
Nova Scotia Energy Board

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

M12661

**Extra Large Industrial Dispatchable
Tariff, an Above-the-Line Tariff
Applicable to Port Hawkesbury Paper**

NS Power
Closing

October 26, 2026

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1.0 INTRODUCTION

This Closing addresses issues raised by parties throughout this proceeding, and the additional evidence provided on these issues during their testimony at the ELID Tariff Hearing that took place on September 21, 22, 28, and 29. This includes responses provided by NS Power's Panel and 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 from PHP's consultant and PHP's panel, on the topics set out below:

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

NS Power's position remains that the ELID Tariff as proposed represents a framework that responds well to a unique set of circumstances. It recognizes the system benefits created by PHP's flexibility while maintaining appropriate oversight and accountability. Additionally, it has the benefit of being designed so that it may evolve through experience and Board oversight. The tariff as proposed is reasonable, workable, and in the public interest.

2.0 THE GRA SETTLEMENT AGREEMENT PROVISIONS

2.1 Scope and Enforceability

The extent to which parties can take alternative positions under the Settlement Agreement (the “Agreement”) has been the subject of debate throughout this proceeding. NS Power already set out its position on the items cemented within the Agreement in its Application and Reply Evidence. NS Power maintains that the essential terms of the Agreement apply to all parties and should be upheld, and that section (f) of the Agreement (“Section F”)¹ should be read narrowly. NS Power also recognizes that final determination of the scope of this provision is to be determined by the Board and that the Board may decide to interpret Section F more liberally. However, even if the Board determines that Section F should be read liberally, it should not be found to apply to PHP.

PHP’s position as set out during the hearing was summarized by Mr. Lock, who testified that Section F is applicable to both itself and NS Power. Their interpretation of the Agreement is that both NS Power and PHP can take any position they choose to within this ELID application:

Q. (Murphy) ...So I understand PHP is position is the reference to any parties means that PHP can take any position it wants in response to this Application?

A. (Lock) Yes, that's correct.

Q. Okay. And is it PHP's position or understanding as well that any party would also include Nova Scotia Power?

A. (Lock) Yes.

Q. So Nova Scotia Power committing to reflect the foregoing in a written tariff that it was going to file with the Board under Clause (f), also had the ability to dispute its own Application?

A. (Lock) I think if NSP chose to that would allow them, yes.²

¹ ELID Tariff Application, Attachment 4, page 12, “PHP Treatment,” item f.

² M12661, Hearing Transcript, September 28 2026, page 29, lines 8-22.

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1 This was put forward despite clear language in Section (e) of the Agreement (“Section E”)³ that
2 “NS Power and PHP shall reflect the foregoing in a written tariff... to be brought forward for
3 approval by the Board”.

4
5 PHP’s position on Section F is clearly not within the spirit and intent of the settlement agreement.
6 Immediately preceding language in Section E states that both “NS Power and PHP **shall** reflect
7 the foregoing in a written tariff” [emphasis added]. These two parties are deliberately set apart.
8 This indicates that NS Power and PHP are expected to adhere to the terms and billing determinants
9 as set out in the Agreement. This separation combined with the use of the word ‘shall’ both indicate
10 that NS Power and PHP are bound to the specifics of the Agreement and are not free to alter their
11 positions within this application. By refusing to expressly support, and instead opposing, NS
12 Power’s application, PHP has breached its obligations under the Agreement. During the Hearing
13 Mr. Lock for PHP expressed the following in response to questions by Mr. Murphy:

14
15 ... with today's market and everything with tariffs, **I don't see that there's any**
16 **ability for anyone to hold to exactly what they've signed** or forecasted or put in
17 for model inputs some two years ago. [emphasis added]⁴

18
19 The sentiment expressed above cannot be upheld. Allowing PHP to take an alternative position
20 after signing a binding settlement agreement will clearly undermine future settlement processes.
21 If parties are allowed to alter positions after an agreement has been executed, then the settlement
22 process will be fundamentally compromised, and meaningful settlement discussions cannot take
23 place. NS Power must be able to rely on stakeholders to uphold terms of settlement, in the same
24 way that stakeholders must be able to rely on NS Power. NS Power applied to the Board and
25 established a PHP deferral account based on the representations made by PHP that it would become
26 an ATL customer under the terms set out in the Agreement. Modelling assumptions were made,
27 and rates were set for all customer classes in the GRA based on those same commitments by PHP.

³ ELID Tariff Application, Attachment 4, page 12, “PHP Treatment,” item e.

⁴ M12661, Hearing Transcript, September 28 2026, page 19, lines 7-12.

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1 It clearly falls outside the intent of the Agreement for PHP to now seek changes to everything from
2 the demand amount, to the interruptible credit value, to the R/C ratio.

3
4 This position also does not align with the circumstances at the time of executing this Agreement.
5 There was a relatively short period between when the Agreement was executed and when PHP
6 expected that NS Power would be filing this tariff application. At the time of the Agreement, the
7 parties planned that an above the line tariff application would be filed by NS Power relatively
8 quickly. Mr. Lock stated that PHP planned to continue to review and consider different billing
9 parameters and R/C ratio options with NS Power between signing and bringing the ELID
10 application and that this was widely understood by all parties.⁵ This position does not align with
11 the circumstances at that time, as the expected filing timeline would not have allowed for this
12 process.

13
14 **2.1.1 PHP Obligation to Take Service Under the ELID Tariff**

15
16 During the Hearing, PHP was questioned on whether they believe PHP is obligated to take service
17 under the ELID Tariff, or whether they can choose to reject the ELID Tariff and take service under
18 an alternate tariff:

19
20 Q. (Rubin) My question with respect to subsection (e) and the language of
21 committing once there's a satisfactory conclusion, is that satisfactory conclusion
22 based on PHP's own assessment of whether the Board's decision addresses its areas
23 of concern. Is that how PHP reads subsection (e), that it determines whether its
24 areas of concern have been addressed, and only then is there a satisfactory
25 conclusion?

26 (SHORT PAUSE)

27 MR. LOCK: Sorry. Just conferring on the -- on the interpretation from PHP. I think
28 in looking at subsection (e) alone, you know, is difficult to take out of context of
29 the rest of the settlement terms. So I'm struggling to answer your question directly.
30 We believe that it's Port Hawkesbury decision alone to accept the tariff that comes
31 out or not, we -- and we believe that we -- what is written in there and what we've
32 answered in IR-5 is that we're going to have to review the ultimate decision from

⁵ M12661, Hearing Transcript, September 28 2026, page 30.

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1 the -- from the Board, whether or not it is something that we can proceed to accept
2 service under.

3 So I guess, yes, we will make the final decision based on whether it's commercially
4 acceptable and whether it's operationally acceptable for us to take service
5 underneath that -- this rate.

6 Q. And is it an all or nothing outcome? Like, does the Board need to accept all of
7 the revisions requested by PHP in order to have a satisfactory conclusion?

8 A. (Lock) I wouldn't characterize it as an all or nothing. We're here, I think, trying
9 to build consensus and an understanding of how this new rate form would work and
10 treat PHP fairly with respect to the terms and conditions underneath this service.
11 So of course there's opportunity to make appropriate changes and that we'll review
12 at the end with the Board's decision and make a determination whether we can
13 accept service or not.⁶

14
15 It was raised during the Hearing that a potential alternative existing ATL tariff for PHP is the LIIR;
16 however, this would have wide reaching and largely negative implications for all rate classes,
17 particularly for large industrial interruptible customers. Additionally, this would represent a loss
18 of many of the benefits that PHP provides through the Dispatchable and Priority Interruptible
19 services. If the ELID Tariff is rejected outright then, absent returning to negotiations with PHP to
20 construct a workable ATL or BTL tariff, there is no suitable option available for them.⁷

21
22 If the ELID Tariff is approved, then NS Power does not believe that PHP can unilaterally refuse
23 to take service under the ELID Tariff, as the Board ultimately has discretion to determine the rate
24 structure that applies to PHP. NS Power's position is that the Board should order PHP to take
25 service under the ELID Tariff as approved. The tariff construct is sound, as evidenced by the fact
26 that all intervenors are supportive of the overall tariff structure and arguments have surrounded
27 discrete costing determinants. Extensive resources were expended in the development of this tariff,
28 which at the conclusion of this proceeding will have been subject to a full Board process and
29 hearing to assess the suitability of the tariff for PHP and impacts on all other parties.

⁶ M12661, Hearing Transcript, September 28 2026, pages 76-77.

⁷ M12661, April 10 2026, NSPI Response to NSEB IR-06.

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2.2 Demand Assumptions

NS Power's position remains that the demand figure of 65 MW is appropriate. As discussed by the NS Power panel, this figure represents an appropriate application of judgment as to PHP's actual impact on the system across the year: "It is a reasonable number. It recognizes that Port Hawkesbury Paper is likely to be dispatched below its average load at time of system peak, but it also allows for a more material contribution to be made by Port Hawkesbury Paper toward its use of the transmission and generation system."⁸

During the Hearing, questions were asked regarding the fact that the 65 MW figure will need to be reviewed over time. NS Power responded to these concerns as follows:

We believe that where we're starting is a reasonable outcome and reasonable for the test year period. But once that's visited with the benefit of this proceeding and experience with the tariff, my hunch is that what's established the next time around will be a much more longer-term process that will be more definitive going forward and likely... won't be a large undertaking to revisit in every GRA; rather, we'll rely on the information that we use through this... proceeding and analysis in the next proceeding, and my expectation is what comes out of that will be reliable for the long-term.⁹

The demand figure that is ultimately selected will need to be reviewed and re-examined over time no matter what figure is chosen. The determination of the demand figure to be used for PHP is a complex exercise that requires the consideration and weighting of several factors. Ongoing review is necessary to ensure that the demand assumptions applied to PHP are equitable across all customer classes and reflect PHP's actual use of the system as much as possible. The Agreement figure of 65 MW is an appropriate initial choice as it balances these considerations without having a disproportionately positive or negative impact on any ATL class, inclusive of PHP.

⁸ M12661, Hearing Transcript, September 22 2026, page 51.

⁹ M12661, Hearing Transcript, September 22 2026, pages 119-120.

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1 In contrast, the figure of 8 MW presented by PHP is likely too low and does not fairly represent
2 their actual usage of the system. This is NS Power's position, which was also supported by expert
3 consultants for the CA, IG, and the Board. Patrick Bowman, consultant for the IG, specifically
4 said he has "pretty significant concerns about using the eight."¹⁰ In his view it is inconsistent with
5 PHP being an above-the-line customer, and it "barely pays for the variable costs" through the base
6 cost of fuel.¹¹ Although PHP can be dispatched down to 8 MW at times of system peak, they are
7 not regularly dispatched down to this level. Additionally, PHP is already compensated for the times
8 they are required to dispatch down, through the DR, or their ability to be interrupted, through IR
9 and PI, to their firm load. As stated by the NS Power panel during the ELID Hearing:

10
11 I expect that there will be significant variability in Port Hawkesbury Paper's load
12 at time of system peak across the years. The question is what's the right number for
13 the purpose of cost allocation? Is it the actual load at time of system peak, or is it
14 going to be some more representative figure, representative of -- that tries to more
15 fairly apportion Port Hawkesbury Paper's responsibility for generation demand-
16 related costs.¹²

17
18 The fact that a strict 3CP approach is appropriate for other ATL customers does not mean that 3CP
19 is appropriate for PHP ATL. PHP's rate structure and load is more complex than other ATL
20 customers. Ignoring these complexities when determining PHP's demand figure will result in an
21 unfair representation of PHP's use of the system, to the detriment of other classes. As a result, it
22 is required to look beyond what the actual 3CP number is to make sure that it produces a fair
23 outcome.

24
25 Applying the strict approach of using the average demand of PHP across the year also likely
26 produces an unfair result for PHP. This results in a demand figure of 120 MW, and this degree of
27 usage is not generally seen at times of greater system constraint and does not accurately reflect
28 cost causation overall. This was described by Mr. Fitzhenry, as follows:

¹⁰ M12661, Hearing Transcript, September 29 2026, pages 218-219.

¹¹ M12661, Hearing Transcript, September 29 2026, pages 219-220.

¹² M12661, Hearing Transcript, September 21 2026, page 82, lines 10-19.

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1 It's discriminatory because... it's very, very unlikely that PHP will be at 120
2 megawatts during periods of 3CP. They've... rarely been close to that value on a
3 historical basis, and on a forecasted basis it's very, very unlikely that they will be
4 at that level.¹³

5
6 There is no single, objectively correct method for determining the demand figure applicable to
7 PHP. Various options can be supported depending on the analytic approach taken. This was
8 confirmed by Mr. Bowman, who testified as follows:

9
10 Q. If we don't accept Nova Scotia Power's numbers that came from the settlement
11 agreement, that we have two options that have been presented to us in the evidence
12 with respect to this this -- this CBL issue?

13 A. Well, I think, with respect, there's probably more variables available than that
14 because I think you've heard different arguments, for example, about transmission
15 versus generation. You might conclude, well, transmission has no savings. so that
16 we'll talk 100 or 120 or whatever. They'll put that one over -- like you know. But
17 then with generation, we'll think about it differently.¹⁴

18
19 Some degree of subjectivity is inevitable when selecting the best and 'most fair' option. PHP has
20 proposed that 8 MW is appropriate, as this represents their firm, uninterruptible load. Mr. Bowman,
21 on behalf of the IG, has proposed that a figure of 120 MW is appropriate as this represents PHP's
22 average use of the system across the year. NS Power's position is that a demand figure of 65 MW
23 accounts for the supporting arguments of both PHP and Mr. Bowman while also having historic
24 support.¹⁵ Appropriate judgment has been used in reaching the 65 MW and this represents an
25 acceptable midpoint that takes into account all contributing and complicating factors.¹⁶ It considers
26 the fact that PHP is frequently dispatched down at times of system constraint, while also
27 acknowledging that this customer can represent a high percentage of the load on the electric grid
28 at other points in time.¹⁷ In this way, the proposed demand figure of 65 MW represents actual cost
29 causation as much as possible given the unique characteristics of PHP's operations on the system.

¹³ M12661, Hearing Transcript, September 22 2026, page 271.

¹⁴ M12661, Hearing Transcript, September 29 2026, page 219, lines 6-14.

¹⁵ M12661, Hearing Transcript, September 21, 2026, pages 70-72.

¹⁶ M12661, Hearing Transcript, September 21, 2026, page 192, lines 3-19.

¹⁷ M12661, Hearing Transcript, September 22 2026, pages 78-79.

2.3 Interruptible Rider

NS Power's panel provided evidence that the Interruptible Rider is an essential element of the tariff that allows the utility not to consider PHP's peak load when it undertakes long term planning exercises. NPCC resource adequacy criteria require Planning Coordinators and Resource Planners to assess reliability against the risk of curtailing firm load, not non-firm load. Accordingly, non-firm load may be excluded from long-term resource adequacy assessments where there is a credible and enforceable expectation that the load will be curtailed when required. This rationale is applicable to interruptible loads that face meaningful penalties for non-performance, such as those subject to the Interruptible Rider, but does not apply to dispatchable loads, such as those subject only to the Dispatchable Rider (DR), that retain discretion to ignore dispatch instructions and continue consuming electricity during periods of capacity shortfall. This is the primary benefit of the Interruptible Rider and is a key distinction from the Dispatchable Rider, as the Dispatchable Rider cannot be used for the same planning purpose. Under NPCC planning requirements the Interruptible Rider is necessary to avoid the cost of building additional generation assets to accommodate PHP's peak system load at times of high overall system usage.

Intergroup testified that the Interruptible Rider cannot be distinguished from the Dispatchable Rider and provides no additional benefits. However, in response to questions from NS Power, Intergroup admitted that they are not familiar with NERC planning requirements in Nova Scotia, nor are they familiar with NPCC.¹⁸ Knowledge of NERC and NPCC resource adequacy planning requirements is essential to understanding the distinction between dispatchable and interruptible service in terms of system planning. As such, the opinion of Intergroup in relation to the value of the interruptible credit should be given little weight. Instead, the evidence of NS Power as provided by David Stanford should be favoured given both his expertise as a system operator and his decades of experience being bound by these specific requirements.

¹⁸ M12661, Hearing Transcript, September 29 2026, page 65.

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1 The value of interruptibility is not realized within individual interruptions. The ability to interrupt
2 itself allows NS Power, or the system operator, to avoid building an additional Combustion
3 Turbine (CT). The benefit of interruptibility is realized when the expenditure on an additional CT
4 is avoided. This is a distinct service that PHP and other interruptible service customers provide to
5 the system as a whole. Given the extent of PHP's maximum system usage, PHP providing
6 interruptible service stands in place of a new Combustion Turbine, whether they are interrupted
7 by NS Power or not. It is the provision of 'interruptibility' itself that provides value, not actual
8 'interruptions'.

9
10 An additional benefit of interruptibility is that it assists the utility with short term planning by
11 providing an enforceable means of reducing PHP's load in case of an emergency. As discussed
12 during testimony from NS Power and PHP, the DR does not represent absolute control by NS
13 Power. NS Power provides direction under the DR, and PHP can choose whether to follow that
14 direction. Although they are incentivized to follow directions to maximize the dispatchable credit
15 available to them, there are no penalties for deviating from dispatch directions from NS Power
16 should continuing to run be more beneficial to PHP's internal operations.¹⁹ Interruptibility
17 provides a mechanism for NS Power to require PHP to drop their load on very short notice, and
18 NS Power has a mechanism by which they can 'hit the button' to drop PHP's load in such a
19 situation. PHP confirmed this when they testified in response to examination from the Board Chair
20 that their response to an interruption request is different because they consider the request for
21 interruption to be absolute.²⁰

22
23 **2.3.1 Calculation of Interruptible Credit**

24
25 PHP agreed to an interruptible rider credit equal to the value of the LIIR credit. The Agreement
26 specified a set amount of \$7.67 per kVA for 2027, not that the credit would be calculated using
27 the same methodology as that used for the LIIR credit. This is reflected in the settlement
28 agreement, which reads as follows:

¹⁹ M12661, Hearing Transcript, September 21 2026, pages 231-233.

²⁰ M12661, Hearing Transcript, September 28 2026, page 239, lines 4-8.

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1 The **dollar value** of the Interruptible credit to be applicable to PHP's interruptible
2 load shall be the same as the credit for Large Industrial Interruptible customers,
3 plus the value of priority interruption service provided, if any. [emphasis added]
4

5 It is the 'dollar value' that is being agreed to here, not a specific methodology for the calculation
6 of the interruptible credit. Therefore, PHP is bound by the interruptible credit value as set out in
7 the Agreement and is not free to argue otherwise. Additionally, as no other parties have put forward
8 a position that the Board should consider an alternative, the \$7.67 per kVA interruptible credit
9 from the Agreement should be upheld.
10

11 As noted by the NS Power panel in response to questions from PHP, this figure will be reviewed
12 in a subsequent GRA.²¹ This is the standard procedure for items determined during a GRA and is
13 the case for several billing and rate determinants applicable to other ATL customers.
14

15 **2.3.2 Priority Interruptible Credit**
16

17 The Board already recognized that priority interruptible service provides value to all customers. In
18 M05550, the Board agreed with intervenors that priority interruptible service was part of the
19 ELIIR's original 'value proposition'. It found that the priority interruptible service should continue
20 for 'stability reasons.' The Board also determined in a separate decision that priority
21 interruptibility for large customers has clear reliability benefits, as this process allows NS Power
22 to easily interrupt its largest customer's load to immediately relieve pressure on the grid.²² A credit
23 for this service, in the form of a premium on the interruptible rider credit, was therefore found to
24 be an appropriate "value exchange" and fairly allocated to all other customers due to the value
25 proposition of priority interruptibility. The Board noted that there was very little evidence on how
26 to calculate the credit amount but adopted a 'compromise' figure of 15 percent in that
27 circumstance. These findings are summarized at paragraph 131 of the Board decision:

²¹ M12661, Hearing Transcript, September 21 2026, pages 54-55.

²² Board Decision approved ELI-2P-RTP Rate, para 88: "Generally, these rates relate to the utility's ability to interrupt service to large customers to "keep the lights on" for others. This occurs when the utility's supply of electricity is threatened by increased demand and/or equipment failure."

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[131] The Board agrees that priority interruptibility was part of the original "value proposition" of ELIIR. For stability reasons it should continue. The Board also accepts that it has value in "keeping the lights on" for all other customers. NSPI has two very large loads it can easily interrupt. The Board accepts the submissions of Avon Valley et al., supported by Dr. Stutz and Dr. Rosenberg, that since priority interruptibility is of value to all other customers, its cost should be allocated to all other customers. This is consistent with the Board's current approach and the "value exchange". Little concrete evidence was produced on how to calculate the amount of the credit. While the Board is reluctant to simply adopt a compromise number it will, in this limited circumstance, set the value for priority interruptibility at 15%.²³

2.4 R/C Ratio

The R/C ratio applicable to PHP was already determined through the GRA and the settlement process. As stated by the NS Power panel during the ELID Hearing: "in the current --the 2026/2027 GRA, there would have been cost shifts as a result of the cost of service, and there would have been changes to the costs as well from moving Port Hawkesbury Paper from a below-the-line customer to an above-the-line customer."²⁴

Even if the Board determines that other aspects of the ELID rate structure were not wholly determined in the Agreement, the R/C ratio should be considered separately from those aspects. The exception provided at Section F was specifically in relation to 'the PHP ADC and tariff processes'. R/C ratios were a core aspect of the GRA and are not part of the ELID Tariff design itself. Therefore, it is NS Power's position that the R/C ratio applicable to PHP as an ATL customer has already been solidified, and was reflected in the R/C ratios of other ATL classes in the GRA proceeding. When negotiating and executing the Agreement, it was clear that the R/C ratio of one class could not be considered in isolation from the other classes and that any changes to one ratio would have significant impacts on the other customer classes.

If PHP is now allowed to seek to amend its R/C ratio, it will be afforded an opportunity to amend a factor that affects the rates of all other ATL classes, while those classes have no reciprocal

²³ M05550, Board Decision, para 131.

²⁴ M12661, Hearing Transcript, September 21 2026, page 113.

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1 opportunity. This potential unfairness was addressed at the hearing by Board Member Melanson
2 during his cross examination of PHP. Board Member Melanson asked whether it's appropriate to
3 change an approved R/C ratio "for one class of customer just because it's a new rate." Mr.
4 Fitzhenry responded that the Agreement "explicitly provide[s]" the chance to re-examine billing
5 inputs and the ELID Tariff parts and that his role is to check that the application follows cost
6 causation. Mr. Gorman added that the deferral account could make NS Power whole. Board
7 Member Melanson replied that deferral accounts should be kept "as low as possible," and Gorman
8 agreed.²⁵

9
10 There is an acceptable range in R/C ratios that is well documented within the regulatory sector.
11 For this reason, this jurisdiction has adopted a 'band' of 0.95-1.05 that sets out the justifiable
12 variance in R/C ratios. PHP's R/C ratio of 1.04 is within this band. Nothing brought forward at the
13 hearing suggests that there is an existing precedent or principle that a new ATL class should start
14 at a neutral position of 1.0%. Rather, this appears to be an argument that PHP is bringing forward
15 without any additional backing, despite their previous Agreement to a ratio of 1.04%. Mr.
16 Fitzhenry conceded at the Hearing that he is not aware of any regulator that requires class R/C
17 ratios of 1.0 and that a new customer taking service under an existing rate will pay the R/C ratio
18 for that class, even without any history in that class:

19
20 Q. You had a discussion with Ms. Power. You'd indicated, I think generally, that
21 you're aware that most regulators use, I'll call it a range of reasonableness around
22 one in revenue -- in assessing revenue-to-cost ratios?

23 A. (Fitzhenry) That's correct. My understanding is that, you know, Nova Scotia has
24 previously approved, you know, R/C ratios between 0.95 and 1.05.

25 Q. Yeah. And my question relates to other regulators as well. You're aware that
26 that's a common practice amongst regulators in North America?

27 A. (Fitzhenry) I would say, you know, to the extent that there's rate shock or, you
28 know, issues with cost-of-service gradualism, then those types of R/C ratios might
29 be used. I'm not sure I would -- I know that the 0.95 to, say, 1.05 has been a widely
30 accepted range from other jurisdictions, but certainly I'm aware -- you know, I'm
31 aware of other jurisdictions that have applied R/C ratios outside of 1.0.

²⁵ M12661, Hearing Transcript, September 22 2026, pages 302-305.

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1 All told, there has been no evidence presented that the R/C ratio applied to PHP is improper, lacks
2 precedent, or should be altered.

3

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3.0 DISPATCHABLE RIDER

3.1 Dispatchable Credit Calculation

PHP shapes its production schedule around the dispatch schedule provided by NS Power. In the absence of being a dispatchable customer, PHP stated in its evidence that it would prefer to run continuously, similar to what is seen with other large interruptible customers. This was confirmed by both PHP and Mr. Fitzhenry during the Hearing.²⁶

When asked whether other ATL classes could be impacted by the DR credit, Mr. Mowatt responded further as follows:

Q. And if at any given time, PHP does not respond to the dispatch down request, and NSPI does realize those increased system costs, wouldn't those be shared with all the above-the-line customers?

A. (Mowatt) The way the ELID Tariff is designed is such that other above-the-line customers should be indifferent to the Dispatchable Rider benefit as they're set based on the customer base line or the levelized load. The variance that they'd be exposed to is the degree to which PHP can capture that Dispatchable Rider benefit.

Part of the justification for PHP receiving 100% of the dispatchable credit is that PHP has incurred costs as a result of its adherence to dispatch instructions. This is noted in PHP's own Direct Evidence as follows:

PHP also experiences equipment failures in part due to continuous starting and stopping of equipment that creates wear and tear that would be lessened if PHP were able to run for continuous periods without being frequently moved around in load. The mill has adapted to dispatch uncertainty throughout its operations. Decision making and planning in this environment is difficult. Consequences of not having energy supply predictability for the next several days impede decisions on what paper to make, whether PHP should begin needed maintenance and repairs,

²⁶ M12661, Hearing Transcript, September 22 2026, page 309; and M12661, Hearing Transcript, September 28 2026, page 231.

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1 how much staff to bring in, and all this with potential risk of pulp sitting in silos
2 that deteriorates and can become unusable.²⁷
3

²⁷ M12661, PHP Direct Evidence, page 5, lines 13-21.

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4.0 CUSTOMER CHARGE

No party disagrees with the addition of a Customer Charge for this service. A number of NS Power tariffs, both above-the-line and below-the-line, include customer charges. None include individual tracking against revenues. NS Power has sought to be transparent in the application with respect to uncertainty regarding the Customer Charge costs forecast for this initial tariff offering and why a high-level estimate of \$10,000 per month is appropriate until experience with the tariff is acquired. As an initial tariff charge, the Company submits that no revision is required.

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5.0 FORWARD REPLACEMENT COST METHODOLOGY

Forward replacement cost is used only to value the Dispatchable Rider, meaning the benefit when PHP shifts its load. It is not used to set the tariff's embedded cost-based energy or demand charges. Comparing PHP's actual load and its baseline load at the same prices isolates the load-shifting benefit. This was emphasized by Mr. Mowatt at the Hearing, where he stated: "The exercise itself isn't costing out PHP's full cost to serve. This is simply looking at the load shifting benefits that are generated through the Dispatchable Rider. Because that requires one to look at how the system was dispatched using replacement cost methodology and segregating just the load-shifting benefits, it's important to utilize the same pricing in both cases, one with the shaped PHP actual load versus the customer baseline load."²⁸

²⁸ M12661, Hearing Transcript, September 21 2026, page 115.

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6.0 TREATMENT OF GOOSE HARBOUR LAKE WIND

NS Power recognizes the complexity added to this tariff by the treatment of wind from Goose Harbour Lake offset against PHP's monthly load. This treatment comes from the PPA, PSA, and the GRA Settlement. PHP going above the line is necessary for the incorporation of the wind from Goose Harbour Lake, as it makes the process of dealing with that load much more transparent and straightforward for all parties. However, NS Power's position is that differences in wind output in 2027 would go to the PHP deferral account associated with the ELID Tariff.

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7.0 COMPLIANCE WITH THE MORE ACCESS TO ENERGY ACT

At the Hearing, Board Member Melanson specifically referenced the Board's responsibility to consider the More Access to Energy Act and asked NS Power to comment on how the ELID Tariff accords with this legislation. The relevant section of the More Access to Energy Act reads as follows:

2 The purpose of this Act is to (a) increase competition and innovation in the Province's energy sector; (b) ensure the provision of a safe, secure, reliable and economical energy supply in the Province; (c) ensure a transparent, efficient and coordinated approach to Provincial energy-supply planning; (d) provide for competitive procurement practices for new energy system resources; (e) support the sustainable development, sustainable prosperity, energy efficiency and greenhouse gas emissions reduction goals of the Province articulated in the Environmental Goals and Climate Change Reduction Act; and (f) provide for a phased transition of the system operator from Nova Scotia Power Incorporated to an Independent Energy System Operator. 2024, c. 2, Sch. B, s. 2

A) Increase competition and innovation in the Province's energy section

The proposed ELID Tariff represents increased innovation in the Province's energy section. As stated in NS Power's testimony:

I don't think there's any question that it is an innovative rate structure. We're trying to integrate the largest -- the load of the largest customer on the system within the dispatch. Real-time dispatch of the utility is something unusual in the industry.²⁹

This tariff benefits both the customer and the system as a whole by making use of that customer's uniquely large and flexible load through the Dispatchable Rider and Interruptible Rider. Previously, PHP was on a below the line rate in order to make use of this flexibility, but the ELID Tariff will allow PHP to operate as an ATL customer going forward. Coming ATL means that

²⁹ M12661, Hearing Transcript, September 21 2026, pages 101-102.

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1 PHP will contribute directly to system costs, while still preserving NS Power's ability to dispatch
2 and interrupt PHP's electric load.

3
4 B) Ensure the provision of a safe, secure, reliable, and economical energy supply
5 in the Province
6

7 The ELID Tariff will support NS Power in ensuring the provision of reliable and economical
8 energy supply in the Province. The Tariff will enhance cost certainty and predictability for all
9 customers by providing enhanced transparency and a more predictable contribution by PHP toward
10 system costs. As stated by the NS Power panel on this point:
11

12 For me, it's clear that the best economic solution is one that provides the appropriate
13 cost-driven information to the customer. So this is based on the economics on an
14 hour-to-hour basis of the power system and provides that information, processes
15 that information, and provides direction to Port Hawkesbury Paper with respect to
16 dispatch to produce the overall lowest cost of the system. So to my mind, a pretty
17 powerful economic tool³⁰
18

19 The ELID Tariff as proposed will ensure that NS Power can continue to benefit from PHP's
20 flexible load. This benefit will be realized through NS Power's ability to dispatch PHP on a
21 scheduled basis and interrupt PHP in times of unpredicted system constraints. Dispatchability
22 benefits the system by allowing NS Power to manage PHP load in its shorter-term planning;
23 avoiding high loads from PHP on the system at times of anticipated system strain enhances overall
24 system reliability. In addition to this, interruptibility allows NS Power to exclude PHP's non-firm
25 load from long-term resource adequacy planning. With interruptibility, NS Power is not required
26 by NPCC criteria to factor PHP's non-firm load into the long-term resource adequacy plan, and
27 therefore the need to build additional system generation capacity is avoided. These two aspects of
28 the tariff enhance system reliability and allow for more economic supply of energy in Nova Scotia.
29

30 C) Ensure a transparent, efficient and coordinated approach to Provincial energy-
31 supply planning.

³⁰ M12661, Hearing Transcript, September 21 2026, pages 104-105.

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1 Moving PHP to an ATL tariff will allow for more transparent contribution to system costs from
2 NS Power's largest customer. The treatment of Goose Harbour Lake Wind within the scope of this
3 Tariff will also allow for transparency associated with that renewable energy asset.

4
5 D) Provide for competitive procurement practices for new energy system
6 resources.

7
8 The Tariff accommodates PHP's supply from its sister wind farm at Goose Harbour Lake. The
9 Tariff accommodates the Goose Harbour Lake Wind Farm power purchase and sales agreements,
10 which enable generation not owned by the utility. So, it supports competition "at the wholesale
11 level." However, at the retail level, PHP still gets a bundled service from NS Power.³¹

12
13 E) Support the sustainable development, sustainable prosperity, energy efficiency
14 and greenhouse gas emissions reduction goals.

15
16 As stated by PHP during their testimony, bringing PHP above the line will allow for the renewable
17 energy generated by the Goose Harbour Wind Farm to be accounted for within PHP's rate
18 structure. Developing tariffs such as the ELID are necessary to support sustainable resource
19 development by parties like PHP.

20
21 In addition to the factors set out above, the ELID tariff also accords with the Board's responsibility
22 to set just and reasonable rates. This tariff has been priced using accepted COS methodologies and
23 reflects the unique operating nature of PHP; it also continues to allow PHP to benefit from its
24 unique operating flexibility, and ensures that PHP contributes to a fair portion of the system costs
25 necessary to serve them.

26

³¹ M12661, Hearing Transcript, September 21 2026, page 103.

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8.0 CONCLUSION

Ultimately, NS Power submits that the Board should consider the circumstances in which this application arose and the manner in which it has evolved. This proceeding followed closely on the General Rate Application and was undertaken in response to a shared objective among stakeholders to establish a mechanism through which PHP's load could be recognized and compensated as an above-the-line customer. Given the timing pressures facing all participants, the Company worked collaboratively with parties to develop and advance a proposed tariff framework on an expedited basis to be filed by the end of 2025. Importantly, though the timeline was expedited, considerable effort and Company resources were expended to develop this Application. NS Power proceeded on the understanding that agreement had been reached on the fundamental costing elements of that framework and brought this application forward on that basis.

It is therefore perhaps unsurprising that all told, a small number of issues have emerged for further consideration as the tariff has been subjected to more detailed scrutiny through the hearing process. This is not evidence of a flawed construct. Rather, it reflects the reality of developing a new tariff designed for the largest individual customer connected to the system. Some degree of refinement is both expected and appropriate.

Importantly, despite the concerns raised by intervenors on particular aspects of the proposal, there has been little disagreement with the fundamental objective underlying the tariff or the principle that value should be recognized when a customer creates measurable benefits for the system. Indeed, even those parties most critical of certain design elements acknowledged that there is merit in ensuring such value is appropriately captured and compensated. The debate before the Board has not been centered on whether the underlying concept should exist at all.

The Board should also be mindful that, because several key elements were understood to be settled, the Company did not lead the kind of extensive expert evidence that might ordinarily accompany a fully contested proceeding on those issues. As the hearing evolved and some of those previously settled matters were revisited, the evidentiary record developed in a manner that was not originally

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1 anticipated by any participant. Viewed in that context, the existence of differing views on particular
2 elements of the tariff should not be mistaken for an absence of support for the overall framework.

3
4 In NS Power's respectful submission, the proposed ELID tariff represents a thoughtful and
5 pragmatic response to a unique set of circumstances. It advances the shared objective of
6 recognizing system benefits created by PHP's flexibility while maintaining appropriate oversight
7 and accountability. The question for the Board is whether the proposed framework is reasonable,
8 workable, and in the public interest. On the record before it, NS Power submits that the answer to
9 that question is yes.

10
11 Moreover, this application reflects regulation working as it should: stakeholders identified an
12 opportunity, parties collaborated to develop a solution, concerns were tested through a public
13 hearing, and refinements have been proposed where warranted. The amount of work and process
14 that has gone into developing and testing this tariff cannot be understated. The result is not a tariff
15 that is unusable, but a framework capable of evolving through experience and future Board
16 oversight. The Company respectfully submits that the Board can approve the ELID tariff with
17 confidence that it provides a sound foundation for PHP as an above-the-line customer upon which
18 that experience can be built.