



September 14, 2026

To: Crystal Henwood, Clerk of the Board, Nova Scotia Energy Board
From: Amy Pellerin, Director, Canadian Development - Natural Forces Developments LP
Re: Comments by Interested Parties on the Green Choice PPA (M13042)

Dear Ms. Henwood,

We appreciate the opportunity to provide the following comments to the Nova Scotia Energy Board (NSEB) with relation to an Application by the Procurement Administrator for the approval of the Green Choice Power Purchase Agreement. I am writing today on behalf of Natural Forces Developments LP (Natural Forces) as well as RMSenergy Ltd.(RMS).

Natural Forces are a private independent power producer (IPP) that delivers renewable energy projects in partnership with local communities. We were established in Halifax in 2001, and remain head-quartered here to this day.

RMS oversees several different aspects of wind energy: development; construction; management; and operations including maintenance of large scale and community-based projects. RMS has built and now maintains the Dalhousie Mountain Wind Farm commissioned in Pictou County.

1. Interconnection and network upgrade cost uncertainty (multiple PPA sections)

Recommendation: Incorporate either: an Energy Rate adjustment mechanism tied to actual Interconnection and Network Upgrade costs identified in the Facilities Study; or a no-fault termination right for the Seller, without any Termination Payment, where such costs materially exceed Feasibility Study estimates.

Background: Under the PPA, the Seller bears a material and uncontrollable financial exposure if Interconnection or Network Upgrade costs identified in the Facilities Study differ significantly from those provided in the Feasibility Study. The RFP design and the OATT rules required proponents to rely exclusively on NSPI's Feasibility Study estimates and prohibited proponents from advancing their Interconnection Requests to obtain more accurate cost information.

The Agreement contains no mechanism to adjust the Energy Rate to reflect actual interconnection costs, and Article 10.5 (Termination Payments) would impose substantial financial consequences on the Seller despite the fact that cost escalation arises from NSPI's own interconnection study process. This creates a structural imbalance in risk allocation that is inconsistent with Good Utility Practice and with the principle that proponents should not be penalized for risks they were expressly prevented from managing. Relief is therefore required to ensure the PPA is commercially reasonable and consistent with the regulatory intent of the Green Choice Program.

2. Inclusion of Energy in CPI (s. 1.1)

Recommendation: Amend all references to CPI in the Agreement so that CPI is defined consistently as “All Items”, rather than “All Items excluding Energy,” including for the Energy Rate indexation and the Renewable Attribute Loss Rate.

Background: Section 1.1 of the PPA defines CPI for indexation of the Energy Rate as the Consumer Price Index for “All Items excluding energy.” However, the Renewable Attribute Loss Rate is indexed using CPI for “All Items.” This creates an internal inconsistency in the Agreement’s inflation treatment.

Excluding energy from the CPI indexation of the Energy Rate is inappropriate because energy costs are a significant component of the Seller’s operating cost profile, particularly for renewable energy facilities that rely on energy-intensive construction, transportation, and maintenance inputs. Indexing the Energy Rate to a CPI measure that excludes energy artificially suppresses inflation adjustments and does not reflect the actual cost pressures borne by the Seller.

Conversely, NSPI benefits from CPI indexation using “All Items” for the Renewable Attribute Loss Rate, resulting in asymmetric inflation treatment within the same Agreement. This imbalance is not commercially reasonable and is inconsistent with Good Utility Practice, which requires balanced and predictable risk allocation. To ensure consistency, fairness, and accurate inflation tracking, all CPI references in the Agreement should use the “All Items” index.

3. Local Benefits Shortfall (s. 2.7)

Recommendation: Amend Section 2.7 (Local Benefits Shortfall) to ensure that: any Local Benefits Shortfall is not payable to NSPI, as this contradicts the intent of the Local Benefits scoring framework and is instead payable to a government administered fund; and the reporting and payment timeline is extended to at least 6–12 months after COD, to allow proponents sufficient time to verify actual local expenditures and supplier availability.

Background: The Local Benefits scoring in the RFP is intended to evaluate and compare projects based on their economic contribution to Nova Scotia communities. Section 2.7 of the PPA, however, requires that any shortfall in achieving the Local Benefits commitments be paid to NSPI, a for-profit utility. This is inconsistent with the purpose of the Local Benefits framework, which is to ensure economic benefits flow to local communities—not to NSPI.

Furthermore, the expectation that proponents can fully meet their Local Benefits commitments is unrealistic under current market conditions. Government and industry associations have repeatedly acknowledged that Nova Scotia lacks sufficient local suppliers to support the volume of energy projects currently proposed, including the Green Choice Program, hydrogen projects, NB Power

procurements, and other infrastructure initiatives. Supplier availability is outside the control of project owners, even when they intend to maximize local participation.

If Section 2.7 remains unchanged, proponents will face significant compliance challenges. It will be nearly impossible to complete accurate reporting and determine any shortfall within 20 days of COD, as required by the PPA. Local procurement verification, contract reconciliation, and supplier confirmation cannot be completed within such a compressed timeframe.

To ensure the Local Benefits framework is workable and aligned with its intended purpose, the reporting and payment timeline should be extended to 6 months to 1 year after COD, allowing proponents to produce accurate reporting and make any required payments based on verified data.

4. Energy Payments during the Interim Period (s. 5.1 (A) (i))

Recommendation: Amend Section 5.1(a)(i) so that Energy Payments during the Interim Period are made at 100% of the Energy Rate, rather than 75%, to ensure the Seller can recover its full operating costs during this period.

Background: Section 5.1(a)(i) stipulates that Energy delivered during the Interim Period will be compensated at 75% of the Energy Rate. This reduction is punitive and commercially unreasonable because the Seller will incur full operating expenses during the Interim Period, including staffing, maintenance, forecasting, compliance, and all other operational obligations required under Article 3.

The Interim Period is not a reduced-cost operating phase; it is a fully active period in which the Facility must meet all operational, reporting, and interconnection requirements. Paying only 75% of the Energy Rate creates a financial shortfall that the Seller cannot mitigate, and it undermines the economic viability of projects that have already met all requirements for Commercial Operation except for administrative or regulatory steps outside the Seller's control.

There is no principled basis for NSPI to retain 25% of the Energy Rate during the Interim Period, particularly when the Facility is delivering Energy to the System and NSPI is receiving the full benefit of that Energy. Adjusting the payment to 100% of the Energy Rate ensures fair compensation, aligns with Good Utility Practice, and maintains the financial integrity of the project during the transition to full Commercial Operation.

5. Payment for Compensation (s. 5.1 (b))

Recommendation: Amend Section 5.3 so that compensated curtailment payments are made monthly, ideally in the same month in which the curtailment occurred, and no later than the following month. This ensures predictable cashflow and maintains the debt-service coverage ratios required for project financing.

Background: Timely payment of compensated curtailment is essential for project financeability. Proponents and lenders structure financing based on monthly revenue expectations, which directly

determine the project's debt-service coverage ratio (DSCR). If compensated curtailment above the 5% threshold is not paid until many months after the curtailment event, the Seller's cashflow becomes unpredictable, creating material financing risk and undermining the ability of the project to meet its monthly debt obligations.

The PPA does not impose any cap on compensated curtailment, meaning that curtailment volumes—and therefore curtailment payments—could be significant. Any delay in payment therefore has an outsized impact on cashflow stability and lender confidence.

For these reasons, compensated curtailment should be paid in the same month or, at minimum, the following month, to align with established financing structures and avoid unnecessary risk to project lenders and owners.

6. Change of Control provisions (s. 16.3(b))

Recommendation: Amend Section 16.3(b) so that any Change of Control provisions are explicitly subject to Article 12 (Project Lender Provisions), ensuring that lender step-in rights, cure rights, and security interests are not unintentionally overridden or impaired.

Background: Section 16.3(b) governs Change of Control events affecting the Seller. As currently drafted, it operates independently of Article 12, which sets out the Project Lender Provisions, including lender security rights, step-in rights, cure periods, and the ability of lenders to assume or transfer the Seller's interest in the Facility.

Without an explicit cross-reference, Section 16.3(b) could be interpreted in a manner that conflicts with or limits lender protections, particularly in circumstances where a Change of Control arises due to enforcement of lender security or restructuring actions undertaken by a secured creditor. This creates unnecessary legal uncertainty and could materially affect the ability of proponents to secure financing, as lenders require assurance that their rights under Article 12 take precedence over Change of Control restrictions.

Aligning Section 16.3(b) with Article 12 ensures that Change of Control provisions do not impede lender step-in rights, do not trigger unintended defaults, and do not restrict transfers made pursuant to lender enforcement. This amendment is consistent with standard project-finance practice and is necessary to maintain the bankability of the PPA.

7. Tariff Protection (s. 16.9)

Recommendation: Remove the 7.5% Minimum Threshold in Section 16.9 so that proponents receive full protection from new tariffs, consistent with the intent of the provision and with the treatment provided under Section 16.10.

Background: Section 16.9 is a welcome addition to the PPA, as it provides a mechanism to adjust the Energy Rate where new tariffs imposed after the Proposal Date materially increase project costs.

However, the inclusion of a 7.5% Minimum Threshold significantly limits the effectiveness of this protection. Under the current drafting, proponents must absorb tariff increases up to 7.5% before any adjustment is available, which undermines the purpose of the clause and exposes projects to substantial unmitigated cost risk.

This threshold is also inconsistent with Section 16.10, which provides downward adjustments for tariff reductions without any minimum threshold. The asymmetry between Sections 16.9 and 16.10 creates an imbalance in risk allocation and is not commercially reasonable. If tariff reductions warrant full pass-through, tariff increases should receive equivalent treatment.

Given the scale of capital equipment procurement for renewable energy projects, even modest tariff increases below 7.5% can result in material cost impacts that proponents cannot control or mitigate. Removing the Minimum Threshold ensures that Section 16.9 functions as intended—providing meaningful protection from new tariffs and maintaining the financial viability of projects under the Green Choice Program.

8. Adjustment for the Reduction of Tariffs (s. 16.10)

Recommendation: Remove Section 16.10 (Adjustment for the Reduction of Tariffs) in its entirety, as it creates a punitive and asymmetric risk allocation for proponents and is inconsistent with the broader risk framework of the PPA.

Background: Section 16.10 provides NSPI with the ability to reduce the Energy Rate if any tariff, customs duty, or similar charge applicable to the Facility's capital cost is repealed, reduced, or eliminated. While this may appear reasonable at face value, the clause is punitive and commercially unbalanced when considered in the context of the overall risk allocation in the PPA.

Proponents bear significant and disproportionate risk in setting their Energy Rate at the time of bidding. They are permitted to renegotiate the Energy Rate only in two narrow circumstances: increases in tariffs (Section 16.9), and changes in provincial law (Article 13).

However, in the last six years, project costs have increased materially due to factors outside both of these categories, including global conflicts, supply chain disruptions, and changes in federal ITC legislation. None of these cost drivers are covered by the PPA's adjustment mechanisms, meaning proponents must absorb these increases entirely.

Additionally, as previously noted, proponents are solely responsible for all increases in Network and Interconnection costs, which are determined by NSPI through the interconnection study process and cannot be mitigated or controlled by the Seller. This represents a major unhedgeable cost exposure.

Against this backdrop, Section 16.10 creates a one-way downward adjustment that benefits NSPI while offering no corresponding relief for the many cost increases borne by proponents. This asymmetry is not commercially reasonable and undermines the financial stability of projects under the Green Choice Program.

Removing Section 16.10 would acknowledge that proponents are already assuming supplementary and disproportionate risk in setting the PPA price and would restore balance to the tariff adjustment framework.

9. Tariff Reduction Events (s. 16.10)

Recommendation: Amend Section 16.10 so that any Tariff Reduction Event may only occur prior to the Proponent's financial close, and not at any time thereafter. This ensures that the Energy Rate cannot be reduced after debt sizing has been finalized, preserving project financeability and preventing post-close price risk that would otherwise undermine the viability of the Facility.

Background: Section 16.10 currently allows a Tariff Reduction Event to occur "at any time prior to, or within six months following, the Scheduled Commercial Operation Date." This creates a significant obstacle to securing project financing. Debt sizing, amortization schedules, reserve requirements, and DSCR covenants are all fixed at financial close, well before construction begins. If the Energy Rate is reduced after financial close, the project's cashflow available for debt service would fall below the levels on which the loan was sized, forcing a restructuring or refinancing of the term loan. Such an event would impose substantial cost, delay, and risk on the Proponent and would be unacceptable to lenders.

Allowing post-close tariff reductions introduces a form of post-execution price volatility that is incompatible with standard project-finance practice. Lenders require certainty that the contracted revenue stream will not be reduced after financial close, except in narrowly defined and lender-approved circumstances. The current drafting of Section 16.10 therefore threatens the bankability of the PPA and could materially increase financing costs or reduce leverage, ultimately resulting in higher bid prices for NSPI and ratepayers.

Restricting Tariff Reduction Events to the period prior to financial close eliminates this post-close price risk, aligns the PPA with established financing norms, and enables proponents to secure more efficient financing. This amendment would allow proponents to submit more competitive pricing while ensuring that NSPI and ratepayers benefit from lower overall project costs.

Yours sincerely,

A handwritten signature in blue ink, reading "Amy Pellerin".

Amy Pellerin

Amy Pellerin, Director, Canadian Development - Natural Forces Developments LP