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July 10, 2026

VIA WEB PORTAL

Crystal Henwood, Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Dear Ms. Henwood:

Re: M12833 - NSPI - DDA Annual Report

Please accept the following submissions on behalf of the Consumer Advocate ("CA") in respect of the above-noted matter.

Background

On April 30, 2026, Nova Scotia Power Inc. ("NS Power") filed its Decarbonization Deferral Account 2025 Annual Report (the "Report") with the Nova Scotia Energy Board (the "Board"). The Decarbonization Deferral Account, or DDA, was established following NS Power's 2024-2024 GRA, and provides a regulatory mechanism for recovering the costs of thermal assets due for retirement by 2030. As of December 31, 2025, the unrecovered costs associated with assets in the DDA was $784 million. Notably, in NS Power's 2026-2027 GRA, NS Power proposed to securitize the unrecovered net book value for coal plants and related assets required to be retired by 2029 as a result of provincial decarbonization policies. However, at this time, securitization has not yet occurred due to lack of legislative authorization.

Submissions

On review, it would appear that the Report is responsive to the reporting requirements as directed by the Board, and consistent with the DDA Manual. The CA takes no issue with the contents of the Report in this regard, and particularly with respect to Sections 2.1 to 2.7.

At Sections 2.8 and 2.9, NS Power provides an update on securitization, as well as some comments on the cost benefit of securitization. In particular, NS Power notes that it remains "committed to pursuing securitization for the recovery of the remaining net book value of its coal assets," and "remains hopeful that the legislative requirements required to pursue securitization will be concluded in a timely manner."[1] That being said, NS Power provided no substantive update as to exactly where things stand with respect to securitization, or whether they have made any progress with the Province on this issue since the conclusion of the 2026-2027 GRA. In response to NSEB IR-2, which sought an update on this item, NS Power simply stated: "Not applicable. There have been no additional updates since the time the report was filed."

The CA remains supportive of securitization, given the obvious benefits to customers. These benefits are clearly outlined in Table 5 of the Application, which is reproduced below for ease of reference:

Figure 5 – Revenue Requirement for Securitization vs DDA (28-year DDA Amortization)

Revenue Requirement			
($ Million)	**Securitization**	**DDA**	**Cost (Benefit)**
Principal Payments	713	713	-
Financing Costs – Debt & Equity	671	699	(28)
Income taxes	291	447	(156)
Revenue Requirement	1,675	1,859	(184)
NPV of Revenue Requirement	654	860	(207)

However, the CA is concerned about the lack of progress on this issue. While NS Power remains hopeful the matter will be concluded in a timely manner, the outcome remains uncertain at this time. Given the importance of this issue, the CA believes it would be beneficial if NS Power committed to providing quarterly updates on its efforts to pursue securitization.

Further, with respect to securitization, the CA notes that Figure 2 of the Report suggests that unrecovered costs will total $156M as of December 31, 2029, even if securitization occurs in 2026. In response to CA IR-1, NS Power indicates that even if securitization does not occur until 2027, "there would be no change in the forecast unrecovered balance at December 31, 2029."[2] However, this response is based on the assumption that the "scope of the securitization transaction remained the unrecovered NBV of assets expected to be within the scope of the DDA as of December 31, 2025." At this time, it remains unclear to the CA why the scope of the securitization transaction could not be adjusted to include these additional unrecovered costs, and we would seek a further and more detailed explanation from NS Power on this point.

[1] 2025 DDA Report, N-1, p. 9
[2] CA IR-1(3)

The CA thanks the Board for the opportunity to participate in this matter and provide these submissions.

Yours truly,

PINK LARKIN

Michael Murphy on behalf of
Consumer Advocate
MTM/aw