Fuel Adjustment Mechanism Plan of Administration in Effect for 2026-2027

April 7, 2026

NS Power
FUEL ADJUSTMENT MECHANISM
PLAN OF ADMINISTRATION IN EFFECT FOR 2026-2027

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1.0 GENERAL DESCRIPTION

This document describes the plan for administering Nova Scotia Power Inc.'s (NS Power) Fuel Adjustment Mechanism (FAM), which was approved by the Nova Scotia Utility and Review Board (as of April 1, 2025 referred to as the Nova Scotia Energy Board (NSEB or Board)) in its decision letter issued on December 11, 2008. The FAM provides for the recovery of fuel and purchased power costs beginning January 1, 2009.

The Plan of Administration (POA) outlines the application and operation of the FAM. The Base Cost of Fuel will be calculated as set out in Section 2 "FAM COMPONENTS".

The Base Cost of Fuel can be reset in a General Rate Application (GRA), every second year as part of the FAM adjustment process, or as directed by legislation or an order of the Board. A forecast of costs and load for each test year will be used to set the Base Cost of Fuel. The change in the Base Cost of Fuel will be reflected in customers' rates going forward and will be applied to each customer class in a manner consistent with the Cost of Service Study (COSS).

Stakeholders shall have the opportunity (and access to information) to challenge the implementation of the methodology and the contents of any forecast prior to its use in re-setting the Base Cost of Fuel. Both the implementation of the methodology and the forecasts will be the subject of a formal Board proceeding in which stakeholders will have their current rights as in general rate cases.

Stakeholders shall have the opportunity to challenge NS Power's fuel costs (and to secure access to information) at each annual or applicable hearing before the Board consistent with their current rights in general rate cases. The Board will also subject NS Power's FAM accounts to audits as per section 5.0 "Audit and Oversight" and as it deems appropriate.

The FAM will pass through the difference between actual costs and the Base Cost of Fuel to customers calculated on a ¢/kWh basis.

Interest will be added to all over/under-balance amounts and calculated at NS Power's Annual Weighted Average Cost of Capital (WACC).

The FAM will recover fuel cost changes resulting from over/under-recovery amounts, including an Actual Adjustment (AA) and a Balancing Adjustment (BA) for each rate class. The FAM adjustment is the difference between actual fuel cost and the Base Cost of Fuel) and will be calculated on a ¢/kWh basis.

2.0 FAM COMPONENTS

Each January 1 through December 31 period shall constitute a distinct FAM year. Under the FAM, an adjustment will normally be calculated once per year to reflect the over/-under recovery.

The FAM adjustment will consist of two components designed to provide for the recovery of fuel and purchased power costs. Those components are:

1. The Actual Adjustment Component (AA)

    a. Established at a rate expected to recover the amount of the difference between the prior FAM year's actual fuel and purchased power costs and those recovered through the Base Cost of Fuel Component to the end of September of the prior year and October to December of the year before that, making 12 months of actuals.

2. The Balancing Adjustment Component (BA)

    a. The Balancing Adjustment Component will provide for a correction to ensure that over/under-recovery produced by the Actual Adjustment Component is tracked and refunded to or recovered from customers.

    b. The Balancing Adjustment Component may also include, subject to specific Board approval, deferrals of fuel and purchased power costs existing at the time of FAM adoption or that result from any future Board decision.

3.0 CALCULATION OF THE FAM RATE

NS Power's FAM is a forecasted base fuel rate operating on an annual cycle that includes an over/under recovery mechanism consisting of an Actual Adjustment (AA) and Balance Adjustment (BA).

The following formula will be used to determine the fuel adjustment factor (Fuel Adjustment Factor) for each upcoming FAM period:

Fuel Adjustment Mechanism Formula = AA + BA

Where:

1. AA is the Actual Adjustment that accounts for any differences between revenues collected through the application of the FAM during the previous one year period and actual Fuel Costs for each rate class (adjusted for the FAM incentive on an overall fuel cost basis) for the same one-year period.

   The AA rate is calculated for the following year on the basis of the over- or under-recovery of the Base Cost of Fuel at the end of September (year 1). Any over- or under-recovery from October to December will not be included in the rate calculation and will be deferred for recovery until the year subsequent to the following year (year 3). The actual AA starting balance for the following year (year 2) is the over- or under-recovery of the Base Cost of Fuel at the end of December (year 1).

2. BA is the Balance Adjustment that accounts for any over- or under-recovery amounts resulting from prior adjustments. The BA will also be the mechanism used to manage any deferred fuel and purchased power costs approved by the Board for inclusion in the BA.

The BA rate is calculated for the following year (year 2) on the basis of the over- or under-recovery of the Actual Adjustment and Balance Adjustment at the end of September (year 1). The actual BA starting balance for the following year (year 2) is the over- or under-recovery of the Actual Adjustment and Balance Adjustment at the end of December (year 1).

Appendix "A" to this Plan of Administration titled "Sample FAM Calculations", provides a step by step detailed calculation of the overall Base Cost of Fuel, Actual Adjustment (AA), and Balancing Adjustment (BA) for a sequence of years starting in 2009. The applicable calculations illustrated in Appendix "A" will be used as outlined in the FAM Tariff in Appendix D.

Calculation of the Actual Adjustment Factor (AA) and Balancing Adjustment Factor (BA) FAM components will follow the fuel-related cost allocation methodology.

Actual (i.e. after the fact) fuel-related costs will be allocated in the same manner as the test year fuel-related costs used in setting base rates. In summary, this procedure will operate as follows:

1. A portion of the total fuel-related costs will be assigned to the following categories of non-FAM classes based on their fuel costing principles:

    a. The below-the-line bundled service rates for Generation Replacement and Load Following (GRLF), 1P-RTP and Shore Power classes.

    b. The Extra-Large Industrial Active Demand Control (ELIADC) class.

    c. The unbundled tariffs: Open Access Transmission Tariff (OATT), , Energy Balancing Service Tariff (EBS), Renewable to Retail Market Transition Tariff (RTT).

    d. All remaining fuel-related costs will be allocated to ATL classes and the

Wholesale Market Backup/Top-up Service Tariff (BUTU).

2. For ATL and BUTU classes the following costs and credits
   a. NS Power's plant fuel costs
   b. costs of biofuels of purchased biomass generation
   c. non-firm imports costs
   d. export revenue credits

   will be classified 100 percent to energy and allocated to each class based on its relative contribution to monthly energy requirement.

3. Fuel costs assigned to the Wholesale Market Non-Dispatchable Supplier Spill Tariff will be based on avoidable fuel costs.

4. Costs of Firm Imports and non-fuel portion of in-province Purchased Power will be classified to demand and energy based on the load factor of the above-the-line classes.

   a. The demand-related portion of the above costs will be allocated to each class based upon its relative coincident contribution to the three monthly system peaks (3CP) occurring in December, January and February. The energy portion of the above costs will be allocated to each class based on its relative contribution to monthly energy requirement.
   b. In-province purchased power from biomass generation will be broken out between fuel and non-fuel components in the same proportion as that of the Port Hawkesbury biomass plant.

5. In order to ensure that allocated fuel-related costs are aligned with the revenue expected from approved rates for each class, the costs will be scaled up or down using the revenue-to-cost ratio (R/C ratio) for each class. The resultant costs by class will then be reconciled to the total ATL fuel-related costs based on their

relative share of the total fuel costs.

6. The interest amount on the over- or under-recovery of fuel costs is apportioned to the individual rate classes at the end of the year on an annual basis using the following approach:

   a. In a year where the interest amount owed to customers by NS Power at the end of September coincides with an over-recovery of fuel costs to the end of September in that year, or where the interest amount owed by customers to NS Power at the end of September coincides with an under-recovery of fuel costs to the end of September in the year, the interest amount will be apportioned to each class based on its relative share of the year-end fuel cost variance during that year.

   b. In a year where there is an interest balance owed to customers even though there has been an under-recovery of fuel costs to the end of September, or there is an interest balance owed to NS Power even though there was an over-recovery of fuel costs, NS Power will apportion the outstanding interest balance to each rate class on the basis of the relative class shares in the actual annual fuel cost incurred by NS Power.

The apportioned interest expense or credit is added to the fuel cost variance by class to provide the total fuel and interest (over)/under-recovery amount by class.

In order to determine the factor to be used as the Actual Adjustment (AA) component of the FAM, fuel-related costs allocated to each class in base rates will be subtracted from actual fuel-related costs allocated to each rate class. The difference in costs will be divided by the forecast energy sales (i.e. excluding line losses) to yield a credit or additional charge (in cents/kWh) that would normally be applied to customers' bills for the subsequent year. For the 2026-2027 GRA Period, the AA/BA credit or charge (in cents/kWh) will be determined in 2026 for 2027

AA/BA riders. Any under/over recovered BCF amounts at the end of September 2026 will be used to determine the AA charge or credit for 2027.

The Balance Adjustment (BA) component of the FAM will be set to recover or refund any under or over-recovery due to prior adjustments. These adjustments may include variances in actual and forecasted sales volumes that were applied to the prior year AA that result in an under or over-recovery, any over- or under-recovered BCF amounts from October to December of the prior year, along with the associated interest component. The BA component may also capture other fuel-related factors subject to Board approval.

3.1 Treatment of load migrating between FAM/non-FAM classes

When a customer transitions some or all of its load between FAM- and non-FAM classes, NS Power shall treat the customer's migrating load in accordance with Special Condition 3 of the FAM Tariff.

3.2 Allowable Fuel and Purchased-Power Costs

This section of the POA provides a framework for the fuel and purchased-power costs eligible for recovery through the FAM. Those costs will include allowable fuel expenses plus purchased-power expenses, less revenues from exported power and other fuel- and power-sale revenues.

Allowable fuel expenses will include normal, recurring, non-capital expenses that have been prudently incurred. Discrepancies between the value of measured fuel quantities and the book value of each fuel may also be included if those discrepancies are reasonably supported through surveys, tank level readings and pipeline reports. Exceptional or non-recurring costs appropriately classified as a fuel and purchased power cost will be brought to the attention of the Small Working Group for review for inclusion in the FAM.

NS Power understands that these costs are subject to audit, both internal and external, and to approval by the NSEB. Allowable Fuel and Purchased Power Costs will include the following items:

3.2.1 Natural Gas

- Natural Gas Consumed
- Financial Instruments used for Hedging (including gains, losses, fees and interest charges)
- Pipeline Reservation Fees, Tolls, Penalties (such as imbalance charges)
- Pipeline Losses
- Natural Gas Storage Fees
- GHG Emission Compliance Program costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502050	REG FUEL GAS CONSUMED
502160	REG FUEL GAS SOLD
502100	REG FUEL GAS CONSUMED FX
502200	REG NATURAL GAS PIPELINE TOLL
502150	REG FUEL GAS CONSUMED COMMODITY DERIVATIVES
502170	REG FUEL GAS PIPELINE LOSSES
504410	REG GRID SALES FUEL NATURAL GAS CLEARING
504400	REG GRID SALES FUEL NATURAL GAS

3.2.2 Solid Fuel

Solid fuel costs are collected into three categories: Inventoried Costs, Costs Directly Applied, and Costs Expensed Through Plant Fuel Handling Adjustments. Those categories include the following costs:

- Inventoried costs
  - Commodity Costs - Coal, Petroleum Coke

- Financial Instruments used for Hedging (including gains, losses, fees and interest charges)
- Third-party Quality Testing and Sampling
- Transportation Costs (e.g. by rail, barge, vessel, truck etc.)
    - Includes loading, unloading, dispatch, demurrage, port fees, draft surveys, marine service fees

- Costs directly applied:
    - Third Party Fuel Handling, Transportation (e.g movement between Long Term Dead Storage/Bear head and plants) and Maintenance related to Coal Piles
    - Storage fees (e.g. lease, handling fees, facility fees)
    - Environmental Compliance Fees (e.g. Provincial Air Emissions Fees)
    - Rail Car Costs (e.g. lease, repair, maintenance)
    - International Pier Operating & Maintenance Costs
    - Ash Hauling costs (e.g. transportation, maintenance to ash hauling equipment, equipment rentals)

- Costs expensed through the Plant Fuel Handling Adjustment:
    - At each thermal coal unit a demarcation point has been defined as the reclaim hoppers. Any solid fuel handling and transportation expenses up until the point of the reclaim hopper are considered a FAM expense. Costs will include the following items:

- NS Power labour and associated costs for Equipment Operators, Mechanics, Supervisors related to fuel handling and Lab Techs related to testing
- Costs associated with measurement of inventory (e.g. surveys, density testing)
- Non-capital materials for fuel handling (e.g. tools, replacement parts for machines)
- Repair costs for fuel handling equipment and infrastructure
- Heavy Equipment operating costs for fuel handling (e.g. rental and fuel)
- PTMT Pier Operating & Maintenance costs

Costs in all three Solid Fuel categories – inventoried, directly applied and expensed through plant fuel handling adjustments – are normally recorded in the following accounts in NS Power's Chart of Accounts:

502250	REG FUEL COAL CONSUMED
502260	REG FUEL COAL CONSUMED IMPORT
502270	REG FUEL COAL CONSUMED DOMESTIC
502290	REG FUEL COAL CONSUMED OTHER
502280	REG FUEL COAL CONSUMED PETCOKE
502350	REG FUEL COAL CONSUMED FUEL TESTING
502300	REG FUEL COAL CONSUMED FX
504050	REG GRID SALES FUEL COAL CONSUMED

3.2.3 Heavy Fuel Oil

- HFO/Bunker Fuel Consumed
- Financial Instruments used for Hedging (including gains, losses, fees and interest charges)
- Quality Testing and Inventory Measurement Costs

- Standby Emergency Response Services and third-party compliance program
- Third-Party Supervision of Unloading
- Transportation Costs (e.g. rail, barge, vessel, truck etc.)
  - This would include loading, unloading, dispatch, demurrage, port fees, draft surveys, marine service fees
- GHG Emission Compliance Program costs
- Ash Hauling costs (e.g. transportation, maintenance to ash hauling equipment, equipment rentals)
- Tufts Cove Wharf / Buoy Chain Inspection and Maintenance Costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502400	REG FUEL BUNKER C CONSUMED
502460	REG FUEL BUNKER C CONSUMED COMMODITY DERIVATIVES
502450	REG FUEL BUNKER C CONSUMED FX
504100	REG GRID SALES FUEL BUNKER C CONSUMED

3.2.4 Diesel Oil

- Diesel Commodity Consumed
- Transportation Costs
- Quality Testing and Inventory Measurement Costs
- GHG Emission Compliance Program costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502500	REG FUEL DIESEL OIL CONSUMED

504450 REG GRID SALES FUEL DIESEL

3.2.5 Light Starter Oil

- LFO (Light Fuel Oil) Commodity Consumed
- Transportation Cost
- Quality Testing and Inventory Measurement Costs
- GHG Emission Compliance Program costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502550 REG FUEL LIGHT OIL CONSUMED

3.2.6 Fuel – Additives

- Additives - Ultramag, FireShield, etc.
- Transportation Costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502600 REG FUEL ADDITIVES CONSUMED
502650 REG FUEL LIMESTONE CONSUMED
504200 REG GRID SALES MERCURY SORBENT
504250 REG GRID SALES MERCURY SORBENT FX

3.2.7 Fuel – Limestone

- Limestone and related transportation
- Limestone Ash Hauling and Equipment Rentals
- Limestone Royalties
- Water Royalties

Costs of this type are normally recorded in the following account in NS Power's Chart of Accounts:

502650 REG FUEL LIMESTONE CONSUMED

3.2.8 Purchased Power

- Independent Power Producer (IPP) Purchases (e.g. Wholesale Market Non-Dispatchable Spill Tariff) IPP, COMFIT production bonuses and penalties and costs associated with renewable energy programs (e.g. on bill credits for community solar programs) when such costs cannot be recovered from program participants.
- Community Feed in Tariff (COMFIT) Purchases
- Developmental Tidal Feed in Tariff (Tidal FIT) Purchases
- Import Power Purchases and associated fees (e.g. transmission tariffs and losses)
- Renewable Energy credits
- Financial Instruments used for Hedging (including gains, losses, fees and interest charges)

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502700 REG PURCHASED POWER

502750	REG PURCHASED POWER FX
502800	REG PURCHASED POWER COMMODITY DERIVATIVES
502850	REG PURCHASED POWER IPP PRE 2001
502950	REG PURCHASED POWER COMFIT SMALL
502900	REG PURCHASED POWER IPP POST 2001
502710	REG PURCHASED POWER INADVERTENT
503050	REG PURCHASED POWER COMFIT LARGE
504300	REG GRID SALES PURCHASED POWER
502720	REG PURCHASED POWER NET METERING

3.2.9 Fuel Biomass

- Biomass Commodity Consumed
- Maintenance and Operating expenses for Fuel Handling (allocation between OM&G and FAM)
- Third Party Quality Testing and Inventory Measurement Costs (e.g. surveys, density testing, sampling)
- Storage fees (e.g. lease, handling fees, facility fees)
- Environmental Compliance including Silviculture Fees and harvest audits
- Transportation Costs (e.g. by barge, truck etc.)
- GHG Emission Compliance Program costs
- Ash Hauling costs (e.g. transportation, maintenance to ash hauling equipment, equipment rentals)

At the biomass plant a demarcation point has been defined as the bin collecting conveyor. Any fuel handling and transportation expenses related to steam for generation up until the point of the bin collecting conveyor are considered a FAM expense.

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502380 REG FUEL BIOMASS CONSUMED

3.2.10 Fuel – Mercury Sorbent

- Additives – Powder Activated Carbon (PAC) and Calcium Chloride
- Transportation Costs
- Costs relating to a Hg (mercury) Diversion Program that has been approved by the Minister of Environment under the *Air Quality Regulations,* N.S. Reg. 28/2005, as amended.

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

504200 REG GRID SALES MERCURY SORBENT
504250 REG GRID SALES MERCURY SORBENT FX

3.2.11 Grid Sales Revenue

Revenue from power exports net of any transmission tariffs and losses. This includes Renewable Energy Credits arising out of the sale of renewable energy in the New England market.

3.2.12 Natural Gas Revenue

Revenue from the resale of natural gas.

3.2.13 Miscellaneous Revenue and Recoveries

Revenues from joint partnerships in wind farms (including the cost of NS Power's ownership which is applied to purchased power) and any other fuel-related miscellaneous revenues. These revenues include steam sales to Port Hawkesbury

Paper and steam sales at the Trenton Generating station.

The following accounts are normally used to record revenues from power exports and natural gas resales, revenues from joint partnerships in wind farms, and other miscellaneous revenues related to fuel.

417300	REG GRID SALES REVENUE
503200	REG NATURAL GAS REVENUE
503250	REG NATURAL GAS REVENUE FX
503300	REG WIND RECEIVABLES PURCHASED POWER
503350	REG WIND RECEIVABLES FUEL FOR GENERATION
535850	MISC REVENUE

These revenues will offset FAM-eligible fuel and purchased-power costs.

At times, revenues may be recorded as credits to related expense accounts, depending on their nature and applicable accounting guidelines. In these events, full explanations will be provided regarding why they were not offset against FAM-eligible fuel costs.

3.2.14 Foreign Exchange

All NS Power Fuel Accounts are subject to adjustments to record expenses or revenues denominated in foreign currencies and include the gain or loss on currency hedges entered into for the purpose of fuel procurement.

3.2.15 Limited-Duration Fuel Testing

These fuel testing costs (including solid fuel, liquid fuel and additives such as PAC) consist of the amounts directly incurred for shipping and handling and for conducting the test (e.g., third party testing and analysis), and only to the extent incurred as part of limited duration test burns occasionally made by the Company. They shall be limited to non-capital costs and they shall be separately identified in the Company's accounting records.

3.2.16 BTL Costs

- Spill energy payments under the Wholesale Market Non-Dispatchable Supplier Spill Tariff
- Fuel cost incurred in providing service under the Wholesale Market Backup/Top-up Service tariff, less revenue received under the Wholesale Market Backup/Top-Up Service tariff net of non-fuel items

3.2.17 GHG Emission Compliance Program Costs

- The cost of Fund Credits under the Nova Scotia GHG Output Based Pricing System (OBPS) emissions compliance programs.
- Transaction fees for purposes of purchasing GHG OBPS Fund Credits).

Costs of this type are normally recorded in the following account in NS Power's Chart of Accounts:

503400	REG EMISSION ALLOWANCE EXPENSE

3.2.18 NSP Owned Variable Production Costs

- Third party production bonuses and penalties for NSP owned power production.

3.3 Calculation of Fuel Costs

The fuel costs in the Base Cost of Fuel recovered through the FAM include allowable fuel and purchased power expenses (as noted in section 3.1 above) less revenues from exported power.

3.4 Deferrals

During the 2026-2027 GRA Period, NS Power may include prior FAM deferrals for certain rate classes (Large General, Medium Industrial, and Large Industrial) in order to save additional interest charges which would accrue by further deferring such amounts to the end of the 2026-2027 GRA Period.

4.0 FILING AND PROCEDURAL DEADLINES

Annual Filing Requirements for Fuel Adjustment Rider

For the years 2026 and 2027 NS Power will submit as required a Fuel Adjustment Mechanism Formula filing for the AA and BA, which shall provide a forecast of general system requirements and include a proposed calculation of the Fuel Adjustment Mechanism Formula for the upcoming year.

Annual Filing Requirements for Base Cost of Fuel Forecast

For each year in which NS Power applies to adjust the Base Cost of Fuel, a load forecast, Base Cost of Fuel and net system requirement forecast filing for the upcoming FAM year (January 1 - December 31) will be submitted. A Plexos run Base Cost of Fuel forecast update will be provided.. The Board's decision on the Base Cost of Fuel for the succeeding year will take into consideration the fuel forecast update and any stakeholder comments on the update.

NS Power will use the standardized forecasting methods provided in Appendix "B". NS Power will submit the standard templates for all fuel related information, including the Fuel Forecast Standardized Filing consisting of Reports OE-1(A) to (Q) and Report OE- 12, as approved in the Board's Order dated May 15, 2007, in support of the Base Cost of Fuel forecast for the upcoming year. The inputs developed as part of the Fuel Forecast Methodology in Appendix B and any explanations and required supporting information will also be provided.

General Annual Filing Requirements

NS Power shall make standardized annual report filings in accord with the structure and templates provided in Appendix "C" on the first Business Day of the third month after the preceding year end.

Quarterly Filing Requirements

NS Power shall make standardized quarterly report filings in accord with the structure and templates provided in Appendix "C" on the first Business Day after the release of NS Power's quarterly financial results. NS Power's quarterly financial results are released in the second month after the preceding quarter end.

Monthly Filing Requirements

NS Power shall provide standardized monthly reports in accord with the structure and templates provided in Appendix "C" on the twenty-first day after the month end (or the next Business Day after the twenty-first day if the twenty-first day falls on a non-Business Day).

Changes to Reporting Information

No changes to the approved reporting templates, including but not limited to designation of information as confidential, shall be made without either agreement of NS Power and stakeholders and Board approval, or Board approval.

Suggested revisions to FAM documents will be submitted to Stakeholders for review and input.

5.0 AUDIT AND OVERSIGHT

The amounts charged through the FAM shall be subject to periodic audit to assure completeness and accuracy and to assure fuel and purchased power costs were incurred reasonably and prudently. The results of any audit shall form part of the issues for consideration by the Board in a subsequent FAM hearing to consider the re-setting of the Base Cost of Fuel, or setting of the Fuel Adjustment Factor, or a General Rate Case at the request of NS Power or any interested stakeholder or upon Board order. Following consideration of the audit in any such hearing, the Board may make such adjustments (with interest if appropriate) to existing balances or to already recovered amounts as it may find necessary.

Audit Process

The Board shall provide for the conduct of a Fuel Adjustment Mechanism (FAM) audit during the 2026-2027 GRA Period as it deems appropriate. The Board shall have a qualified independent firm conduct the audit. The audit will address the financial and management/performance aspects of NS Power's fuel procurement and recovery under the FAM. The audit will include the FAM Formula, actual fuel and purchased power costs, contracts and management performance that affect the audit period from January 1 to December 31 of the years within the audit period. Audits will normally cover two-year periods or such periods as determined by the Board.

Objectives and Scope of the Audit

The overall objective of the FAM audit will be to examine operational and managerial aspects of the fuel and energy procurement, management, and production functions and activities of NS Power, including any fuel or energy related affiliate transactions that involve these functions and activities directly or indirectly. The review will address adherence to good utility practice and consistency with the policies and procedures governing NS Power's procurement as described in the NS Power Fuel Manual.

The Scope of the Audit will include a review of fuel and energy procurement, fuel management, and generation production to determine whether NS Power has, in the period following that covered by the last preceding audit, conformed and may reasonably be expected to continue to conform to good utility practice. The audit will also consider whether NS Power's conduct of fuel and energy procurement, fuel management, and generation production has been consistent with the NS Power Fuel Manual in the following specific areas (without limitation as to other areas determined to be relevant to effective and efficient fuel and energy procurement, management, and production):

- Fuel and purchased power costs
- Review of overall operational availability and capacity factor for the generating fleet
- Conduct on-site inspection for fuel handling, quality control, inventory management and performance monitoring
- Review and analyze the model used for day ahead marketers to determine the correct dispatch of resources
- Review all Fuel and Purchased Power contracts executed by NS Power and NSPEMI for the period under review for prudency and for compliance with the Fuel Manual
- Review of NS Power's use of hedging to appropriate accounting and performance standards
- Review of system sales
- Review of internal and external audit reports on the procurement of fuel and purchased power
- Review of the calculation of Base Cost of Fuel and the FAM adjustments

Prior to setting the final audit scope, the auditor shall meet with NS Power and interested stakeholders.

Timing of the Audit

Audits are expected to commence in February of every second year or at such time as directed by the Board. Final reports will normally be filed by July 2 of every second year or on such other date as directed by the Board. The final report will evolve from a draft report which is provided to NS Power and the Board within 30 days of the filing of the final report. The draft report should contain functional area task reports, a management summary, and include findings of operating effectiveness and efficiency, as well as any recommendations for adjustments in costs or changes in functions and activities.

Confidentiality

By no later than seven (7**)** Business Days prior to filing of the final report with the Board, the auditor will provide the final report to NS Power for the purposes of reviewing for confidential information.

NS Power shall identify to the auditor any information in the report which NS Power wants held in confidence by the Board at least two (2**)** Business Days prior to the filing of the final report. Based on the confidential information identified by NS Power, the auditor will file with the Board a confidential version of the report and a public version of the report which redacts NS Power's confidential information.

Within three (3**)** Business Days of the filing of the final report with the Board, NS Power shall file a request with the Board for any information in the final report which NS Power wants held in confidence together with the reasons for the request.

Significant FAM Changes

Where, in the absence of a General Rate Application, an increase for any customer class of more than 10 percent compared with the rate payable in the prior year is caused by the application of the FAM procedures, the Board should consider appropriate measures to assist customers.

The Board will monitor the operation of the FAM closely and reserves the right to intervene in any circumstance where it believes an increase to a customer class is not acceptable or in the public interest and take such steps as it considers appropriate to assist such customers including deferring a part of the increase for collection in a future time period.

6.0 STAKEHOLDER REVIEW AND DISCOVERY

Monthly, quarterly and annual non-confidential and confidential reporting will be available for access and viewing. NS Power confidential reporting will be available electronically or in a confidential data room. A Confidentiality Agreement or undertaking will be required to access confidential information. NS Power's confidential electronic data cart will be maintained on a rolling basis with complete information related to transactions in place and accessible within 45 days of the transaction date. For the Base Cost of Fuel forecast update, all support documentation available will be provided (e.g. recommendations, evaluations, and confirmations).

The reporting templates identified in Appendix "C" and the standard fuel-related forecast templates for the Base Cost of Fuel will be accessible to stakeholders in an electronic format. The Board's secure document site will be utilized to access the monthly, quarterly and annual reports. Transactional information, copyright information, and all forecasting information not included in the reports will be available in NS Power's confidential electronic data cart.

In each hearing to adjust the Base Cost of Fuel, or to approve the AA and BA in a non-Base Cost of Fuel setting year, stakeholders shall have the opportunity (and access to information) to challenge NS Power's fuel costs, the implementation of the methodology, and the contents of the succeeding year's forecast, consistent with their current rights in General Rate Cases. Notwithstanding the foregoing, stakeholders shall not be precluded from reviewing prior years' actual results versus prior forecasts in addressing the propriety of the succeeding year's forecast.

7.0 DEFINITIONS

Actual Adjustment (Refund)/Recovery Rate – AA: is an Actual Adjustment which consists of the difference between fuel-related costs recovered from a rate class through the application of the base rates and the actual fuel costs incurred and allocated to the rate class as of the end of September of the prior calendar year. The actual fuel costs will include the same cost items as the Base Cost of Fuel.

Actual Amount 'AA' Received/(Refunded) current period: the amount of (over)/under recovery of fuel costs collected or refunded in the current period, a product of the 'Actual Adjustment (Refund)/recovery Rate – AA' and the 'Actual Sales' for the current period.

Annual Weighted Average Cost of Capital (WACC): A calculation of a company's cost of capital in which each category of capital is proportionately weighted All capital sources - common stock, preferred stock (if applicable), and debt are included in the calculation.

Audit: An independent, objective examination and evaluation of the accounts and records of or the performance and cost effectiveness of an organization.

Balance: The net of debits and credits for an account at the end of a reporting period.

Balance Adjustment (Refund)/Recovery Rate – BA: is a Balance Adjustment, expressed in cents per kWh, which accounts for any (over)/under recovery collections which have occurred as a result of prior adjustments.

Balance Amount Received/(Refund) current period: the amount of remaining (over)/under recovery collections which have occurred as a result of prior adjustments, that are collected or refunded in the current period, a product of the 'Balance Adjustment (Refund)/Recovery Rate – BA' and the 'Actual Sales' for the current period.

Base Cost of Fuel Component – BCF: is the Base Cost of Fuel per kWh (¢/kWh) included in NS Power's rates.

Business Day: is any day other than a Saturday, Sunday, or municipal, provincial or federal statutory holiday in Halifax, Nova Scotia.

Compliance Filing: A report filed by NS Power with the Board subsequent to a Decision. This report includes financial, cost of service, rates, and other information that may require revision from NS Power's original application in order to comply with the Board's Decision.

Estimated Sales for the Current Year: is a forecast of projected electricity sales for customer groups that are subject to the FAM Formula.

Export Sales Costs: are the costs to generate power to serve sales outside of NS Power's service territory of Nova Scotia.

Export Sales Recoveries: are the proceeds or revenues received from the sale of export power.

Export Sales Generation: are the MWh's generated to serve customers outside of Nova Scotia.

Fuel Costs Recovered Through Base Cost of Fuel Component: the fuel costs recovered through the Base Cost of Fuel component is the product of the current period's sales in GWh multiplied by the Base Cost of Fuel, then divided by 100.

Fuel for Generation: the fuel costs incurred with consumption of a commodity for the purpose of generating power.

General Rate Application: An application filed by NS Power with the Board requesting general changes to the rates and tariffs it applies to its customer classes. The 2026-2027

GRA Period refers to the period beginning January 1, 2026 and ending December 31, 2027 or to such time as determined by the NSEB.

GRLF Revenue: The revenue received from Generation Replacement and Load Following (GRLF) Rate billings.

GRLF Administration Costs: That portion of GRLF Revenue represented by the $5/MWh adder of that tariff.

GRLF Requirements: The energy requirement of the Generation and Load Following (GRLF) Rate, including losses.

Net Generation by Fuel Type: a financial report produced out of Oracle showing the net generation, expressed in MWh, by facility and fuel type.

NSPEMI: NS Power Energy Marketing Inc., a wholly owned subsidiary of NS Power, formed to facilitate fuel and purchased power transactions in the United States.

(Over)/Under-Recovery Amount: variance (over/under) between actual fuel costs and those recovered through the Base Cost of Fuel component included in rates.

Prior Year's AA (Refund)/Recovery Ending Balance: the balance remaining at the end of the period, on the previous year's 'Actual Adjustment'. The residual balance at the end of September will be recovered/refunded to the customer through the 'BA: (Refund)/Recovery Rate' in the subsequent years.

Prior Year's 'AA' and 'BA' (Refund)/Recovery Ending Balance: the balance remaining at the end of the period, on the previous year's 'Actual Adjustment' and the 'Balance Adjustment'. The residual balance at the end of September will be recovered/refunded to the customer through the 'BA: (Refund)/Recovery Rate' in the subsequent years.

Prior Year's Accumulated Interest: the interest accumulated over the previous year on the balance in the 'Balancing Account' to be recovered/refunded to or by the customer during the current year through the 'BA: (Refund)/Recovery Rate'.

Prior Years (Refund)/Recovery Amount Beginning Balance: the balance remaining at the beginning of the period, on the previous year's 'Actual Adjustment'.

Total Balance Account Beginning Balance: the balance remaining at the beginning of the period, on the previous year's 'Actual Adjustment' and the 'Balance Adjustment'.

Total Purchased Power: the total cost of import, IPP and wind power purchases during the period used to serve the domestic load requirements.

Total System Requirements: the total sales and system losses expressed as GWh for domestic and export activity.

Two-Part Real Time Pricing Decremental and Incremental Charges: The credits paid to Extra Large Industrial Two-Part Real Time Pricing (ELI 2P-RTP) customers associated with decremental load (below the customer baseline load, CBL) or the additional charges to ELI 2P-RTP customers associated with load above the CBL.

Water Royalties: Amounts paid to government associated with environmental aspects of operating hydroelectric systems.

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Annual FAM Reporting **CONFIDENTIAL**
Year 20XX

Summary of Wind Curtailments

Properties	January	February	March	April	May	June	July	August	September	October	November	December	Annual MWh
NSPI Owned Wind Generation (1)													
Non-NSPI Wind Generation													
Total Wind Generation													
Total Estimated Wind Curtailments													
Total Wind Curtailments as Percentage of NSPI Owned Wind Generation													
Total Wind Curtailments as Percentage of Non-NSPI Owned Wind Generation													
Total Wind Curtailments as Percentage of Total Wind Generation													

Notes

(1) Includes all wind sites that NSPI has an ownership interest in (thus including South Canoe, Point Tupper, and Sable)

Fuel Adjustment Mechanism Plan of Administration in Effect for ~~2023~~2026-~~2024~~2027

~~May 8XXXXXXApril 25~~May 28, ~~2023~~2025
April 7, 2026

NS Power
FUEL ADJUSTMENT MECHANISM
PLAN OF ADMINISTRATION IN EFFECT FOR ~~2023-2024~~2026-2027 ~~May 8,~~~~XXXXX~~ ~~2023~~2025

Table of Contents

1.0 GENERAL DESCRIPTION

This document describes the plan for administering Nova Scotia Power Inc.'s (NS Power) Fuel Adjustment Mechanism (FAM), which was approved by the Nova Scotia Utility and Review Board (as of April 1, 2025 referred to as the Nova Scotia Energy Board (NSEB or Board)) in its decision letter issued on December 11, 2008. The FAM provides for the recovery of fuel and purchased power costs beginning January 1, 2009.

The Plan of Administration (POA) outlines the application and operation of the FAM. The Base Cost of Fuel will be calculated as set out in Section 2 "FAM COMPONENTS".

The Base Cost of Fuel can be reset in a General Rate Application (GRA), every second year as part of the FAM adjustment process, or as directed by legislation or an order of the Board. A forecast of costs and load for each test year will be used to set the Base Cost of Fuel. ~~During the 2023-2024 GRA Period, the Base Cost of Fuel is set below full recovery of the forecast costs over the two test years: 2023 and 2024.~~ The change in the Base Cost of Fuel will be reflected in customers' rates going forward and will be applied to each customer class in a manner consistent with the Cost of Service Study (COSS). ~~In addition, the under-recovery balance from the prior fuel stability period of 2020-2022 will be deferred for recovery in future FAM AA/BA riders and there will be no FAM AA/BA rider in effect for 2023.~~

Stakeholders shall have the opportunity (and access to information) to challenge the implementation of the methodology and the contents of any forecast prior to its use in re-setting the Base Cost of Fuel. Both the implementation of the methodology and the forecasts will be the subject of a formal Board proceeding in which stakeholders will have their current rights as in general rate cases.

Stakeholders shall have the opportunity to challenge NS Power's fuel costs (and to secure access to information) at each annual or applicable hearing before the Board consistent with their current rights in general rate cases. The Board will also subject NS Power's FAM accounts to audits as per section 5.0 "Audit and Oversight" and as it deems appropriate.

The FAM will pass through the difference between actual costs and the Base Cost of Fuel to customers calculated on a ¢/kWh basis.

Interest will be added to all over/under-balance amounts and calculated at NS Power's Annual Weighted Average Cost of Capital (WACC).

The FAM will recover fuel cost changes resulting from over/under-recovery amounts, including an Actual Adjustment (AA) and a Balancing Adjustment (BA) for each rate class. The FAM adjustment is the difference between actual fuel cost and the Base Cost of Fuel) and will be calculated on a ¢/kWh basis.

2.0 FAM COMPONENTS

Each January 1 through December 31 period shall constitute a distinct FAM year. Under the FAM, an adjustment will normally be calculated once per year to reflect the over/-under recovery.

The FAM adjustment will consist of two components designed to provide for the recovery of fuel and purchased power costs. Those components are:

1. The Actual Adjustment Component (AA)

   a. Established at a rate expected to recover the amount of the difference between the prior FAM year's actual fuel and purchased power costs and those recovered through the Base Cost of Fuel Component to the end of September of the prior year and October to December of the year before that, making 12 months of actuals.

2. The Balancing Adjustment Component (BA)

   a. The Balancing Adjustment Component will provide for a correction to ensure that over/under-recovery produced by the Actual Adjustment Component is tracked and refunded to or recovered from customers.

   b. The Balancing Adjustment Component may also include, subject to specific Board approval, deferrals of fuel and purchased power costs existing at the time of FAM adoption or that result from any future Board decision.

3.0 CALCULATION OF THE FAM RATE

NS Power's FAM is a forecasted base fuel rate operating on an annual cycle that includes an over/under recovery mechanism consisting of an Actual Adjustment (AA) and Balance Adjustment (BA).

The following formula will be used to determine the fuel adjustment factor (Fuel Adjustment Factor) for each upcoming FAM period:

Fuel Adjustment Mechanism Formula = AA + BA

Where:

1. AA is the Actual Adjustment that accounts for any differences between revenues collected through the application of the FAM during the previous one year period and actual Fuel Costs for each rate class (adjusted for the FAM incentive on an overall fuel cost basis) for the same one year period.

   The AA rate is calculated for the following year on the basis of the over- or under-recovery of the Base Cost of Fuel at the end of September (year 1). Any over- or under-recovery from October to December will not be included in the rate calculation and will be deferred for recovery until the year subsequent to the following year (year 3). The actual AA starting balance for the following year (year 2) is the over- or under-recovery of the Base Cost of Fuel at the end of December (year 1).

2. BA is the Balance Adjustment that accounts for any over- or under-recovery amounts resulting from prior adjustments. The BA will also be the mechanism used to manage any deferred fuel and purchased power costs approved by the Board for inclusion in the BA.

The BA rate is calculated for the following year (year 2) on the basis of the over- or under-recovery of the Actual Adjustment and Balance Adjustment at the end of September (year 1). The actual BA starting balance for the following year (year 2) is the over- or under-recovery of the Actual Adjustment and Balance Adjustment at the end of December (year 1).

Appendix "A" to this Plan of Administration titled "Sample FAM Calculations", provides a step by step detailed calculation of the overall Base Cost of Fuel, Actual Adjustment (AA), and Balancing Adjustment (BA) for a sequence of years starting in 2009. The applicable calculations illustrated in Appendix "A" will be used as outlined in the FAM Tariff in Appendix ~~E~~D.

Calculation of the Actual Adjustment Factor (AA) and Balancing Adjustment Factor (BA) FAM components will follow the fuel-related cost allocation methodology.

Actual (i.e. after the fact) fuel-related costs will be allocated in the same manner as the test year fuel-related costs used in setting base rates. In summary, this procedure will operate as follows:

1. A portion of the total fuel-related costs will be assigned to the following categories of non-FAM classes based on their fuel costing principles:

   a. The below-the-line bundled service rates for Generation Replacement and Load Following (GRLF), 1P-RTP and Shore Power classes.

   b. The Extra-Large Industrial Active Demand Control (ELIADC) class.

   c. The unbundled tariffs: Open Access Transmission Tariff (OATT), ~~Wholesale Market Backup/Top-up Service Tariff (BUTU)~~, Energy Balancing Service Tariff (EBS), Renewable to Retail Market Transition Tariff (RTT).

d. All remaining fuel-related costs will be allocated to ATL classes and the Wholesale Market Backup/Top-up Service Tariff (BUTU).

2. For ATL and BUTU classes, ~~,~~ the following costs and credits

a. NS Power's plant fuel costs

b. costs of biofuels of purchased biomass generation ~~costs~~

c. non-firm imports costs

d. export revenue credits

will be classified ~~as~~ 100 percent to energy ~~- related~~ and ~~. These costs will be~~ allocated to each class based on its relative contribution to monthly energy requirement.

3. Fuel costs assigned to the Wholesale Market Non-Dispatchable Supplier Spill Tariff ~~and Wholesale Market Backup/Top-up tariff~~ will be based on avoidable fuel costs.

4. Costs of Firm Imports and non-fuel portion of in-province Purchased P~~p~~ower ~~- and Import costs~~ will be classified to demand and energy based on the load factor of the above-the-line classes. ~~as follows.~~

~~a. In-province purchased power from wind generation will be segregated between Energy Resource Interconnection Service (ERIS) and Network Resource Interconnection Service (NRIS). Their classification between energy and demand related services will reflect concurrent generation planning practice of NS Power. For the rate setting purposes of the~~ 2026-2027~~2023-2024 GRA Period the Company attributed to demand 18% of installed wind capacity of NRIS projects and 18% of ERIS projects.~~

~~b. In-province purchased power from biomass generation will be classified between energy and demand in the same proportion as classification of total~~

~~costs of the Port Hawkesbury biomass plant.~~

~~c.~~

~~d. In-province purchased power from all other sources than wind and biomass will be classified to demand and energy in the same manner as to NS Power's fixed cost base load generation.~~

~~e. Maritime Link imports under Nova Scotia Block will be classified to energy and demand on the basis of the system load factor associated with the above-the-line (FAM) classes.~~

~~f.~~
~~g. Non-firm imports will be all classified to energy.~~
~~h.~~
~~i.~~

a. The demand-related portion of the above~~se~~ costs will be allocated to each class based upon its relative coincident contribution to the three monthly system peaks (3CP) occurring in December, January and February. The energy portion of the above~~se~~ costs~~, with the exception of the non-firm imports,~~ will be allocated to each class based on its relative contribution to monthly ~~annual~~ energy requirement. ~~Non-firm imports will be allocated to each class based on its relative contribution to monthly energy requirements.~~

b. In-province purchased power from biomass generation will be broken out between fuel and non-fuel components in the same proportion as that of the Port Hawkesbury biomass plant.

~~5. Export revenues are allocated to ATL classes based on monthly energy requirements.~~

~~6.~~5. In order to ensure that allocated fuel-related costs are aligned with the revenue expected from approved rates for each class, the costs will be scaled up or down using the revenue-to-cost ratio (R/C ratio) for each class. The resultant costs by class will then be reconciled to the total ATL fuel-related costs based on their relative share of the total fuel costs.

~~7.~~6. The interest amount on the over- or under-recovery of fuel costs is apportioned to the individual rate classes at the end of the year on an annual basis using the following approach:

a. In a year where the interest amount owed to customers by NS Power at the end of September coincides with an over-recovery of fuel costs to the end of September in that year, or where the interest amount owed by customers to NS Power at the end of September coincides with an under-recovery of fuel costs to the end of September in the year, the interest amount will be apportioned to each class based on its relative share of the year-end fuel cost variance during that year.

b. In a year where there is an interest balance owed to customers even though there has been an under-recovery of fuel costs to the end of September, or there is an interest balance owed to NS Power even though there was an over-recovery of fuel costs, NS Power will apportion the outstanding interest balance to each rate class on the basis of the relative class shares in the actual annual fuel cost incurred by NS Power.

The apportioned interest expense or credit is added to the fuel cost variance by class to provide the total fuel and interest (over)/under-recovery amount by class.

In order to determine the factor to be used as the Actual Adjustment (AA) component of the FAM, fuel-related costs allocated to each class in base rates will be subtracted from actual fuel-related costs allocated to each rate class. The difference in costs will be divided by the forecast energy sales (i.e. excluding line losses) to yield a credit or additional charge (in cents/kWh) that would normally be applied to customers' bills for the subsequent year. For the ~~2023-2024~~2026-2027 GRA Period, the AA/BA credit or charge (in cents/kWh) will be determined in 2026~~23~~ for 2027~~24~~ AA/BA riders. Any under/over recovered BCF amounts at the end of September 2026~~23~~ will be used to determine the AA charge or credit for 2027~~24~~.

The Balance Adjustment (BA) component of the FAM will be set to recover or refund any under or over-recovery due to prior adjustments. These adjustments may include variances in actual and forecasted sales volumes that were applied to the prior year AA that result in an under or over-recovery, any over- or under-recovered BCF amounts from October to December of the prior year, along with the associated interest component. The BA component may also capture other fuel-related factors subject to Board approval. ~~For the 2024 BA under-recoveries that have been deferred from the prior fuel stability plan 2020-2022 will be included in the balance.~~

3.1 Treatment of load migrating ~~to~~between FAM/non-FAM classes

When a customer transitions some or all of its load ~~from a~~between FAM-~~class to~~ and non-FAM classes, NS Power shall treat~~determine~~ the customer's ~~outstanding fuel cost imbalance at the date of transition~~migrating load in accordance with Special Condition 3 of the FAM Tariff. ~~This determined imbalance will be adjusted in accordance with UARB decisions in subsequent FAM proceedings relating to the period in question (i.e. FAM AA/BA proceedings or a FAM Audit proceeding). The adjustments will be subject to UARB approval.~~

~~The outstanding balance and subsequent adjustments will be paid (or reimbursed) in full on reasonable terms acceptable to the customer and NS Power, or if the parties are unable to agree, as determined by the UARB. Where payment is made over time, the transitioning customer shall pay, in addition, any carrying costs such that remaining customers and NS Power are kept whole.~~

3.2 Allowable Fuel and Purchased-Power Costs

This section of the POA provides a framework for the fuel and purchased-power costs eligible for recovery through the FAM. Those costs will include allowable fuel expenses plus purchased-power expenses, less revenues from exported power and other fuel- and power-sale revenues.

Allowable fuel expenses will include normal, recurring, non-capital expenses that have been prudently incurred. Discrepancies between the value of measured fuel quantities and the book value of each fuel may also be included if those discrepancies are reasonably supported through surveys, tank level readings and pipeline reports. Exceptional or non-recurring costs appropriately classified as a fuel and purchased power cost will be brought to the attention of the Small Working Group for review for inclusion in the FAM.

NS Power understands that these costs are subject to audit, both internal and external, and to approval by the ~~Nova Scotia Utility and Review Board~~NSEB. Allowable Fuel and Purchased Power Costs will include the following items:

3.2.1 Natural Gas

- Natural Gas Consumed
- Financial Instruments used for Hedging (including gains, losses, fees and interest charges)
- Pipeline Reservation Fees, Tolls, Penalties (such as imbalance charges)
- Pipeline Losses
- Natural Gas Storage Fees
- GHG Emission Compliance Program costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502050	REG FUEL GAS CONSUMED
502160	REG FUEL GAS SOLD
502100	REG FUEL GAS CONSUMED FX
502200	REG NATURAL GAS PIPELINE TOLL
502150	REG FUEL GAS CONSUMED COMMODITY DERIVATIVES
502170	REG FUEL GAS PIPELINE LOSSES
504410	REG GRID SALES FUEL NATURAL GAS CLEARING

504400 REG GRID SALES FUEL NATURAL GAS

3.2.2 Solid Fuel

Solid fuel costs are collected into three categories: Inventoried Costs, Costs Directly Applied, and Costs Expensed Through Plant Fuel Handling Adjustments. Those categories include the following costs:

- Inventoried costs
  - Commodity Costs - Coal, Petroleum Coke
  - Financial Instruments used for Hedging (including gains, losses, fees and interest charges)
  - Third-party Quality Testing and Sampling
  - Transportation Costs (e.g. by rail, barge, vessel, truck etc.)
    - Includes loading, unloading, dispatch, demurrage, port fees, draft surveys, marine service fees

- Costs directly applied:
  - Third Party Fuel Handling, Transportation (e.g movement between Long Term Dead Storage/Bear head and plants) and Maintenance related to Coal Piles
  - Storage fees (e.g. lease, handling fees, facility fees)
  - Environmental Compliance Fees (e.g. Provincial Air Emissions Fees)
  - Rail Car Costs (e.g. lease, repair, maintenance)
  - International Pier Operating & Maintenance Costs
  - Ash Hauling costs (e.g. transportation, maintenance to ash hauling equipment, equipment rentals)

- Costs expensed through the Plant Fuel Handling Adjustment:
  - At each thermal coal unit a demarcation point has been defined as the reclaim hoppers. Any solid fuel handling and transportation expenses up until the point of the reclaim hopper are considered a FAM expense. Costs will include the following items:

- NS Power labour and associated costs for Equipment Operators, Mechanics, Supervisors related to fuel handling and Lab Techs related to testing
- Costs associated with measurement of inventory (e.g. surveys, density testing)
- Non-capital materials for fuel handling (e.g. tools, replacement parts for machines)
- Repair costs for fuel handling equipment and infrastructure
- Heavy Equipment operating costs for fuel handling (e.g. rental and fuel)
- PTMT Pier Operating & Maintenance costs

Costs in all three Solid Fuel categories – inventoried, directly applied and expensed through plant fuel handling adjustments – are normally recorded in the following accounts in NS Power's Chart of Accounts:

502250	REG FUEL COAL CONSUMED
502260	REG FUEL COAL CONSUMED IMPORT
502270	REG FUEL COAL CONSUMED DOMESTIC
502290	REG FUEL COAL CONSUMED OTHER
502280	REG FUEL COAL CONSUMED PETCOKE
502350	REG FUEL COAL CONSUMED FUEL TESTING
502300	REG FUEL COAL CONSUMED FX
504050	REG GRID SALES FUEL COAL CONSUMED

3.2.3 Heavy Fuel Oil

- HFO/Bunker Fuel Consumed
- Financial Instruments used for Hedging (including gains, losses, fees and interest charges)
- Quality Testing and Inventory Measurement Costs

- Standby Emergency Response Services and third party compliance program
- Third Party Supervision of Unloading
- Transportation Costs (e.g. rail, barge, vessel, truck etc.)
  - This would include loading, unloading, dispatch, demurrage, port fees, draft surveys, marine service fees
- GHG Emission Compliance Program costs
- Ash Hauling costs (e.g. transportation, maintenance to ash hauling equipment, equipment rentals)
- Tufts Cove Wharf / Buoy Chain Inspection and Maintenance Costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502400	REG FUEL BUNKER C CONSUMED
502460	REG FUEL BUNKER C CONSUMED COMMODITY DERIVATIVES
502450	REG FUEL BUNKER C CONSUMED FX
504100	REG GRID SALES FUEL BUNKER C CONSUMED

3.2.4 Diesel Oil

- Diesel Commodity Consumed
- Transportation Costs
- Quality Testing and Inventory Measurement Costs
- GHG Emission Compliance Program costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502500	REG FUEL DIESEL OIL CONSUMED

504450 REG GRID SALES FUEL DIESEL

3.2.5 Light Starter Oil

- LFO (Light Fuel Oil) Commodity Consumed
- Transportation Cost
- Quality Testing and Inventory Measurement Costs
- GHG Emission Compliance Program costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502550 REG FUEL LIGHT OIL CONSUMED

3.2.6 Fuel – Additives

- Additives - Ultramag, FireShield, etc.
- Transportation Costs

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502600 REG FUEL ADDITIVES CONSUMED
502650 REG FUEL LIMESTONE CONSUMED
504200 REG GRID SALES MERCURY SORBENT
504250 REG GRID SALES MERCURY SORBENT FX

3.2.7 Fuel – Limestone

- Limestone and related transportation
- Limestone Ash Hauling and Equipment Rentals
- Limestone Royalties
- Water Royalties

Costs of this type are normally recorded in the following account in NS Power's Chart of Accounts:

502650 REG FUEL LIMESTONE CONSUMED

3.2.8 Purchased Power

- Independent Power Producer (IPP) Purchases (e.g. Wholesale Market Non-Dispatchable Spill Tariff) IPP, ~~and~~ COMFIT production bonuses and penalties and costs associated with renewable energy programs (e.g. on bill credits for community solar programs) when such costs cannot be recovered from program participants.
- Community Feed in Tariff (COMFIT) Purchases
- Developmental Tidal Feed in Tariff (Tidal FIT) Purchases
- Import Power Purchases and associated fees (e.g. transmission tariffs and losses)
- Renewable Energy credits
- Financial Instruments used for Hedging (including gains, losses, fees and interest charges)

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

502700 REG PURCHASED POWER

502750	REG PURCHASED POWER FX
502800	REG PURCHASED POWER COMMODITY DERIVATIVES
502850	REG PURCHASED POWER IPP PRE 2001
502950	REG PURCHASED POWER COMFIT SMALL
502900	REG PURCHASED POWER IPP POST 2001
502710	REG PURCHASED POWER INADVERTENT
503050	REG PURCHASED POWER COMFIT LARGE
504300	REG GRID SALES PURCHASED POWER
502720	REG PURCHASED POWER NET METERING

3.2.9 Fuel Biomass

- Biomass Commodity Consumed
- Maintenance and Operating expenses for Fuel Handling (allocation between OM&G and FAM)
- Third Party Quality Testing and Inventory Measurement Costs (e.g. surveys, density testing, sampling)
- Storage fees (e.g. lease, handling fees, facility fees)
- Environmental Compliance including Silviculture Fees and harvest audits
- Transportation Costs (e.g. by barge, truck etc.)
- GHG Emission Compliance Program costs
- Ash Hauling costs (e.g. transportation, maintenance to ash hauling equipment, equipment rentals)

At the biomass plant a demarcation point has been defined as the bin collecting conveyor. Any fuel handling and transportation expenses related to steam for generation up until the point of the bin collecting conveyor are considered a FAM expense.

Costs of this type are normally recorded in the following accounts in NS Power's

Chart of Accounts:

502380 REG FUEL BIOMASS CONSUMED

3.2.10 Fuel – Mercury Sorbent

- Additives – Powder Activated Carbon (PAC) and Calcium Chloride
- Transportation Costs
- Costs relating to a Hg (mercury) Diversion Program that has been approved by the Minister of Environment under the *Air Quality Regulations,* N.S. Reg. 28/2005, as amended.

Costs of this type are normally recorded in the following accounts in NS Power's Chart of Accounts:

504200 REG GRID SALES MERCURY SORBENT
504250 REG GRID SALES MERCURY SORBENT FX

3.2.11 Grid Sales Revenue

Revenue from power exports net of any transmission tariffs and losses. This includes Renewable Energy Credits arising out of the sale of renewable energy in the New England market.

3.2.12 Natural Gas Revenue

Revenue from the resale of natural gas.

3.2.13 Miscellaneous Revenue and Recoveries

Revenues from joint partnerships in wind farms (including the cost of NS Power's ownership which is applied to purchased power) and any other fuel-related miscellaneous revenues. These revenues include steam sales to Port Hawkesbury Paper and steam sales at the Trenton Generating station.

The following accounts are normally used to record revenues from power exports and natural gas resales, revenues from joint partnerships in wind farms, and other miscellaneous revenues related to fuel.

417300	REG GRID SALES REVENUE
503200	REG NATURAL GAS REVENUE
503250	REG NATURAL GAS REVENUE FX
503300	REG WIND RECEIVABLES PURCHASED POWER
503350	REG WIND RECEIVABLES FUEL FOR GENERATION
535850	MISC REVENUE

These revenues will offset FAM-eligible fuel and purchased-power costs.

At times, revenues may be recorded as credits to related expense accounts, depending on their nature and applicable accounting guidelines. In these events, full explanations will be provided regarding why they were not offset against FAM-eligible fuel costs.

3.2.14 Foreign Exchange

All NS Power Fuel Accounts are subject to adjustments to record expenses or revenues denominated in foreign currencies and include the gain or loss on currency hedges entered into for the purpose of fuel procurement.

3.2.15 Limited-Duration Fuel Testing

These fuel testing costs (including solid fuel, liquid fuel and additives such as PAC) consist of the amounts directly incurred for shipping and handling and for conducting the test (e.g., third party testing and analysis), and only to the extent incurred as part of limited duration test burns occasionally made by the Company.

They shall be limited to non-capital costs and they shall be separately identified in the Company's accounting records.

3.2.16 BTL Costs

- Spill energy payments under the Wholesale Market Non-Dispatchable Supplier Spill Tariff
- Fuel cost incurred in providing service under the Wholesale Market Backup/Top-up Service tariff, less revenue received under the Wholesale Market Backup/Top-Up Service tariff net of non-fuel items

3.2.17 GHG Emission Compliance Program Costs

- The cost of ~~emission allowances (~~Fund ~~c~~Credits~~)~~ under the Nova Scotia ~~Cap-and- Trade program and~~ GHG Output Based Pricing System (OBPS) emissions compliance programs.
- Transaction fees for purposes of purchasing ~~or selling emission allowances (~~GHG OBPS Fund ~~c~~Credits).

Costs of this type are normally recorded in the following account in NS Power's Chart of Accounts:

503400 REG EMISSION ALLOWANCE EXPENSE

~~3.2.18 GHG Emission Compliance Program Revenue~~

- ~~The revenue from the sale of emission allowances (credits) under the Nova Scotia Cap-and-Trade program or GHG emissions compliance programs.~~

~~Revenues of this type are normally recorded in the following account in NS Power's Chart of Accounts:~~

~~5XXXXX REG EMISSION ALLOWANCE REVENUE~~

3.2.18 NSP Owned Variable Production Costs

- Third party production bonuses and penalties for NSP owned power production.

3.3 Calculation of Fuel Costs

The fuel costs in the Base Cost of Fuel recovered through the FAM include allowable fuel and purchased power expenses (as noted in section 3.1 above) less revenues from exported power.

3.4 Deferrals

During the ~~2023-2024~~2026-2027 GRA Period, NS Power may include prior FAM deferrals for certain rate classes (Large General, Medium Industrial, and Large Industrial) in order to save additional interest charges which would accrue by further deferring such amounts to the end of the ~~2023-2024~~2026-2027 GRA Period.

4.0 FILING AND PROCEDURAL DEADLINES

Annual Filing Requirements for Fuel Adjustment Rider

~~In~~ For the years ~~2023~~ 2026 and ~~2024~~ 2027 NS Power will submit as required ~~by Appendix "D"~~ a Fuel Adjustment Mechanism Formula filing for the AA and BA, which shall provide a forecast of general system requirements and include a proposed calculation of the Fuel Adjustment Mechanism Formula for the upcoming year.

Annual Filing Requirements for Base Cost of Fuel Forecast

For each year in which NS Power applies to adjust the Base Cost of Fuel, a load forecast, Base Cost of Fuel and net system requirement forecast filing for the upcoming FAM year (January 1 - December 31) will be submitted ~~as per the schedule set out in Appendix "D"~~. A Plexos run Base Cost of Fuel forecast update will be provided. ~~as per the schedule set out in Appendix "D"~~. The Board's decision on the Base Cost of Fuel for the succeeding year will take into consideration the fuel forecast update and any stakeholder comments on the update.

NS Power will use the standardized forecasting methods provided in Appendix "B". NS Power will submit the standard templates for all fuel related information, including the Fuel Forecast Standardized Filing consisting of Reports OE-1(A) to (Q) and Report OE- 12, as approved in the Board's Order dated May 15, 2007, in support of the Base Cost of Fuel forecast for the upcoming year. The inputs developed as part of the Fuel Forecast Methodology in Appendix B and any explanations and required supporting information will also be provided.

General Annual Filing Requirements

NS Power shall make standardized annual report filings in accord with the structure and templates provided in Appendix "C" on the first Business Day of the third month after the preceding year end.

Quarterly Filing Requirements

NS Power shall make standardized quarterly report filings in accord with the structure and templates provided in Appendix "C" on the first Business Day after the release of NS Power's quarterly financial results. NS Power's quarterly financial results are released in the second month after the preceding quarter end.

Monthly Filing Requirements

NS Power shall provide standardized monthly reports in accord with the structure and templates provided in Appendix "C" on the twenty-first day after the month end (or the next Business Day after the twenty-first day if the twenty-first day falls on a non-Business Day).

Changes to Reporting Information

No changes to the approved reporting templates, including but not limited to designation of information as confidential, shall be made without either agreement of NS Power and stakeholders and Board approval, or Board approval.

Suggested revisions to FAM documents will be submitted to Stakeholders for review and input.

5.0 AUDIT AND OVERSIGHT

The amounts charged through the FAM shall be subject to periodic audit to assure completeness and accuracy and to assure fuel and purchased power costs were incurred reasonably and prudently. The results of any audit shall form part of the issues for consideration by the Board in a subsequent FAM hearing to consider the re-setting of the Base Cost of Fuel, or setting of the Fuel Adjustment Factor, or a General Rate Case at the request of NS Power or any interested stakeholder or upon Board order. Following consideration of the audit in any such hearing, the Board may make such adjustments (with interest if appropriate) to existing balances or to already recovered amounts as it may find necessary.

Audit Process

The Board shall provide for the conduct of a Fuel Adjustment Mechanism (FAM) audit during the ~~2023-2024~~2026-2027 GRA Period as it deems appropriate. The Board shall have a qualified independent firm conduct the audit. The audit will address the financial and management/performance aspects of NS Power's fuel procurement and recovery under the FAM. The audit will include the FAM Formula, actual fuel and purchased power costs, contracts and management performance that affect the audit period from January 1 to December 31 of the years within the audit period. Audits will normally cover two-year periods or such periods as determined by the Board.

Objectives and Scope of the Audit

The overall objective of the FAM audit will be to examine operational and managerial aspects of the fuel and energy procurement, management, and production functions and activities of NS Power, including any fuel or energy related affiliate transactions that involve these functions and activities directly or indirectly. The review will address adherence to good utility practice and consistency with the policies and procedures governing NS Power's procurement as described in the NS Power Fuel Manual.

The Scope of the Audit will include a review of fuel and energy procurement, fuel management, and generation production to determine whether NS Power has, in the period following that covered by the last preceding audit, conformed and may reasonably be expected to continue to conform to good utility practice. The audit will also consider whether NS Power's conduct of fuel and energy procurement, fuel management, and generation production has been consistent with the NS Power Fuel Manual in the following specific areas (without limitation as to other areas determined to be relevant to effective and efficient fuel and energy procurement, management, and production):

- Fuel and purchased power costs
- Review of overall operational availability and capacity factor for the generating fleet
- Conduct on-site inspection for fuel handling, quality control, inventory management and performance monitoring
- Review and analyze the model used for day ahead marketers to determine the correct dispatch of resources
- Review all Fuel and Purchased Power contracts executed by NS Power and NSPEMI for the period under review for prudency and for compliance with the Fuel Manual
- Review of NS Power's use of hedging to appropriate accounting and performance standards
- Review of system sales
- Review of internal and external audit reports on the procurement of fuel and purchased power
- Review of the calculation of Base Cost of Fuel and the FAM adjustments

Prior to setting the final audit scope, the auditor shall meet with NS Power and interested stakeholders.

Timing of the Audit

Audits are expected to commence in February of every second year or at such time as directed by the Board. Final reports will normally be filed by July 2 of every second year or on such other date as directed by the Board. The final report will evolve from a draft report which is provided to NS Power and the Board within 30 days of the filing of the final report. The draft report should contain functional area task reports, a management summary, and include findings of operating effectiveness and efficiency, as well as any recommendations for adjustments in costs or changes in functions and activities.

Confidentiality

By no later than seven (7) Business Days prior to filing of the final report with the Board, the auditor will provide the final report to NS Power for the purposes of reviewing for confidential information.

NS Power shall identify to the auditor any information in the report which NS Power wants held in confidence by the Board at least two (2) Business Days prior to the filing of the final report. Based on the confidential information identified by NS Power, the auditor will file with the Board a confidential version of the report and a public version of the report which redacts NS Power's confidential information.

Within three (3) Business Days of the filing of the final report with the Board, NS Power shall file a request with the Board for any information in the final report which NS Power wants held in confidence together with the reasons for the request.

Significant FAM Changes

Where, in the absence of a General Rate Application, an increase for any customer class of more than 10 percent compared with the rate payable in the prior year is caused by the application of the FAM procedures, the Board should consider appropriate measures to assist customers.

The Board will monitor the operation of the FAM closely and reserves the right to intervene in any circumstance where it believes an increase to a customer class is not acceptable or in the public interest and take such steps as it considers appropriate to assist such customers including deferring a part of the increase for collection in a future time period.

6.0 STAKEHOLDER REVIEW AND DISCOVERY

Monthly, quarterly and annual non-confidential and confidential reporting will be available for access and viewing. NS Power confidential reporting will be available electronically or in a confidential data room. A Confidentiality Agreement or undertaking will be required to access confidential information. NS Power's confidential electronic data cart will be maintained on a rolling basis with complete information related to transactions in place and accessible within 45 days of the transaction date. For the Base Cost of Fuel forecast update, all support documentation available will be provided (e.g. recommendations, evaluations, and confirmations).

The reporting templates identified in Appendix "C" and the standard fuel-related forecast templates for the Base Cost of Fuel will be accessible to stakeholders in an electronic format. The Board's secure document site will be utilized to access the monthly, quarterly and annual reports. Transactional information, copyright information, and all forecasting information not included in the reports will be available in NS Power's confidential electronic data cart.

~~Appendix "D" provides the generic regulatory calendar and hearing dates for the FAM processes which will be undertaken each year during the 2023-2024 GRA Period.~~

In each hearing to adjust the Base Cost of Fuel, or to approve the AA and BA in a non-Base Cost of Fuel setting year, stakeholders shall have the opportunity (and access to information) to challenge NS Power's fuel costs, the implementation of the methodology, and the contents of the succeeding year's forecast, consistent with their current rights in General Rate Cases. Notwithstanding the foregoing, stakeholders shall not be precluded from reviewing prior years' actual results versus prior forecasts in addressing the propriety of the succeeding year's forecast.

7.0 DEFINITIONS

Actual Adjustment (Refund)/Recovery Rate – AA: is an Actual Adjustment which consists of the difference between fuel-related costs recovered from a rate class through the application of the base rates and the actual fuel costs incurred and allocated to the rate class as of the end of September of the prior calendar year. The actual fuel costs will include the same cost items as the Base Cost of Fuel.

Actual Amount 'AA' Received/(Refunded) current period: the amount of (over)/under recovery of fuel costs collected or refunded in the current period, a product of the 'Actual Adjustment (Refund)/recovery Rate – AA' and the 'Actual Sales' for the current period.

Annual Weighted Average Cost of Capital (WACC): A calculation of a company's cost of capital in which each category of capital is proportionately weighted All capital sources - common stock, preferred stock (if applicable), and debt are included in the calculation.

Audit: An independent, objective examination and evaluation of the accounts and records of or the performance and cost effectiveness of an organization.

Balance: The net of debits and credits for an account at the end of a reporting period.

Balance Adjustment (Refund)/Recovery Rate – BA: is a Balance Adjustment, expressed in cents per kWh, which accounts for any (over)/under recovery collections which have occurred as a result of prior adjustments.

Balance Amount Received/(Refund) current period: the amount of remaining (over)/under recovery collections which have occurred as a result of prior adjustments, that are collected or refunded in the current period, a product of the 'Balance Adjustment (Refund)/Recovery Rate – BA' and the 'Actual Sales' for the current period.

Base Cost of Fuel Component – BCF: is the Base Cost of Fuel per kWh (¢/kWh) included in NS Power's rates.

Business Day: is any day other than a Saturday, Sunday, or municipal, provincial or federal statutory holiday in Halifax, Nova Scotia.

Compliance Filing: A report filed by NS Power with the Board subsequent to a Decision. This report includes financial, cost of service, rates, and other information that may require revision from NS Power's original application in order to comply with the Board's Decision.

Estimated Sales for the Current Year: is a forecast of projected electricity sales for customer groups that are subject to the FAM Formula.

Export Sales Costs: are the costs to generate power to serve sales outside of NS Power's service territory of Nova Scotia.

Export Sales Recoveries: are the proceeds or revenues received from the sale of export power.

Export Sales Generation: are the MWh's generated to serve customers outside of Nova Scotia.

Fuel Costs Recovered Through Base Cost of Fuel Component: the fuel costs recovered through the Base Cost of Fuel component is the product of the current period's sales in GWh multiplied by the Base Cost of Fuel, then divided by 100.

Fuel for Generation: the fuel costs incurred with consumption of a commodity for the purpose of generating power.

General Rate Application: An application filed by NS Power with the Board requesting general changes to the rates and tariffs it applies to its customer classes. The ~~2023-~~

~~2024~~2026-2027 GRA Period refers to the period beginning January 1, 202~~3~~6 and ending December 31, 202~~4~~7 or to such time as determined by the ~~NSUARB~~NSEB.

GRLF Revenue: The revenue received from Generation Replacement and Load Following (GRLF) Rate billings.

GRLF Administration Costs: That portion of GRLF Revenue represented by the $5/MWh adder of that tariff.

GRLF Requirements: The energy requirement of the Generation and Load Following (GRLF) Rate, including losses.

Net Generation by Fuel Type: a financial report produced out of Oracle showing the net generation, expressed in MWh, by facility and fuel type.

NSPEMI: NS Power Energy Marketing Inc., a wholly owned subsidiary of NS Power, formed to facilitate fuel and purchased power transactions in the United States.

(Over)/Under-Recovery Amount: variance (over/under) between actual fuel costs and those recovered through the Base Cost of Fuel component included in rates.

Prior Year's AA (Refund)/Recovery Ending Balance: the balance remaining at the end of the period, on the previous year's 'Actual Adjustment'. The residual balance at the end of September will be recovered/refunded to the customer through the 'BA: (Refund)/Recovery Rate' in the subsequent years.

Prior Year's 'AA' and 'BA' (Refund)/Recovery Ending Balance: the balance remaining at the end of the period, on the previous year's 'Actual Adjustment' and the 'Balance Adjustment'. The residual balance at the end of September will be recovered/refunded to the customer through the 'BA: (Refund)/Recovery Rate' in the subsequent years.

Prior Year's Accumulated Interest: the interest accumulated over the previous year on the balance in the 'Balancing Account' to be recovered/refunded to or by the customer during the current year through the 'BA: (Refund)/Recovery Rate'.

Prior Years (Refund)/Recovery Amount Beginning Balance: the balance remaining at the beginning of the period, on the previous year's 'Actual Adjustment'.

Total Balance Account Beginning Balance: the balance remaining at the beginning of the period, on the previous year's 'Actual Adjustment' and the 'Balance Adjustment'.

Total Purchased Power: the total cost of import, IPP and wind power purchases during the period used to serve the domestic load requirements.

Total System Requirements: the total sales and system losses expressed as GWh for domestic and export activity.

Two-Part Real Time Pricing Decremental and Incremental Charges: The credits paid to Extra Large Industrial Two-Part Real Time Pricing (ELI 2P-RTP) customers associated with decremental load (below the customer baseline load, CBL) or the additional charges to ELI 2P-RTP customers associated with load above the CBL.

Water Royalties: Amounts paid to government associated with environmental aspects of operating hydroelectric systems.

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Year 20XX

Summary of Wind Curtailments

Properties	January	February	March	April	May	June	July	August	September	October	November	December	Annual MWh
NSPI Owned Wind Generation (1)													
Non-NSPI Wind Generation													
Total Wind Generation													
Total Estimated Wind Curtailments													
Total Wind Curtailments as Percentage of NSPI Owned Wind Generation													
Total Wind Curtailments as Percentage of Non-NSPI Owned Wind Generation													
Total Wind Curtailments as Percentage of Total Wind Generation													

Notes

(1) Includes all wind sites that NSPI has an ownership interest in (thus including South Canoe, Point Tupper, and Sable)