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September 18, 2026

Delivered by Email

Crystal Henwood
Regulatory Affairs Officer/Clerk
Nova Scotia Energy Board
3rd Floor, 1601 Lower Water Street
PO Box 1692, Unit M
Halifax, NS B3J 3S3

Dear Ms. Henwood:

Re: M12780 – E1 – 2027-2031 Demand Side Management (DSM) Plan Application

These Reply Submissions are filed on behalf of the Industrial Group ("IG") to address issues arising from the submissions filed September 11, 2026 that were not otherwise substantially addressed.

The IG replies to two categories of issues: (1) the arguments advanced by the Consumer Advocate ("CA"), the Affordable Energy Coalition ("AEC"), East Coast Environmental Law ("ECEL") and the Ecology Action Centre ("EAC") in support of increased DSM investment, framed around affordability; and (2) NSPI's request to be involved, from the outset, in the scoping of the Smart Synergy/Large Industrial Interruptible Rider ("LIIR") participation study agreed to as between the IG and E1.

1. AFFORDABILITY

The CA, AEC, ECEL, and EAC each submit, in various forms, that the Preferred Plan's capped investment level of \$63.75 million annually is unnecessarily conservative and that the Board should direct E1 toward the IRP-aligned savings target of 683.1 GWh, which is submitted in varying degrees of directness. The IG's Closing Submissions already addressed the legislative framework and history of DSM planning in Nova Scotia, and the IG offers the following reply to the specific submissions regarding how affordability should be assessed in Nova Scotia and the disproportionate impact that increased savings targets would have on larger energy consumers. Affordability must be assessed from the perspective of all customers, and the impact on residential customers cannot be considered to the exclusion of other rate classes.

Each of the parties supporting increased investment frames the affordability question from the perspective of the residential class and the relatively modest bill or rate impacts a residential customer would experience under an IRP-aligned scenario. The rate and bill impact tables reproduced in the CA's Closing Submissions show that, under the IRP-aligned scenario, non-participant bill impacts for the residential class average an increase of approximately 1.01%, while the CA characterizes the overall impact on "total customer bills" across all classes as favourable. The CA expressly frames the comparison in terms of the residential class, concluding that an IRP-aligned plan would represent a "43% improvement" compared to the Preferred Plan based on the

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total customer bill metric for that class. AEC and EAC's submissions proceed on a similar basis, treating the affordability question primarily through the lens of household bill impacts and the benefit of increased low-income and equity program savings.

This framing omits a substantial part of the picture. The Preferred Plan's investment mix shifts spending toward Business, Non-Profit, and Institutional ("BNI") programming, and E1's evidence confirms Large Industrial customers face the highest rate impacts under the Plan. What the submissions of the CA, AEC, and EAC do not account for is the corollary of their own recommendation: if the Board were to direct E1 toward the IRP-aligned savings target of 683.1 GWh, the incremental savings required to close that gap cannot be achieved through residential programming alone. E1's evidence, confirmed by Mr. Love, outlines that BNI programming yields the highest per-dollar energy savings of any component of the portfolio. It follows that any material movement toward the IRP-aligned target would likely require additional reliance on BNI programming, with corresponding rate and bill impacts for the customer classes already most exposed under the Preferred Plan, including Large Industrial customers and other large consumers such as Medium Industrial and General Service customers.

The IG submits that an affordability analysis limited to residential bill impacts, without addressing where the additional savings needed to reach an IRP-aligned target would come from, and which customer classes would fund that investment, is materially incomplete. The Board should not accept a recommendation for increased investment premised on an affordability analysis that considers only one class's exposure while remaining silent on the disproportionate exposure of the classes that would necessarily fund the BNI programming required to deliver those incremental savings. The Board should consider and account for all customers, not prioritize the interests of one class. DSM must be in the "best interests of Nova Scotia Power Incorporated's customers"; not Nova Scotians generally and not one subset of customers in isolation.

Affordability cannot be assessed by the national or provincial Consumer Price Index

The CA's Closing Submissions place significant weight on the Consumer Price Index ("CPI") as an objective benchmark for assessing whether current affordability concerns are, in fact, more acute than in past DSM Plan proceedings. The CA compares the national CPI of 3.0% as of July 2026, and the 10-year national CPI average of 2.96%, against CPI levels at the time of the 2022 DSM Plan proceeding, and concludes that present-day affordability concerns are not unique, and may even be less serious now than in past years. This leaves a potentially misleading picture of the energy pricing in Nova Scotia.

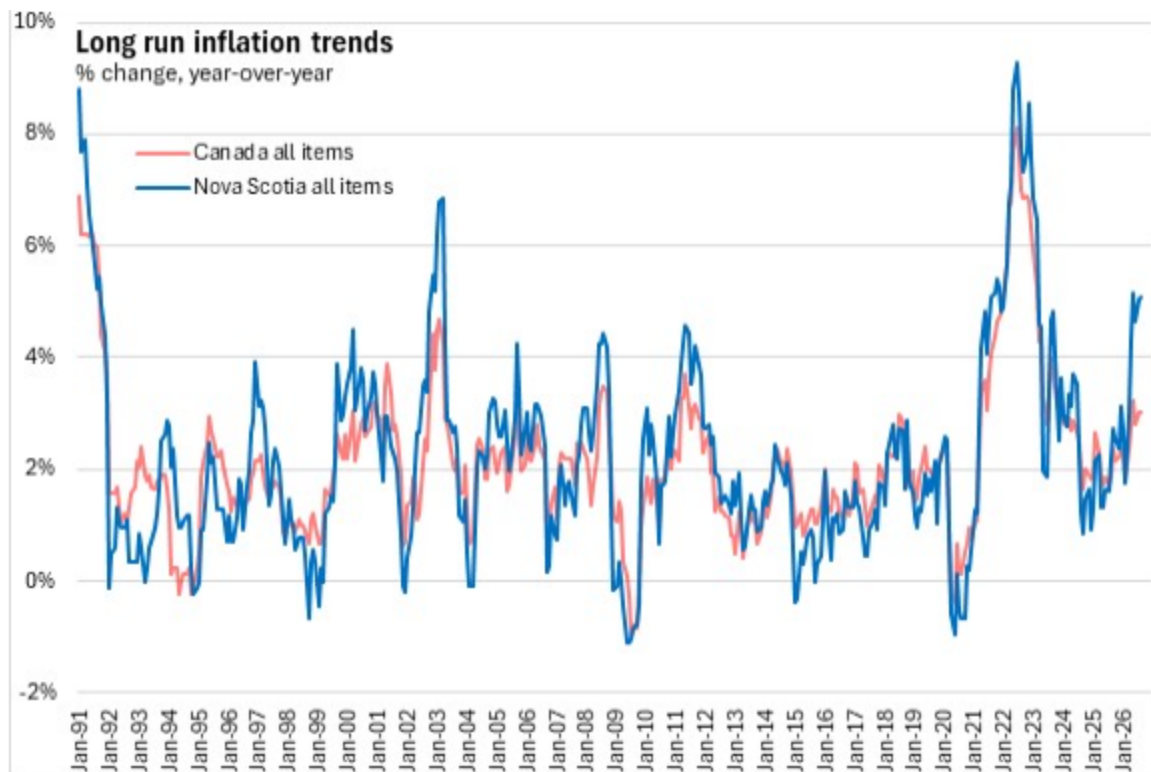
The IG submits that CPI is not a reliable proxy for the affordability pressures facing NSPI customers over the Plan period. The national, or all-items, index measures the changes in the cost of a fixed basket of goods and services in Canada as a whole. It is not designed to, and does not, isolate or reflect electricity costs, let alone electricity costs specific to Nova Scotia.

Nova Scotia's own inflation and cost-of-living experience has, at various points, materially diverged from the national average, including, as noted in the CA's submissions, in relation to Nova Scotia's inflation being around 5.0%. Taking a closer look, the Nova Scotia Finance and Treasury Board's information released in September 2026 regarding the province's CPI for

August 2026 is more informative. That report breaks down the elements of the CPI comparatively, and confirms why these figures are not determinative of affordability in Nova Scotia.¹

Beyond confirming that Nova Scotia has the highest year-over-year increase of CPI for all items, across Canada, it is explained that “[t]he most significant upward contributors (combining price increase as well as share of the consumption basket) to Nova Scotia's 5.1% year-over-year inflation were: gasoline, rent, fuel oil and other fuels, food purchased from restaurants, and traveller accommodation.” The monthly report goes on to highlight that energy prices have played a significant role in inflation rates. The CPI directly related to energy changes has increased in Nova Scotia over the last year by 22.1%, which is the second-highest increase in the country, second only to Prince Edward Island.²

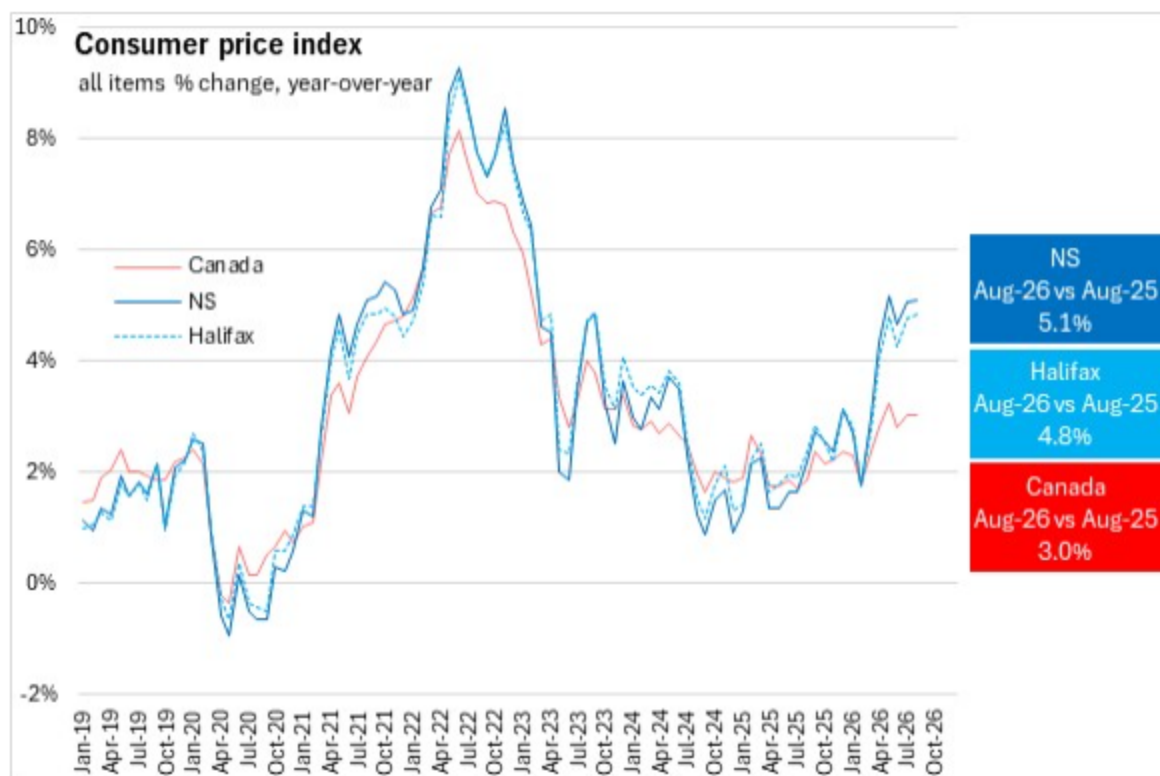
Looking at the long run inflation rates further illustrates how differently Nova Scotia is situated relative to the rest of Canada. In comparison to the rest of the country, Nova Scotia has seen a significant spike in inflation that is not illustrative of the national average:



For CPI, again, the Nova Scotia comparison is stark:

¹ Nova Scotia Department of Finance, “Consumer Price Index” (2026) online: <https://novascotia.ca/finance/statistics/topic.asp?fto=21u>: See Bar graph, “CPI: energy -% change” .

² Nova Scotia Department of Finance, “Consumer Price Index” (2026) online: <https://novascotia.ca/finance/statistics/topic.asp?fto=21u>.



While in 2022, Nova Scotians along with the rest of Canada, faced higher expenses across all items, these CPI rates do not detract from the real affordability impacts facing Nova Scotian electricity ratepayers today. Relying on a national or even provincial CPI figure to conclude that DSM-related affordability concerns are overstated conflates a general basket-of-goods measure with the specific, targeted question before the Board regarding the interests of NSPI customers. The focus is electricity costs, not all goods.

While CPI may provide useful economic context, the relevant affordability issue is not whether general inflation is higher or lower than in prior years, but whether additional DSM investment is reasonable in light of the actual electricity cost pressures facing NSPI customers. CPI does not measure the impact of electricity rates, nor does it capture the specific cost drivers, riders, and deferral account recoveries that are unique to NSPI customers and that will be borne by ratepayers over the Plan period. A general inflation metric cannot substitute for an assessment of the actual, cumulative rate pressure facing Nova Scotia customers.

The full stack of anticipated rate pressures, not just GRA base rates, must be assessed

The CA's Closing Submissions rely on NSPI's recent General Rate Application ("GRA") outcomes, the average rate increases of 1.2% and 2.5% in 2026 and 2027, to suggest that current rate pressures are comparable to, or less severe than, base rates when the 2023-2025 DSM Plan was approved. However, base rates are but one component of the electricity costs paid by ratepayers within the Plan period.

GRA base rates do not take into consideration the significant riders included in bills. As the IG's Closing Submissions already noted, Nova Scotians are facing a substantial and growing stack of additional rate pressures beyond the base rates set in the GRA.

The Fuel Adjustment Mechanism ("**FAM**") balance alone surpasses \$140 million according to the July 2026 Monthly FAM report filed with the Board on August 21, 2026. This balance must be recovered from customers in addition to base rates, through mechanisms and a timeline that remain to be determined, but according to the FAM Plan of Administration, may be collected through an annual adjustment and balancing account rider due January 1, 2027. This is only one rider. Customers will also face the introduction of the IESO-NS's revenue requirement recoveries, spanning the past two revenue requirement periods, 2025-2027, and the forecast for 2027/2028, together with the recovery of the balance accumulated in the PHP deferral account between May 2026 and the end of the current year. Moreover, the anticipated retirement of the thermal assets, representing an additional \$700 million, will need to be recovered by ratepayers in the near future, whether by way of securitization or through the Decarbonization Deferral Account ("**DDA**"). Riders in 2027 may seek to recover balances ranging in excess of \$175 million, excluding any such payment on the thermal assets.

The combined effect of the full DSM Cost Recovery Rider, the IESO-NS revenue requirement recovery, the FAM AA/BA, the PHP deferral account recovery, and the DDA, is materially more significant than the base rate increases the CA relies upon in isolation.

An affordability analysis that measures only the GRA outcome, without accounting for this broader and more significant rider stack, materially understates rate and bill pressure across all rate classes. The Board should assess affordability, and the reasonableness of any recommendation to increase DSM investment beyond the Preferred Plan's capped level, against this full and cumulative rate picture.

2. NSPI INVOLVEMENT IN THE SMART SYNERGY/LIIR PARTICIPATION STUDY

NSPI's Closing Submissions request that it be involved, from the outset, in the scoping and data collection phases of the Smart Synergy/LIIR participation study agreed to by the IG and E1, at Exhibit E-56, on the basis that the study touches on tariff design, system operations, and system value questions that reside with NSPI as system operator.

The IG has no objection to this request and agrees that NSPI's early involvement in the scoping and data collection stages of the study would be beneficial. The Smart Synergy/LIIR participation study is intended to assess the potential system value that LIIR customers can provide outside of NSPI-dispatched interruptible events, a question that inherently engages NSPI's operational expertise, its understanding of system reliability requirements, and its access to the data necessary to evaluate any genuinely incremental value.

The IG views NSPI's early involvement as likely to strengthen the quality and completeness of the study and to ensure that any resulting pilot appropriately reflects operational and system reliability considerations from the outset.

CONCLUSION

The IG continues to respectfully request the remedies articulated in its Closing Submissions dated September 11, 2026, and in respect of the above, the IG respectfully requests that the Board:

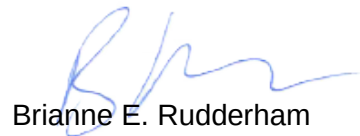
1. Reject the recommendations of the CA, AEC, ECEL, and EAC to direct E1 toward the IRP-aligned savings target of 683.1 GWh, on the basis that the affordability analysis must be assessed across all rate classes and in light of Nova Scotia's actual electricity cost pressures; and
2. Confirm that NSPI's early involvement in the scoping and data collection phases of the Smart Synergy/LIIR participation study is appropriate and would be beneficial to the study.

Thank you for the opportunity to provide these Reply Submissions.

Yours truly,



Nancy G. Rubin, K.C.



Brianne E. Rudderham

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c. Participants in M12780