Blackburn Law Inc.

July 10, 2026

VIA EMAIL

Ms. Crystal Henwood
Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
Halifax NS B3J 3S3

Dear Ms. Henwood:

Re: M12833 - Nova Scotia Power Incorporated's 2025 Annual Report respecting the Decarbonization Deferral Account

In the 2023-2024 General Rate Application (GRA), the Nova Scotia Utility and Review Board (now the Nova Scotia Energy Board, the "Board") issued a decision that included a requirement for Nova Scotia Power Incorporated (NS Power) to file a separate application for approval of its proposed Decarbonization Deferral Account (DDA) mechanism:

> The Board, therefore, approves a DDA in principle to recover NS Power's undepreciated thermal asset NBV and unrecovered decommissioning costs. This approval is subject to stakeholders engaging in a consultative process to confirm the practice and procedures that will be followed to establish the DDA and its scope, to effect the transfer of unrecovered costs to a regulatory asset and to recover such costs.[1]

At the same time, the Board emphasized that all aspects of the DDA remain open for discussion:

> Notwithstanding the Board's approval of the DDA in principle to recover costs associated with early retirement of thermal capital assets, the Board agrees with the Industrial Group and Dalhousie University that all matters surrounding the DDA remain open for discussion with stakeholders, including the future possibility of securitization as an alternative to financing at WACC...[2]

NS Power in turn filed an application which included a Draft DDA Manual as Appendix A and outlined NS Power's engagement with intervenors on the concept of the DDA and securitization[3]. In addition, NS Power also committed to submitting annual DDA reports on the status of

[1] M10431, Board Decision, February 2, 2023, page 120, paragraph [311].
[2] M10431, Board Decision, February 2, 2023, page 121, paragraph [314].
[3] M11220, Exhibit N-1 NS Power Decarbonization Deferral Account Stakeholder Consultation Report and Application, June 30, 2023, page 5 of 15, lines 9-10.

generation assets covered, anticipated retirement dates, and examples of the benefits of securitization of assets that would be included in the DDA[4]. The first annual compliance report, the Decarbonization Deferral Account - 2024 Annual Report (the "2024 DDA Report"), was filed on May 30, 2025[5], and was followed by the 2nd annual report that is the subject of this filing, NS Power's Decarbonization Deferral Account - 2025 Annual Report filed on April 30, 2026 (the "2025 DDA Report")[6].

As part of both the 2024 DDA Report and comments filed in that matter by the Small Business Advocate (SBA), as well as others, questions arose concerning NS Power's plans regarding securitization. This issue was addressed at length in the recent 2026-2027 General Rate Application, where the ability of NS Power to securitize the unrecovered net book value (NBV) within the DDA as of December 31, 2025, became questionable. The Board ultimately approved the 2026-2027 GRA on March 25, 2026[7], but made no changes to the DDA. As such, the thermal assets identified for retirement prior to 2030 remain unchanged in the 2025 DDA Report[8] with the impact of securitization shown only as a scenario for future discussion among the settlement parties.[9]

The SBA has reviewed the 2025 DDA Report and attachments as well as the responses to information requests submitted by the Consumer Advocate (CA), Industrial Group (IG), the Board and appreciates the opportunity to provide the following submissions in this matter.

<u>Benefits of Securitization</u>

In its submissions for the 2024 DDA Report, the SBA acknowledged that the DDA Report fulfilled the information requirements as set out in the Compliance Filing but also pointed out that one of the primary functions of the Report should not only be to provide updates on the costs and changes in timelines, but also to provide an assessment of the benefits of securitization. Specifically, the SBA requested that NS Power provide a baseline for potential savings by comparing the rate impact of securitization as compared to conventional recovery as an estimate of benefits in the next annual filing.

The 2025 DDA Report includes tables showing the expected savings from using securitization versus the DDA by itself, which it acknowledged was driven by the difference in the overall cost of financing of $28 million due to the spread between the assumed securitization bond interest rate

---

[4] M11220, Exhibit N-1 NS Power Decarbonization Deferral Account Stakeholder Consultation Report and Application, June 30, 2023, page 13 of 15, lines 17-23.

[5] M12303 Exhibit N-1 NS Power Decarbonization Deferral Account - 2024 Annual Report, May 30, 2025.

[6] M12833, Exhibit N-1, NS Power Decarbonization Deferral Account - 2025 Annual Report, April 30, 2026.

[7] M12451, Board Decision, March 25, 2026

[8] M12833 Exhibit N-1, NS Power Decarbonization Deferral Account - 2025 Annual Report, Figure 4, Updated Forecast Retirement Dates – they remain 2029 for all units shown, page 8 of 11, line 1.

[9] M12833 Exhibit N-1, NS Power Decarbonization Deferral Account - 2025 Annual Report, Figure 2 – Unrecovered Costs Associated with the DDA in 2029, assuming 2026 Securitization, page 6 of 11, lines 11-13, versus Figure 3 – Unrecovered Costs Associated with Assets within DDA in 2029, assuming No Securitization, page 7 of 11, lines 1-3.

(5.00 percent) and NS Powers's approved WACC (6.59 percent).[10] The SBA appreciates the additional information, which addresses its previous request.

Status of Supporting Legislation

What continues to remain unknown is the status and timing of legislation allowing the use of securitization; the credit market response to NS Power pursuing securitization; and potential changes in retirement dates of the thermal units included in the DDA.

The SBA appreciates the helpful context that NS Power has provided in the 2025 DDA Report but still seeks further insight into the progress for obtaining legislative amendments to allow securitization. The SBA would also like to understand what the impact would be for anticipated benefits with only 2 full years remaining in between the end of 2027 and the 2030 deadline for Federal and Provincial decarbonization requirements if securitization was to occur during 2027 rather than 2026. The information provided in the 2025 DDA Report was less than detailed in that respect, with NS Power stating only that it remains hopeful that the legislative requirements required to pursue securitization will be concluded in a timely manner.[11]

Submissions:

The SBA respectfully submits that this 2025 DDA Report, while inclusive of helpful scenario analyses of the financial benefit of securitization, represents only the current status of the DDA account and more work is required with respect to how the DDA will be addressed moving forward, whether through securitization or other means. The SBA looks forward to continuing the dialogue with the Board, NS Power and the other intervenors on this matter in the near future.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 10th day of July, 2026.

Yours truly,

for Melissa P. MacAdam
Small Business Advocate

---

[10] M12833, ExhibitN-1, NS Power Decarbonization Deferral Account - 2025 Annual Report, Section 2.9 Cost Benefit of Securitization, page 10 of 11, lines 2-6.

[11] M12833m Exhibit N-1, NS Power Decarbonization Deferral Account - 2025 Annual Report Section 2.8 Update on Securitization, page 9 of 11, lines 21-24.