

September 24, 2026

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Lana Myatt
Manager, Regulatory Capital
Nova Scotia Power Inc.
1223 Lower Water Street
PO Box 910
Halifax, NS B3J 3S8

Dear Ms. Myatt:

**M12959 - Nova Scotia Power Inc. - CI C0082195 - LIN2 2025/26 Capacity Requirement
- \$4,392,251**

The Board has reviewed the application of Nova Scotia Power Inc. (NS Power) dated July 10, 2026. NS Power requested Board approval of a capital expenditure for refurbishment of Lingan Unit 2 (LIN2) to safely operate and provide firm capacity required for power system security through 2025 into winter 2026, at an estimated cost of \$4,392,251.

Board staff issued Information Requests (IRs) on August 5, 2026, to which NS Power responded on August 26, 2026. A request for confidentiality, pursuant to *Rule 12* of the *Board Regulatory Rules*, was submitted by NS Power on August 26, 2026, regarding IR-1. The Board approved NS Power's request for confidentiality.

LIN2 is a thermal power plant with a generation capacity of 148 MW. Since August 15, 2022, it has primarily been used to provide winter capacity and not for economic dispatch. The unit was placed into cold reserve and available to be recalled on two weeks' notice. Over the 2024/2025 winter period the unit was recalled to service four times by the NS Power System Operator to support firm customer load, generating a total of 128 GWh.

In its 2024 and 2025 10-Year System Outlook reports, NS Power stated that LIN2 will remain in cold reserve to provide firm capacity in response to an increase in forecast firm peak demand. As a result, LIN2 will continue to be held in cold reserve to maintain the planning reserve margin until new firm, fast-acting generation resources, procured by the Nova Scotia Independent Energy System Operator (IESO Nova Scotia), are online and have demonstrated reliable operation.

The present application also referenced the IESO Nova Scotia 10-Year System Outlook report (M12916). IESO Nova Scotia stated that Trenton 5 and LIN2 can only be retired once new fast-acting generation, needed to replace the firm capacity they provide, is in service and the reliable operation of the new units has been established.

In response to Board IR-1 (c), NS Power provided a summary of LIN2 recall events from Q2 2025 to present (Q3-2026) to demonstrate its contribution to meeting winter firm load requirements. The data indicates that LIN2 was recalled a total of eight times through March 2026, generating about 222 GWh of energy. A further estimated 17 GWh was generated August 5-12, 2026.

In response to Board IR-1 (d), which asked why the energy currently supplied by LIN2 could not be replaced by either the battery energy storage system (BESS) or the 100 MW capacity resource associated with the recent definitive agreement between IESO Nova Scotia and New Brunswick Power Corporation. NS Power stated that, despite the BESS and Wreck Cove resources, due to increasing system demands LIN2 will still need to be operated through winter 2029/2030 to maintain the planning reserve margin under NPCC requirements.

The Board understands the transition of system operator and other reliability functions from NS Power to IESO Nova Scotia is being done in phases pursuant to the *More Access to Energy Act*. The Board also understands that NS Power has been operating with reduced planning reserve margins since the winter of 2023, and that IESO Nova Scotia, in M12663, recently highlighted insufficient firm generation capacity to meet peak demand during the winter of 2026. In light of this, the Board finds it reasonable to seek additional firm capacity, albeit in cold reserve, as it will increase the utility's firm generation capability and support reliability needs.

Based on the information provided, the Board finds that the work associated with the LIN2 2025/26 Capacity Requirement project was necessary to provide firm capacity for the 2025/26 fall and winter season. Accordingly, the Board approves the project in the final amount of \$4,392,251.

The Board considers LIN2 to present a unique set of circumstances. In the 2022/2023 matter (M11322), NS Power noted the retirement timeline of LIN2 as being after the 2024/2025 winter period. There was no mention of a change in the anticipated retirement date in the 2023/2024 matter (M11706). The utility maintained that it needed LIN2 in cold reserve to ensure an adequate planning reserve margin until new firm capacity was added. This was necessitated due to extraordinary circumstances over the period, including a forced outage at Brooklyn Power, the Wreck Cove LEM project scheduled outage, combined with the unavailability of new near-term firm import opportunities over existing transmission interfaces over the winter. Any capital expenses incurred for LIN2 imposes further costs on ratepayers for a generating facility that will soon be retired.

The Board notes that NS Power's firm capacity requirements leading to 2030, and beyond, is a dynamic issue. It is the subject of discussion and review in a variety of proceedings and documents, including IESO Nova Scotia's current integrated resource planning process, the 10-Year System Outlook Report, the Load Forecast, Annual Capital Expenditure Plan and *The Path to 2030*. In that context, the Board finds that it is appropriate for it to maintain ongoing visibility on the maintenance, sustaining capital and operating expenses of LIN2. Accordingly, the Board directs NS Power to continue to submit for Board approval any LIN2 CI projects, collectively, as a Winter Capacity Requirement project application, until directed otherwise.

Furthermore, in its decision dated June 28, 2024, in Matter M11706 - CI C0059283 - LIN2 2023/2024 Winter Capacity Requirement, the Board approved operating expenses up to the end of 2024 and had directed NS Power to seek approval of any LIN2 operating expenses



beyond that date. In this application, NS Power provided quarterly operating costs from Q1 2025 through Q4 2025, and in response to Board IR-5, the utility provided a further breakdown of those operating costs. The utility incurred operating costs of \$1,331,000 in 2025. NS Power is requesting that it be permitted to include the total operating cost of \$1,331,000 in its calculation of regulated net income and return on equity for 2025.

Given the Board's approval of the capital expenditure above associated with LIN2, it finds the inclusion of the operating expenditures to be reasonable. The Board approves the inclusion of \$1,331,000 in operating expenditures for LIN2 for 2025 as regulated operating expenditures for that year. This approval applies only to operating expenditures incurred up to December 31, 2025. NS Power must seek Board approval for any LIN2 operating expenditures beyond that date, if applicable.

Yours very truly,



Roland A. Deveau, K.C.
Vice Chair

c. William L. Mahody, K.C., Board Counsel
IESO Nova Scotia



NSEB APPROVAL SHEET

Project Title: LIN2 2025/26 Capacity Requirement

CI Number: C0082195

Date: July 13, 2026

Expenditure Profile			Type of Filing	
Year	Budget Amount	Project Estimate	☐	Capital Project Authorization
2025	2,862,725	4,392,251	☐	Unforeseen and Unbudgeted (U&U)
2026	299,478		☐	Planned & Advanced (P&A)
			☒	Subsequent Approval Item
			☐	Authorization to Overspend (ATO)
			☐	Scope Change
			☐	Final Cost (FIN)
Total	\$3,162,203	\$4,392,251		

COMMENTS

Submitted on behalf of NOVA SCOTIA POWER INCORPORATED



Authorized Signatory
Dave Pickles
Chief Operating Officer

DATE
July 10, 2026

Approved on behalf of NOVA SCOTIA ENERGY BOARD



DATE
September 24/2026