Nova Scotia Energy Board

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Jesse Wallace
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Dear Ms. Wallace:

M12778 – Nova Scotia Power Incorporated – Interconnection Processes Proceeding – Annual Report

On March 31, 2026, Nova Scotia Power Incorporated (NS Power) filed its second Annual Interconnection Processes Proceeding Report (Annual Report). This was preceded by NS Power's first Annual Interconnection Processes Proceeding Report (M12174) filed on March 31, 2025, and NS Power's compliance report in the initial Interconnection Processes Proceeding (M10905) filed on November 29, 2024.

The Board invited written comments from Interested Parties by April 22, 2026. Comments were filed by the Small Business Advocate (SBA), but the Consumer Advocate (CA) referred the Board to its submissions in Matter M12524 (the Concentric FERC 2023 report).

The Board panel considering this matter is Stephen T. McGrath, K.C., Chair; Roland A. Deveau, K.C., Vice Chair; and Steven M. Murphy, MBA, P.Eng., Member.

Background

In Matter M10905, the Board conducted a review of NS Power's interconnections process under s. 2C of the *Electricity Act*. Responsibility for transmission interconnections now resides with the Nova Scotia Independent Energy System Operator (IESO-NS).

Synapse Energy Economics, Inc. was engaged by Board Counsel to prepare a report, which it filed on September 27, 2023. Synapse's report made four recommendations about NS Power's transmission system:

- Modify NS Power's Standard Generation Interconnection Procedures (SGIP) to address study fee structures and service standard timelines for "small" resource category.
- Incorporate battery energy storage system resources into the SGIP.

- Add interconnection study capability resources to improve study timelines and develop a pre-application report process to replace the feasibility study step.
- Conduct further review of Federal Energy Regulatory Commission (FERC) Order 2023, continue with modifications to the SGIP as necessary in 2024 and beyond, and provide annual reporting on the effects of increasing study capability.

In its Decision dated June 11, 2024 (2024 NSUARB 97), the Board adopted Synapse's recommendations and directed the Nova Scotia Power System Operator (NSPSO) to complete the changes the system operator stated could be completed in the short term:

- Modify NS Power's SGIP to address study fee structures and service standard timelines for "small" resource category. This includes changes to the criteria found in section 7.2 (vii) of the SGIP, which allow an interconnection customer to proceed to the System Impact Stage, to include Behind-the-Meter generation, bringing the SGIP into alignment with the Distribution Generation Interconnection Procedures (DGIP).
- Incorporate battery energy storage system resources into the SGIP. Modifications will also be required to NS Power's pro forma interconnection agreements.
- Complete the FERC Order 2023 modifications to the SGIP that were identified as being completed in 2024.

In its Order dated June 11, 2024, the Board directed NS Power as follows:

1. Implement Synapse's recommendations for changes to NS Power's interconnections processes and other matters as discussed in the decision.
2. Provide a report to the Board by October 31, 2024, confirming that several recommendations the NSPSO said could be completed in the short term have been implemented and to provide a status report and timelines for the completion of the remaining recommendations and other directives in the decision.
3. File interconnection update reports annually, starting March 31, 2025, with the Commercial Net Metering Program (CNMP) report.
4. File an annual report about how the creation of a lower capacity threshold for smaller transmission system or transmission system impactive resources affect Interconnection Customers, starting March 31, 2025.

NS Power filed a report on November 29, 2024, in compliance of directives #1 and #2 in the Board's Order, including a revised SGIP. The Board provided the parties with an opportunity to file written comments on the compliance report. On December 20, 2024, Synapse stated that NS Power had generally complied with most of the substantive issues it had recommended but noted a few concerns. NS Power's reply comments on January 17, 2025, annexed a revised track-change document showing further revisions to the SGIP, which it submitted addressed Synapse's concerns. The NSPSO proposed similar additions and amendments for the DGIP.

On March 31, 2025, the NSPSO filed its 2025 Annual Report which provided updates on directives and recommendations that were not considered complete when the November 29, 2024, report was filed. Noting that many of the issues in the 2025 Annual Report were also raised in the Matter M10905 compliance report, the Board determined that both matters would be considered concurrently and allowed written comments from the parties, which were completed on August 18, 2025. No further comments were provided about the SGIP and NS Power asked that the Board approve the revised SGIP filed on January 17, 2025.

In its decision letter dated November 14, 2025, the Board indicated that it was prepared to approve the revised SGIP, subject to the IESO-NS, which was not a party in these matters, confirming its agreement with the revised SGIP. IESO-NS wrote to the Board on November 28, 2025, stating it was generally supportive of the revised SGIP but noted that further revisions may “be required to reflect IESO Nova Scotia’s legislated role” as set out in the *More Access to Energy Act*. It expected to contact the Board in early 2026 about these future revisions. The Board approved the revised SGIP, but the Board noted that IESO-NS may propose changes at any time.

On October 2, 2025, the NSPSO filed the Concentric Energy Advisors’ (Concentric) report on FERC Order 2023. That report was separately addressed in Matter M12524, resulting in a Board letter on July 28, 2026, providing further direction.

2026 Annual Interconnection Processes Proceeding Report

In this current matter M12778, the second annual Interconnection Processes Proceeding report, the NSPSO provided an update on the status of Synapse recommendations and Board directives. More specifically, it addressed FERC Order 2023, distribution hosting capacity, the connect and manage approach regarding interconnections, curtailment, and distribution network upgrade cost allocation and refund provisions. It also addressed reporting requirements for distributed generation and battery resource projects.

The NSPSO considered recommendations and directives associated with the review of FERC Order 2023 to be complete since those are transmission issues which are now the responsibility of the IESO-NS. Of the 21 recommendations and directives listed in Figure 1 of the report, the NSPSO considered the status of all but two items as complete for the purposes of future NS Power Annual Interconnection Processes reports.

The two outstanding issues are:

- Development of the Distribution Network Upgrade Cost Refund Regulation; and
- Non-CNMP Distribution Generation and Battery Resource Project Reporting.

Distribution Hosting Capacity

In the Board’s letter of July 17, 2024, regarding NS Power’s CNMP 2023 Annual Report (M11626), NS Power was directed to incorporate certain additional metrics in future CNMP Annual Reports. NS Power was also directed to address Synapse’s recommendations in upcoming stakeholder workshops, which includes allowing for additional data in the company’s hosting capacity map and data table, and to provide updates when it approves 500 kW or more of new generation on a single feeder.

NS Power held a workshop on April 17, 2025, and subsequently filed a compliance report about the workshop on July 17, 2025. The Board accepted NS Power’s compliance filing on July 18, 2025, and confirmed its directive was satisfied.

NS Power noted that the distribution hosting capacity table and interactive map are regularly updated on its OASIS website. However, due to the cybersecurity incident, the hosting capacity map is temporarily unable to be updated, but NS Power said it will continue to provide updates on the distribution hosting capacity table and interactive map through its CNMP annual reports.

Connect and Manage Approach

In its Decision in M10905, the Board directed that after a review of FERC Order 2023, further consideration is to be given to implementing elements of the connect and manage approach beyond those currently embedded in the existing Energy Resource Interconnection Service (ERIS). During its review of FERC Order 2023, Concentric noted that Nova Scotia has an ERIS program, but the majority of generators have opted to be connected as a network resource (NRIS). It also noted that the ERIS approach already contains elements of connect and manage. Concentric noted that the connect and manage model shifts significant operational risks onto real time grid management, requiring the system operator to address congestion, voltage stability, and resource variability. Concentric did not recommend the connect and manage approach for Nova Scotia.

NS Power considers this directive to be complete.

Curtailment

In its M10905 Decision, the Board noted Synapse's view that there is merit in further exploring issues and possible streamlining of ERIS interconnection studies. The Board directed NS Power to undertake that review and to file an update by October 31, 2024. The Board also accepted the Synapse recommendation that systematically tracking, recording, and publishing the specific causes, magnitude, and durations of curtailment events should be undertaken.

In its compliance report in Matter M10905, the NSPSO stated that specific causes and duration of curtailment are not reported publicly on OASIS, but reasons for curtailment, including duration and percentage of maximum capacity, are reported to the curtailed generators. The Concentric report also noted that NS Power already provides individual curtailment reports to impacted Independent Power Producers, along with providing confidential quarterly updates to the FAM Small Working Group. Concentric did not suggest any further reporting practices.

NS Power considers this directive to be complete.

Refund Regulation

Regarding the refund regulation, Synapse initially recommended a cost allocation straw proposal which defined two categories of projects. For small projects, 50% of the total network upgrade cost would be treated as a rate base investment, and for large projects, 25% of the total network upgrade cost would be treated as a rate base investment.

In its November 29, 2024, compliance report, the NSPSO simplified the cost allocation approach by eliminating the category distinction and proposing that 50% of the total distribution network upgrade cost would be refunded to the interconnection customer over a 20-year term, with an annual cap of $100,000 plus interest. That proposal was revised by NS Power on January 17, 2025, in its reply comments. Under that revision, the interconnection customer would be responsible for fully funding the upgrade, and the 50% refund would begin in the year following the in-service date of the generation facility. NS Power said that this arrangement would avoid transferring costs and risks to ratepayers for projects that are not yet in service.

Synapse noted that the revision did not align with the intent of its original recommendation since it required interconnection customers to pay up front for 100% of the network upgrade cost. Synapse proposed that only 50% of the cost should be allocated to the interconnection customer and that a portion of that investment could be recovered if or as other interconnection customers connect in such a way as to use or benefit from the upgrade.

In its reply comments dated August 18, 2025, NS Power disagreed with the Synapse proposal and stated it could not justify the reasonableness of initially rate-basing a portion of the upgrade costs in the absence of clear benefits accruing to the broader customer base. However, NS Power did state that network upgrades often provide some level of broader system benefits which need to be considered in the cost allocation methodology, and that upgrading existing infrastructure will extend the useful life of those assets, which provides system value. It further acknowledged that if a portion of the work is associated with existing or forecast system needs, then that would be considered a system investment and would not be allocated to the interconnection customer. NS Power noted that its proposed refund mechanism reduced financial barriers for interconnection customers while limiting the rate base from being exposed to speculative or premature system investments. Illustrative examples of the refund proposal implementation were provided in the 2026 Annual Report.

In its reply comments of May 6, 2026, NS Power stated that it is not seeking approval of a cost allocation and refund methodology at this time since that approval, along with enabling regulation changes, will be requested through a future application. No tentative date for that future application was provided.

In its submission, the SBA noted that the proposed solution to lowering financial barriers and cost allocation additions to rate base could impact small businesses more significantly than larger customer classes. The SBA submitted that a decision on this issue would benefit from a separate stakeholder review session to understand the implications of agreeing to both the magnitude and timing of further cost allocations being added to NS Power's rate base outside of a general rate application. The SBA requested the Board to direct NS Power to schedule a technical session about network upgrade cost allocation and the rate base impact.

Project Reporting

Regarding the Distribution Generation and Battery Resource Project Reporting requirement, the NSPSO proposed providing that information in its annual interconnection processes reports rather than in the annual Commercial Net Metering Program reports.

In its response to Concentric's FERC Order 2023 report, IESO-NS indicated it would assume responsibility for transmission related interconnections processes annual reporting if the Board considered it necessary.

Board Findings and Directives

The Board acknowledges that most of the 21 recommendations and directives related to the interconnection processes have been completed or transferred to the IESO-NS. Accordingly, the Board directs that going forward, annual reporting on transmission interconnection issues is to be filed by the IESO-NS, and the annual reporting on distribution interconnection issues is to be filed by NS Power. Due dates for both reports will continue as **March 31**.

The Board accepts NS Power's proposal to include its Distribution Generation and Battery Resource Project reporting in the annual interconnection processes report, instead of in the annual Commercial Net Metering Program report, as was previously directed.

Regarding temporary suspension of updates to the distribution hosting capacity table and interactive map due to the cybersecurity incident, NS Power is directed to advise the Board of the current status and to provide an expected date when the updates can resume.

On the network upgrade refund issue, NS Power is directed to advise the Board when it expects to file the required regulation for approval. Noting the concerns expressed by the SBA, NS Power should give further consideration to a consultation process with interested parties regarding its latest proposal prior to filing its application.

Response to these directives is **due by Monday, August 24, 2026**.

Yours very truly,

Crystal Henwood

Crystal Henwood
Clerk of the Board

c. William L. Mahody, K.C., Board Counsel
M10905 and M12174 Participants
Interested Parties, Electricity Mandate