Above-the-Line Tariff applicable to Port Hawkesbury Paper (the “Application”), Section 2.2 Demand Charge, starting at page 5 of 19, and please answer the following:

- (a) Describe the rationale for the use of 65MWs for 3CP.**
- (b) Describe the rationale for the use of 8MWs for firm. Has PHP’s load ever been curtailed to 8MWs?**
- (c) Please explain the term “judgment” referenced in Section 2.2, at page 5 of 19, line 22, to determine a representative CP for costing. Has this determined judgement been subject to stakeholder feedback? If so, please summarize.**
- (d) Provide the 3CP for Port Hawkesbury Paper (“PHP”) for the duration of the ELIADC Tariff, i.e. 2020-current.**
- (e) Provide the 3CP for PHP for 2010-2020.**
- (f) Does the use of 65MWs demonstrate that NS Power has incorporated PHP’s flexibility in planning? If not, please explain.**
- (g) Confirm that the statement in section 2.2, page 6 of 19, lines 5-7, “i.e. the PHP 3CP figure employed for Tariff costing and pricing would also be applied for billing purposes essentially making the demand cost recovery a fixed charge” indicates that the 65MWs will be the billing demand regardless of actual demand placed on the system during the coincident peak.**

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- 1 **(h) Is the definition of billing demand consistent with the same definition as in the large**
2 **industrial tariff? Please explain the difference and how the treatment is fair and**
3 **consistent with rate making.**
4
- 5 **(i) What would be the charges, all cost allocations equal, if the billed demand was based**
6 **on maximum demand of the current month rather than the reduced demand? Please**
7 **provide in \$/kVa.**
8
- 9 **(j) Does comparison of the large industrial interruptible transmission rate's demand**
10 **charge and this proposed Extra Large Industrial Dispatchable (ELID) tariff's**
11 **demand rate provide a like-for-like comparison? Please explain.**
12

13 Response IR-1:
14

- 15 **(a)** The 65 MW is a figure that has been used in prior forecasts for estimating the demand of
16 PHP at the time of coincident peak. This value, 65 MW, is based on the optimized load
17 profile for PHP developed for the 2012 Stern Paper Mill Load Study,¹ and has been
18 periodically confirmed to remain a reasonable quantity. Please refer to Table 2 on page 15
19 of the Evidence of Colin T. Fitzhenry and Michael P. Gorman, Brubaker & Associates Inc.
20 (BAI). As observed by BAI, “the average of the 2022 and 2023 PHP demands at the winter
21 CPs is 65,332 kW, or approximately 65 MW.”² The 65 MW figure was used in the 2026-
22 2027 General Rate Application (GRA) Cost of Service and, as part of the GRA Settlement
23 Agreement (SA), was determined by parties to be reasonable as the foundation for 2026
24 and 2027 PHP ATL Tariff costing.
25

¹ M04862 – Pacific West Commercial Corporation, Application pursuant to NSPI's Load Retention Tariff. March 2012.

² M12661 – Evidence of Colin T. Fitzhenry and Michael P. Gorman, BAI, page 15. February 20, 2026.

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1 (b) The 8 MW firm subscription is prescribed in the Settlement Agreement for the development
2 of the PHP ATL Tariff. The firm load of 8 MW is estimated based on historic hourly
3 minimum loads for the PHP plant.
4

5 The minimums depend on what operations are occurring at the PHP plant and the status of
6 operations of the PHP Biomass (PHB) generating facility, with which it shares some station
7 services. Minimum PHP loads between 8 MW and 12 MW have been the values most
8 frequently observed; however, minimum loads of 15 MW have also been observed when
9 PHB is in operation to ensure the reliable operation of that generation resource.
10

11 (c) The section of the Application cited above discusses the potential wide range in PHP
12 demands at time of system peak that could arise under the ELID Tariff and why relying on
13 the actual PHP demand at time of coincident peak (as is done for other above-the-line
14 classes) may not produce an outcome which would provide for a fair allocation of demand-
15 related costs for either PHP or other customers.
16

17 In light of this, judgement will be required to find the right PHP coincident peak demand
18 assumption for cost of service purposes that fairly recognizes PHP's usage of the
19 transmission and generation systems throughout the day and across the year and allocates
20 costs accordingly. For 2026 and 2027, the Company has relied on the Settlement
21 Agreement terms to establish this figure. For future GRAs, or other rate-setting matters, it
22 is anticipated this will be a matter to be resolved as part of the regulatory process. In
23 accordance with the Board's processes for such matters, parties to the proceeding will have
24 an opportunity to examine the Company's proposal and, if determined necessary, propose
25 alternatives as they consider appropriate.
26

27 (d) The 3CP load values for PHP for the duration of the ELIADC Tariff are provided as
28 follows.
29

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Date and Time of System Peak	PHP Load (MW)
16-Dec-20 18:00	
24-Jan-21 18:00	
12-Feb-21 9:00	
24-Dec-21 18:00	
11-Jan-22 18:00	
15-Feb-22 19:00	
13-Dec-22 18:00	
12-Jan-23 9:00	
4-Feb-23 12:00	
22-Dec-23 18:00	
29-Jan-24 18:00	
21-Feb-24 8:00	
22-Dec-24 18:00	

(e) The 3CP load values for PHP are only available back to 2013. The following table provides the 3CP values for 2013 to 2020 inclusive.

Date and Time of System Peak	PHP Load (MW)
24-Jan-13 20:00	
7-Feb-13 19:00	
14-Dec-13 18:00	
2-Jan-14 18:00	
12-Feb-14 8:00	
31-Dec-14 18:00	
6-Jan-15 18:00	
11-Feb-15 19:00	
29-Dec-15 18:00	

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Date and Time of System Peak	PHP Load (MW)
19-Jan-16 20:00	
15-Feb-16 10:00	
16-Dec-16 18:00	
9-Jan-17 18:00	
10-Feb-17 18:00	
28-Dec-17 18:00	
7-Jan-18 18:00	
3-Feb-18 19:00	
12-Dec-18 18:00	
17-Jan-19 19:00	
27-Feb-19 8:00	
19-Dec-19 18:00	
17-Jan-20 18:00	
21-Feb-20 8:00	
16-Dec-20 18:00	

(f) Yes, PHP's flexibility is incorporated into the Company's planning. However, as provided in part (a) and described on page 6 of the Application, the 65 MW figure reflects the figure used in prior forecasts for estimating the demand of PHP at 3CP based on PHP's historical demand at the time of system peak as dispatched by the Company.

(g) Confirmed.

(h) Under the Large Industrial Tariff, billing demand is based on metered demand. Under the ELID Tariff, as discussed in Section 2.2 of the Application, recognizing the potential variance between demand for the purposes of cost of service and actual demands across the year, the Company is proposing that the cost of service assumption also be used for billing purposes.

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1 Please refer to part (c) and IG IR-5.

2
3 (i) If cost allocation is unchanged and only billing determinants change then the prices would
4 change to produce the same cost recovery. If the forecast billing demand increases, the
5 demand price falls accordingly. As long as forecast equals actual results there would be no
6 change in revenue or cost to PHP. The Company's proposal has the effect of removing the
7 large and unnecessary forecast error likely to be created under the conventional approach.
8 It is important to note that a demand charge mechanism predicated on a maximum monthly
9 demand would likely have a counterproductive effect under the Dispatchable Rider where
10 the customer is likely to increase its demand during the lower cost periods.

11
12 (j) The approach to costing demand related costs for the Large Industrial (LI) Class and the
13 ELID Tariff are consistent. Both tariffs have bundled service charges without explicit
14 differentiation by transmission and generation services. The pricing, however, is different
15 in that the latter is priced to recover all demand-related costs allocated to the class while
16 the demand charge for the former is not (e.g. the application of across the Board increases
17 to the LI demand and energy components over time will create a variance between LI
18 demand-related costs and LI demand revenue). Please refer to part (c), part (h) and IG IR-
19 5.

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Request IR-2:

Refer to M12661, Exhibit N-1, the Application submitted by NS Power, Section 2.4 Interruptible Service, starting at page 8 of 19, and please answer the following:

- (a) Describe the rationale for the use of the interruptible credit at the same rate as the large industrial interruptible rider (“LIIR”).**
- (b) Describe the derivation of the credit. Is the credit based on a marginal cost of capacity or embedded cost? Does it include only generation related costs or any other?**
- (c) Provide the origin of the LIIR credit amount and its change in the last two rate proceedings.**
- (d) Confirm the ELID is an embedded-cost rate while ELIADC was a marginal cost rate.**
- (e) Referring to footnote 5, page 8 of 19, which references “... Annual Levelized Avoided Peaker cost of \$160.44/kW”, please confirm that this is the latest value for avoided cost of generation costs. Please provide the workpapers supporting this calculation with formulas intact.**
- (f) Regarding the statement, at page 8 of 19, Lines 13 – 16, “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)”, please confirm whether NS Power is asserting that paying full avoided capacity credit would result in over compensation.**

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- 1 **(g) Please confirm whether, if NS Power used the full avoided capacity as the credit,**
2 **would the Dispatchable Rider (“DR”) be paying for the same underlying flexibility?**
3 **If not, please explain.**
4
- 5 **(h) Please confirm whether, if NS Power were to redefine the interruptible rider’s credit,**
6 **would NS Power consider the limit in interruptions, i.e. 16 hours per day, 30% per**
7 **month and 15% hours per year, in the valuation?**
8
- 9 **(i) Please provide any support for the 10% priority credit determination including any**
10 **workbooks with formulas intact.**
11
- 12 **(j) Does NS Power believe that the 10% priority credit captures the value of ancillary**
13 **services implicitly? Please explain answer.**
14

15 Response IR-2:
16

- 17 **(a) Please refer to CA IR-1.**
18
- 19 **(b) Please refer to Synapse IR-4.**
20
- 21 **(c) The current methodology for determination of the interruptible credit amount was**
22 **originally approved for use in the 1996 General Rate Application (GRA) Decision. The**
23 **interruptible credit amounts as determined in the Cost of Service Study (COSS)**
24 **calculations in the last two GRA proceedings were as follows:**
25
- 26 • 2023-2024 GRA, for the 2023 Test Year, LIIR Tariff:¹ \$11.796 million.
- 27

¹ M10431 – SR-01 Attachment 3 UPDATED – 2023 COSS.

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- 2026-2027 GRA, for the 2026 Test Year:²
 - LIIR Tariff: \$11.165 million
 - PHP above-the-line (ATL) Tariff:
 - Standard: \$5.558 million
 - Priority Premium: \$0.556 million
- 2026-2027 GRA, for the 2027 Test Year:³
 - LIIR Tariff: \$11.207 million
 - PHP ATL Tariff:
 - Standard: \$5.579 million
 - Priority Premium: \$0.558 million

Overall, the annual amount of interruptible credit increased by about \$5.5 million in the 2026-2027 GRA.

- (d) The energy and demand components of the ELID Tariff are embedded cost based. The Customer Charge and interruptible rider are incremental cost-based. The ELIADC Tariff is incremental, not marginal, cost based.
- (e) Confirmed. Please refer to the 2026-2027 GRA IR SR-01 Attachment 04 under M12451 proceeding for the supporting calculations.
- (f) Please refer to CA IR-1.
- (g) No. The Dispatchable Rider provides the flexibility to NS Power to schedule and dispatch PHP load in a manner that economically optimizes the overall cost of system dispatch, with the benefits accruing to PHP. The Interruptible Service provisions of the tariff provide a

² M12451 – NSPI (CA) IR-001 Attachment 1.

³ M12451 – NSPI (CA) IR-001 Attachment 2.

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1 different value exchange, providing the system operator with the capability to interrupt
2 non-firm PHP load in response to a capacity emergency. These reliability-based PHP load
3 interruptions provide an additional tool for use by system operators in ensuring continued
4 reliable operation of the bulk power system during periods of capacity shortfall, allowing
5 the PHP interruption capability to reduce overall system load, helping to ensure continued
6 service to firm load customers. Please also refer to Synapse IR-14.

7
8 (h) Please refer to Synapse IR-14. As noted in IR response, the Interruptible Rider has high
9 limits on interruptions because the resource is valued as an alternative to a dispatchable
10 generator. The Company has no plans to review the interruptibility limits provided in the
11 Large Industrial Interruptible Rider. Were it to do so, care would be required to not
12 undermine the value of the resource such that it could not be compensated in accordance
13 with the avoided cost of a combustion turbine.

14
15 (i) The Extra Large Industrial Interruptible Rate (ELIIR), introduced in 2003 under M05656,
16 set the precedent for priority interruptible service by extra large load customers. As priority
17 interruptible, ELIIR Tariff customers accepted higher interruption risk in exchange for
18 lower rates. In the 2006 Rate Case (M05498) proceeding, Board Consultant and Intervenor
19 positions were raised on the matter of appropriate compensation for priority interruptible
20 service, and NS Power was directed to develop a replacement tariff by June 30, 2006.⁴

21
22 In accordance with the Board's direction, the Company applied for approval of the above-
23 the-line (ATL) Extra Large Industrial Interruptible Rate 2 (ELIIR-2) Tariff (M05550),
24 which NS Power proposed that no priority interruptible service or priority interruptible
25 credit be assigned. Submissions from parties in the proceeding varied. However, Stora
26 Enso Bowater's (SEB) consultant (Dr. Rosenberg) and the Board Counsel's consultant (Dr.
27 Stutz) were aligned that priority interruptibility had value and value which warranted
28 compensation in the form of a premium to the existing Large Industrial Interruptible Rider

⁴ M05498 – Board Decision, 112539, March 10, 2006.

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1 (LIIR) credit. This premium was proposed at 20 percent by Dr. Rosenberg (Board Counsel
2 consultant) and at 10 percent by Dr. Stutz (SEB consultant). In its September 28, 2006
3 Decision, the Board provided:

4
5 The Board agrees that priority interruptibility was part of the original “value
6 proposition” of ELIIR. For stability reasons it should continue. The Board
7 also accepts that it has value in “keeping the lights on” for all other
8 customers. NSPI has two very large loads it can easily interrupt. The Board
9 accepts the submissions of Avon Valley et al., supported by Dr. Stutz and
10 Dr. Rosenberg, that since priority interruptibility is of value to all other
11 customers, its cost should be allocated to all other customers. This is
12 consistent with the Board's current approach and the “value exchange”.
13 Little concrete evidence was produced on how to calculate the amount of
14 the credit. While the Board is reluctant to simply adopt a compromise
15 number it will, in this limited circumstance, set the value for priority
16 interruptibility at 15%.⁵

17
18 In the development of an ATL tariff applicable to PHP, the Company's initial analysis of
19 the priority interruptible service determined its primary direct value is in the reduced risk
20 of interruption to other interruptible customers. For the purpose of modelling, the amount
21 of the proposed compensation for this service (i.e. an additional 10 percent on the LIIR
22 credit) was agreed to by parties as part of the 2026-2027 GRA Settlement Agreement.
23 However, as described in Section 2.4 of the Application, the Company considers priority
24 interruptible service to be an area that requires more review and is premature to
25 discontinue. As such, NS Power has proposed that priority interruptible service and the
26 compensation to PHP be maintained until it can be revisited in the next GRA. Please also
27 refer to IG IR-13 part (g).

- 28
29 (j) Based on NS Power’s review to date, it appears that the primary value in Priority
30 Interruptible service is in reducing risk of interruption to other interruptible customers and
31 is not associated with the provision of ancillary services. Under the Interruptible Rider

⁵ M05550 – Board Decision, 121554.1, para. 131, page 46. September 28, 2006.

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1 provisions of the ELID Tariff (and other interruptible tariffs such as Large Industrial
2 Interruptible Rider), the capability to hold interruptible customer load as the operating
3 reserve ancillary service is included and recognized in the value exchange for interruptible
4 service. No other Priority Interruptibility ancillary services are apparent. Please refer to IG
5 IR-11 Attachment 1.

6
7 Please refer to NSEB IR-2 for additional context on the derivation of value for the Priority
8 Interruptible credit.

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Request IR-3:

Regarding interruptible events since 2020, please provide the following separately for both PHP and LIIR customers:

(a) The number of events

(b) The MW reduction below 65MWs for PHP, and the MW reduction for each LIIR customer

(c) The duration of the event.

(d) The primary cause of the event – i.e. economic optimization, reliability event, or operation emergency such as the Maritime Link trip, etc.

For each event, please identify whether the hours were capped due to tariff restrictions; whether there were non-performance issues; and whether this was a priority event (i.e. PHP interrupted prior to LIIR customers).

Response IR-3:

(a-d) There have been no interruption-related load reductions initiated for PHP during the period requested. For LIIR interruptions, please refer to Synapse IR-5 Confidential Attachment 1.

No interruption hours were capped for PHP or LIIR customers due to tariff restrictions and there were no non-performance issues.

For available individual customer MW load reductions, refer to the data provided in IR IG-13 Confidential Attachments 2 to 28.

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Request IR-4:

Refer to M12661, Exhibit N-1, the Application submitted by NS Power, Section 2.5 Dispatch Rider, starting on page 9 of 19, and please answer the following:

(a) Provide the mathematical formulation of the DR credit.

(b) Provide the methodology used to determine the Customer Baseline Load (CBL), including workbooks with intact formulas.

(c) Referring to the statement, found in Extra Large Industrial Dispatchable Tariff Application – Attachment 1 Page 8 of 8, where it states:

The savings created by NS Power dispatch of the Customer load (DR credit) will be calculated at year end by comparing the actual system costs with the Customer's actual dispatched load to a scenario where the actual Customer load is replaced by the high load factor customer profile (i.e. the Customer Baseline (CBL)) which incorporates actual Customer load, the dates and durations of the Customer's major scheduled maintenance periods and other factors as may be appropriate to calculate a representative CBL.

please explain what 'other factors' may be included in the CBL.

(d) Provide the analyses demonstrating the \$7 to \$11 million savings, as referred to at page 11 of 19, lines 1-3. Please provide the workbook with intact formulas.

(e) Referring to page 11 of 19, lines 5 – 7, please describe why NS Power believes that the actual benefit will be approximately half. Please provide the workbooks with intact formulas that support the claim.

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- 1 **(f) Confirm if the DR credit is purely an energy-based valuation and does not include**
2 **reliability or capacity cost avoidance already captured in the interruptible and**
3 **priority credits. If not, what avoided costs are included beyond energy.**
4
- 5 **(g) Confirm that the ELID charges are embedded cost-based, while the DR credit is**
6 **incremental marginal cost-based.**
7
- 8 **(h) Explain the rationale for passing all benefits to PHP, and whether this aligns with the**
9 **previous ELIADC tariff.**
10
- 11 **(i) Explain if any shared DR savings between PHP and other Above-the-Line customer**
12 **constructs were considered.**
13
- 14 **(j) Confirm if DR-only dispatches count in the hourly limits of the tariff.**
15
- 16 **(k) Confirm if the annual report to the Board will provide DR events versus interruptible**
17 **or priority events to ensure that compensation is not duplicated. Please provide a**
18 **template of the end of year report.**
19

20 Response IR-4:

- 21
- 22 **(a) Please refer to Synapse IR-16 part (a).**
23
- 24 **(b) Please refer to Synapse IR-24 part (e).**
25
- 26 **(c) The Dispatchable Rider (DR) will be based on the actual load supplied to PHP in a given**
27 **year compared to the Customer Baseline Load (CBL) which will be calculated by using**
28 **the same load but smoothing out the requirement to levelized load on an hourly basis. To**
29 **achieve the equivalent PHP load in the CBL scenario, a number of full-day outages will be**

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1 randomized throughout the year to simulate the non-dispatched and thus unpredictable
2 customer load, which would not be concentrating full-day outages in high price periods to
3 achieve an economic benefit. The comment “other factors” is meant to capture any arising
4 condition not currently considered. Given the novelty of ELID Tariff, it is important to
5 acknowledge circumstances which may arise but are not currently considered. For
6 example, if the PortOps model determines that CBL load scenario is mathematically
7 infeasible with the randomized distribution of full-day outages, the modelers may have to
8 re-randomize some outages to achieve a convergent system dispatch solution in the CBL
9 scenario.

10
11 (d-e) Please refer to Synapse IR-16.

12
13 (f) Confirmed. Please also refer to Synapse IR-14.

14
15 (g) Confirmed. Please refer to SBA IR 6 part (a).

16
17 (h) Section 2.5 of the Application includes the following:

18
19 The DR is premised on the understanding that, absent the Rider, and as an
20 ATL customer with demand and energy charges, PHP would generally be
21 incented to operate at a high load factor (i.e. levelized load) across the year,
22 as this mode of operation will reduce the per unit cost of electricity for PHP.
23 However, for a customer with the load flexibility of PHP, a levelized load
24 profile will, in general, not produce the optimal customer or system load
25 profile as the Customer would be expected to consume equally across the
26 year, indifferent to changes in the marginal cost of system supply. In light
27 of the size of PHP load, running as a conventional ATL customer risks
28 increasing costs for all ATL customers, including PHP. **The Rider will**
29 **serve to align the interests of all ATL customers. Given PHP energy**
30 **and demand will be priced on an embedded cost basis consistent with**
31 **other ATL customers, and because the cost of providing DR service is**
32 **borne by PHP and the overall effectiveness of the tool is determined by**
33 **PHP’s performance, it is proposed that the value created by the**
34 **dispatch of PHP load be credited fully to PHP. [emphasis added]**

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1 Consistent with the above, in recognition that the ELID is an above-the-line, embedded
2 cost-based tariff and DR service is enabled by PHP's load flexibility the ELID Tariff
3 proposes that all benefits provided by DR accrue to PHP, This is fundamentally different
4 than the ELIADC Tariff which, while providing for sharing of the ADC benefit between
5 PHP and other customers is not priced inclusive of embedded non-fuel costs. Please also
6 refer to NSEB IR-3 part (c) and BW IR-9 part (a).

7
8 (i) Please refer to part (h). No other constructs were considered.

9
10 (j) Not confirmed. The ELID Tariff includes limitations on the hours of interruption under
11 the Interruptible Rider. Dispatch under the DR does not count toward these limits. These
12 are two distinct services, please refer to Synapse IR-14.

13
14 (k) Please refer to IG IR-27 and BW IR-9.

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Request IR-5:

(a) Please confirm, should PHP decide not to choose to move to the ELID tariff, what rate would PHP be on beginning January 1, 2027.

(b) If it was determined that a new tariff would be required for PHP, how long would it take to develop a new tariff and have it approved?

Response IR-5:

(a-b) Please refer to NSEB IR-6.

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Request IR-6:

Refer to M12661, Exhibit N-1, the Application submitted by NS Power, Section 3.1 Consistency with Established Rate-making Practice in Nova Scotia, starting on page 15 of 19, and please answer the following:

(a) Confirm if the components listed as incremental cost-based in the ELID Tariff – the Customer Charge, the Interruptible Rider credit, and the DR credit – are marginal-cost based. If incremental cost-based means something other than marginal, please

(i) define “incremental” as used in Section 3.1; and

(ii) provide workpapers and methods to calculate with formulas intact.

(b) Explain why NS Power believes it is appropriate to overlay a marginal mechanism on an embedded cost tariff.

(c) Utilizing the example of the Maritime Link trip that occurred on February 13, 2026, as referenced in Exhibit N-3, Evidence of PHP, Page 12 and 13 at lines 15-9, compare the credit paid under the ELIADC versus the hypothetical credit if ELID is adopted as proposed, distinguishing each credit component – i.e. DR credit - and whether payment was already included in the interruptible credit or the priority credit.

(d) Provide the same exercise as described in IR-6 part c for the last 3 interruptible events.

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1 Response IR-6:

2
3 (a) The Customer Charge and the DR credit are incremental cost-based. The Interruptible
4 Rider is marginal cost based, based on the marginal cost of a kilowatt of combustion turbine
5 capacity (i.e. the cost of providing the next megawatt of capacity).
6

7 (i) References to incremental cost in the application refer to the total incremental cost
8 of performing a function. In the case of the Customer Charge, it is NS Power's
9 estimate of the total incremental annual cost of administering this new tariff. In the
10 case of the DR credit is it the total incremental annual cost savings provided by the
11 dispatch of the PHP load.
12

13 (ii) With respect to the Customer Charge, please refer to Section 2.1 of the Application
14 and SBA IR-7 and BW IR-1.
15

16 With respect to the interruptible rider, please refer to M12451 2026-2027 GRA SR-
17 01 Attachment 4 and Synapse IR-16. The DR credit will be same mechanism in
18 principle as the current ELIADC Tariff. Calculation of the DR credit will be based
19 on the forward cost of replacement pricing and compare PHP's actual load profile
20 to that of a high load factor, levelized profile, with the same number of outage days.
21

22 (b) Fundamentally the ELID Tariff is an embedded cost-based tariff. This accounts for the vast
23 majority of demand and energy costs and revenues associated with this tariff. The elements
24 that are incremental cost-based concern cost elements which can be directly attributable to
25 services provided to PHP under this tariff. Effectively, they are comparable to Cost of
26 Service elements which are direct assigned to a specific class.
27

28 It is not uncommon in NS Power tariffs for incremental/marginal and embedded cost-based
29 elements in a single tariff. The Large Industrial Interruptible Rider Tariff, One-Part Real

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1 Time Pricing tariffs, Shore Power Tariff, Wholesale Market Tariffs, and Renewable to
2 Retail Market pricing elements all contain embedded cost-based and incremental/marginal
3 cost pricing elements (e.g. the interruptible rider credit, customer charges).
4

5 (c-d) Please refer to Synapse IR-14 and IG IR-23 part (c) for a discussion on the Interruptible
6 Rider credit versus DR. PHP has not been called for load reduction under the Interruptible
7 provisions of the ELIADC Tariff while on the ELIADC Tariff. Please also refer to Synapse
8 IR-21 for an illustrative example detailing the calculation of the penalty for non-
9 compliance with an interruption request for the ELID Tariff.

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Request IR-7:

Refer to M12661, Exhibit N-1, the Application submitted by NS Power, Attachment 3, page 1 of 1, please answer the following:

(a) Please provide the supporting workpapers with intact formulas for the calculation of the cost estimates for Attachment 3.

(b) Please confirm that the Customer Charge only includes incremental costs.

(c) Please confirm that ordinary customer-related costs – billing, metering, etc. - are not included in the ELID Customer Charge and are included in the embedded-cost demand and energy charges.

(d) Is it the intent of NS Power to true up the costs of the Customer Charge at year end based on actual costs? If not, please explain why not.

(e) Will the customer costs be part of the annual report to the Board?

Response IR-7:

(a) Please refer to BW IR-1 parts (a) and (c).

(b) Confirmed.

(c) Confirmed.

(d) Please refer to BW IR-1 part (b).

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- 1 (e) The Company is not proposing to report on the actual costs to administer this tariff. Like
2 other above-the-line Tariff Customer Charges, it is anticipated this will be reviewed and
3 reset through GRAs. Please refer to BW IR-1 and BW IR-9.

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1 **Request IR-8:**

2
3 **Regarding the revenue to cost ratio, please answer the following questions:**

4
5 **(a) Confirm that 1.04373 aligns PHP with other ATL customers in the 2026/27 GRA.**

6
7 **(b) Does NS Power believe that the stability of being an ATL customer merit alignment**
8 **with ATL customers and related R/C ratios. If not, please explain.**

9
10 **Response IR-8:**

11
12 **(a) The revenue-to-cost (R/C) ratio of 1.04373 aligns PHP with the General, Large General,**
13 **Small Industrial, Medium Industrial, Large Industrial, and Municipal class R/C ratios for**
14 **2026.**

15
16 **(b) The proposed PHP R/C ratio is aligned with the other classes because this was an outcome**
17 **of the Settlement Agreement. An assessment of the stability benefits of being an above-**
18 **the-line customer was not conducted.**