Annually Adjusted Rates for 2026 (M12551)
NSPI Responses to IG Information Requests

REDACTED

Request IR-1:

(a) Assuming this Application is approved as filed, effective January 1, 2026, what is the annual revenue forecast to be collected from each rate class under the AAR? In providing your answer, please identify the load forecast being used (including the date of such forecast) and any other assumptions within the forecast.

(b) How will the annual revenue forecast be impacted if PHP becomes an ATL customer as contemplated in the load forecast for the GRA, and/or if the Goose Harbour Wind Farm is operational before the end of 2026?

Response IR-1:

(a) Estimated revenue for 2026 is provided in the table below, based on the 2026 forecast produced in Q3 2025.

AAR Class	2026 Load (GWh)	2026 Revenue ($M)
GRLF	[redacted]	
ELIADC		
Shore Power		
RTP		
BUTU[1]		

(b) The Company has not performed this analysis. Until such time as the Board renders a Decision on an application for an ATL tariff applicable to PHP, uncertainty regarding the final form of the tariff and PHP's participation remains.

[1] Please note that NS Power's Q3, 2025 Load forecast, as reported in Appendix D and used for marginal cost forecast, inadvertently included an overestimated top-up Energy Sales of 130.2 GWh under the BUTU rate class. This forecast exceeds the more realistic figure of 77.8 GWh by 52 GWh or 0.5% of the System Load forecast of 11,571,681 GWh. This is a minor imbalance which has an immaterial effect on the marginal cost forecast in this proceeding.

Further, NS Power has proposed a PHP Deferral mechanism, as part of the 2026-2027 GRA (M12451), to recognize differences between the GRA ATL rate assumptions and those ultimately approved in an ELIADC successor tariff, including the timing of Goose Harbour Lake Wind Farm operations.

NON-CONFIDENTIAL

Request IR-2:

Reference: Page 14, lines 7-10.

> **In accordance with the Board's directive in the 2025 AARs, a review comparing the monthly forecasted NB imports to actual NB imports is provided in Confidential Appendix A7. As a result of the cyber incident, NS Power is only able to provide the comparison for January 2025 to September 2025 currently.**

(a) Please provide the anticipated timeline for NSPI to regain full access to its historical records or confirm if NSPI expects such access to remain permanently unavailable due to the cyber incident.

(b) Has the cyber incident otherwise impacted NSPI's ability to forecast, calculate or otherwise formulate any of the AARs for 2026? If so, please explain.

(c) NSPI has explained that the variances are reported in prior FAM reports dating back to at least 2023. Is NSPI able to access those reports (or any other reporting accessible through the Board website or confidential Titanfile) to provide the comparison of the monthly forecast NB imports to actual NB imports dating back to at least 2023? If so, please provide such comparison. If not, please explain why not.

Response IR-2:

(a) The Company's cybersecurity incident restoration efforts remain focused on restoring its most critical business functions, supported by key technologies such as enterprise reporting, data integration, and other foundational systems. Restoration is expected to continue through 2026, and while portions of historical network drive information have been successfully restored, effort continues in those areas of not currently restored. The

Company is not yet in a position to confirm whether access to all historical records will be available.

(b) No, the material requested, that was not available as a result of the cyber incident, has no bearing on the calculations of AAR rates. The data required to provide the calculations were not impacted by the cyber incident.

(c) No, the Company is not able to provide this analysis as NS Power does not have a breakdown of forecasted monthly NB imports. For clarity, the monthly FAM Reports provides the details for variances on actuals compared to the FAM forecast for all Imports, not at the level of granularity requested.

NON-CONFIDENTIAL

Request IR-3:

Reference: Page 20, lines 16-19.

> **In view of the foregoing, NS Power has, in this Application, eliminated the adjustment for the projected imbalance in the recovery of the avoided fuel. Energy charges under these tariffs are proposed to be based on hourly marginal costs, and the fixed cost adders are proposed to include only non-fuel costs.**

(a) Has NSPI determined whether any other rates charged to customers or rate-setting methodologies are impacted by the noted unreliability or volatility in the estimated avoided fuel costs calculation? Please explain.

(b) The rationale for the elimination of the avoided cost adjustment appears to be primarily related to the SO2 emissions and adjustment in allowable emissions compliance costs. Does NSPI anticipate these impacts on the avoided costs calculations to be indefinite, or is this proposed elimination temporary? Please explain.

(c) Aside from eliminating the adjustment altogether, has NSPI considered any other options for addressing the noted volatility?

Response IR-3:

(a) No other rates charged to customers or rate setting methodologies are impacted by the noted unreliability or volatility in the estimated avoided fuel costs calculation as no other rates are designed to recover the avoided fuel costs. The rates subject to the FAM are designed to recover the embedded (average) base cost of fuels assigned to each class using the Cost of Service Studies whereas the other AARs are designed to recover the margin

fuel costs through application of the forecasted average annual marginal fuel cost-based rate component.

(b) Yes, NS Power anticipates that either SO_2, or other annual air emissions limits, will continue to impair decremental load cost analysis in a way discussed in section 5.1 Proposed Adjustment to Calculation of Avoided Costs of the 2025 AAR Application (M11989). In addition, as indicated in the above section, another challenge in calculating the avoided costs is due to the growing presence of the must-run, non-dispatchable renewable generation, driven by renewable energy standards (RES). These factors, combined with the cost of GHG OBPS compliance, contribute to system modeling anomalies associated with load decrement approach, which can result in inconsistent compliance cost borne by those customer classes which were decremented. This also poses a challenge in how to determine generation resource mix, inclusive of renewable generation, in a lower system load case. Please also refer to parts (a) and (b) of CA IR-4 for more information.

(c) Yes, as indicated in Section 5.1 of the 2025 AAR Application (M11989), the Company considered adjusting air emissions allowances and limits in the decremental system load scenario in proportion to the avoided load, as well as adjusting the quantity of wind generation; however, this approach suffers from arbitrariness around system generation mix and air emissions apportionment assumption in the lower system load case.

Request IR-4:

Reference: Page 38, lines 22-23.

NSPI confirms the possibility of the ELIADC Tariff being discontinued before the end of 2026. If that is the case:

(a) Does the anticipated duration of service to be provided to PHP under the ELIADC Tariff within 2026 impact the "annual" calculations used to set the Energy Charge? Please explain.

(b) Please confirm how and when the "annual" report will be completed, including the year-end calculations of benefits.

Response IR-4:

Preamble: The Company's response to IG IR-1 in the 2024 ELIADC Tariff Annual Report proceeding (M12123), provided:

> In the case the tariff is extended for less than a year, a full year forecast would still be required to ensure all operational constraints are included in the monthly cost profiling, but the CBL Energy Charge would be calculated based on the months covered by the tariff. Actual costs can be finalized at the end of the term covered by the CBL Energy Charge; it does not require a full year of results. This will be quantitatively displayed in the 2026 Annually Adjusted Rates filing if it is determined that a new tariff will replace the current ELIADC tariff before the calendar 2026 year concludes.[1]

(a) No. In accordance with the provisions of the ELIADC Tariff, the 2026 ELIADC Energy Charge was calculated based on the forecast annual cost to serve PHP. Please also refer to the preamble.

[1] M12123 – NSPI (IG) IR-01, part (f). May 14, 2025.

(b) NS Power shall endeavor to submit the ELIADC Tariff 2026 Annual Report "no later than 60 days after the end of a tariff year,"[2] in accordance with provisions of the Board-approved third term (2026) ELIADC Tariff (M12184). Please also refer to the preamble.

[2] Please refer to page 4 of Appendix G1 in this Application.

Request IR-5:

Reference: Section 8.0, ELIADC, pages 38-43, and Appendix G1.

And Reference: M12184, Submissions of Bates White, dated November 26, 2025.

Preamble: In response to NSPI's ELIADC Third Term Application compliance filing, Bates White submitted a response and additional recommendations to the removal of the fixed costs from the CBL Energy Charge.

(a) Do the concerns raised in Bates White's submissions have any impact on the ELIADC Energy Charge applied for in this Application? Please explain and indicate if reflected in the calculations.

(b) Is NSPI agreeable to Bates White's recommended revision to the definition of the FCR? If not, please explain why not. If so, please provide a copy of the updated tariff.

Response IR-5:

(a) No. Bates White's (BW) submission in M12184 did not impact the ELIADC Energy Charge applied for in this Application. As described in the Company's Reply to Compliance Filing Comments, the forecast CBL Cost of $73.60/MWh[1] is greater than the price point ($61.75/MWh).[2] BW's proposed amendment applies "when the CBL Cost is less than or equal to $56.75/MWh."[3] NS Power filed its Reply to Compliance Filing Comments on December 5, 2025, addressing the items in BW's submission. The Board issued its Order in the Matter on December 8, 2025.

[1] Please refer to Section 8.1.1 of this Application.
[2] Please refer to pages 2-3 of NS Power's December 5, 2025 Reply to Compliance Filing Comments under M12184.
[3] M12184 – Bates White Comments, page 4. November 26, 2025.

(b) In response to BW's first of two "clarifying edits that NSPI should also consider,"[4] NS Power revised the FCR definition at page 2 of the ELIADC Tariff, adding: "For clarity, the CBLA calculation ensures that the FCR is at least $5.00 per MWh once transferred from the CBL Cost to the CBLA."[5] This was approved by the Board in its Order dated December 8, 2025.

In consideration of the NSEB's recent Order, the Company has attached the approved third term ELIADC Tariff. Attachment 1 provides the final updated ELIADC Tariff with redline revisions to set the 2026 Variable Capital Charge (VCC) and ELIADC Energy Charge, as proposed in this Application, and Attachment 2 provides the clean final updated ELIADC Tariff inclusive of the 2026 AAR proposed pricing.

[4] BW comments, page 5.
[5] M12184 – NS Power Reply to Compliance Filing Comments, page 3. December 5, 2025.

EXTRA LARGE INDUSTRIAL ACTIVE DEMAND CONTROL TARIFF

The Extra Large Industrial Active Demand Control Tariff (ELIADC) provides a mechanism whereby Port Hawkesbury Paper LP (PHP, the Mill, the Customer) pays the forecast incremental costs of its annual forecast service expressed as a levelized Customer Baseline Load (CBL) plus makes a contribution to utility costs, while providing Nova Scotia Power (NS Power) with control of PHP's load such that NS Power's overall system costs can be reduced and system reliability can be improved for the benefit of all NS Power customers.

AVAILABILITY

(a) This Tariff is applicable to operations at PHP's mill site at Point Tupper, and is premised upon PHP's electricity requirements being exclusively served by NS Power.

(b) In addition to the priority interruptible service load reduction requirements prescribed in this Tariff, PHP's load shall be further managed by NS Power in accordance with the Active Demand Control – Energy Supply Protocols attached as Schedule 1 to this Tariff.

(c) The service voltage shall not be less than 138 kV, line to line, at each delivery point. Service is provided at the supply side of the Mill's transformation equipment. PHP must own the transformation facilities and no transformer ownership credit is applicable.

(d) This Tariff cannot be taken in conjunction with other tariffs unless approved by the Nova Scotia Energy Board (NSEB, Board).

COST OF ELECTRICITY UNDER THE ELIADC TARIFF

The price paid by PHP for electricity under this Tariff will be based on the forecast incremental cost to serve PHP at an assumed levelized baseline load level, plus an adder to contribute to the reduction of the cost of service to other NS Power customers, less a credit to recognize system savings enabled by PHP's granting Active Demand Control of its load to NS Power. The credit is also intended to incent PHP to assist NS Power in realizing the full potential value of Active Demand Control by allowing PHP to share in the resulting system savings.

The pricing elements comprising the ELIADC are:

- Customer Baseline Energy Cost (CBL Cost)
- Customer Baseline Energy Charge (CBL Energy Charge)
- Customer Baseline Adder (CBLA)
- Variable Capital Charge
- Active Demand Control Credit

Minimum Payment

The ELIADC Tariff requires that a minimum payment shall be made by PHP in respect of each tariff year, which shall not be less than the sum of:

(a) NS Power's actual total incremental cost of serving PHP during the year (including the cost of fuel and purchased power, line losses, variable operating costs and variable capital costs for NS Power's incremental generation and delivery of electricity to the customer), plus

(b) $5.00 multiplied by the total number of MWh supplied in the year (i.e. the minimum Fixed Cost Recovery, FCR). For clarity, the CBLA calculation ensures that the FCR is at least $5.00 per MWh once transferred from the CBL Cost to the CBLA.

Any adjustments required to achieve this minimum payment amount will be determined and charged to PHP after year end.

Customer Baseline Energy Charge, Customer Baseline Energy Cost, and Contribution to Utility Costs

In advance of each tariff year, PHP shall advise NS Power of its forecast annual and monthly energy requirements for the subsequent calendar year, including the anticipated dates and durations of PHP's major scheduled maintenance periods. Upon receipt of such forecast, NS Power will then calculate, in $/MWh, its forecast annual cost to serve PHP at a levelized baseline load level (i.e., the Customer's average demand will be assumed to be the same in each hour after taking into account major scheduled maintenance) to produce the CBL Cost.

The CBL Cost calculation will be inclusive of all incremental, non-capital costs to serve PHP and will assume no economic load shifting (e.g. no reductions in usage in high-cost hours or increased usage in low-cost hours). The CBL Cost will include the forecast cost of fuel and purchased power, line losses, and variable operating costs for NS Power's incremental generation and delivery of electricity to PHP and FCR, which is transferred to the CBL Adder (CBLA), as described in the bulleted list below, to produce the CBL Energy Charge. The CBL Energy Charge will form the basis of the ELIADC Energy Charge for the upcoming calendar year.

A CBL Adder will be calculated with reference to the forecast CBL Cost. As the forecast CBL Cost ($/MWh) decreases, the CBLA increases.

- When the forecast CBL Cost is at or under $56.75/MWh, the CBLA is calculated as 75 percent of the difference between the forecast CBL Cost and $61.75/MWh, plus $1.25/MWh. As the CBLA is equal to or more than the $5/MWh FCR, the FCR is fully included in the CBLA.
- When the forecast CBL Cost is more than $56.75/MWh and under $61.75/MWh, the FCR to be transferred from the forecast CBL Cost is the differential between the $5/MWh FCR and the calculated CBLA of 75 percent of the difference between the forecast CBL Cost and

$61.75/MWh. The FCR transferred from the CBL Cost is then added to the calculated CBLA to equal $5/MWh FCR.

- When the forecast CBL Cost is at or over $61.75/MWh, the FCR to be transferred from the forecast CBL Cost is $3.75/MWh. The difference between the forecast CBL Cost and $61.75/MWh is assigned a value of zero, and the CBLA is calculated as $5/MWh FCR.

The CBL Energy Charge is equal to the CBL Cost less the FCR transferred to the CBLA. The CBL Energy Charge and the associated CBLA shall be submitted for Board approval on an annual basis as part of the annual proceeding by which NS Power's Annually Adjusted Rates are established.

In addition to the CBL Energy Charge and CBLA, PHP will pay a Variable Capital Charge (VCC) for NS Power's incremental generation and delivery of electricity to PHP in the amount of $~~3.34~~1.02/MWh.

In summary, the Tariff energy charge per MWh will be calculated as follows:

ELIADC Energy Charge = CBL Energy Charge + CBLA + VCC

ELIADC ENERGY CHARGE

~~Information on the CBL Energy Charge and VCC for 2026 will be provided to the Board by November 7, 2025.~~ The ELIADC Energy Charge is $75.87 per Megawatt-hour.

INTRA-YEAR MODIFICATIONS TO THE CBL ENERGY CHARGE

NS Power will utilize its established forecasting methodology to determine the CBL Energy Charge. PHP will undertake commercially reasonable efforts to accurately forecast its energy usage.

If, during any year, certain circumstances, such as those described in the next paragraphs, change significantly resulting in a material impact on the appropriate CBL Energy Charge to be paid by PHP during the year, NS Power may, upon approval of the Board, revise the CBL Energy Charge on a prospective basis.

In recognition that the calculation of the CBL Energy Charge for 2020 may be materially impacted if there are delays to the start date of deliveries of the NS Block energy import beyond June 1, 2020, if NS Power determines that any such delay will have a material impact on the appropriate CBL Energy Charge to be paid by PHP for 2020, then the CBL Energy Charge will be subject to recalculation pursuant to this provision.

Additional circumstances which, if changed significantly, would warrant reassessment of the CBL Energy Charge could include, but are not limited to:

(a) It becomes apparent that the CBL Energy Charge plus the CBLA plus the Variable Capital Charge will not result in the recovery of the actual incremental cost to serve plus $5/MWh FCR;

(b) Material and unexpected change in the cost of generation as compared to the CBL Energy Charge calculation;

(c) Material and unexpected increased electricity consumption by PHP during the year, such as significant physical plant modification (as signified by a specific capital expenditure beyond normal annual capital spending), a change in product line or a material non-forecast change in product demand; and

(d) Material and unexpected decrease in electricity consumption by PHP during the year (such as due to plant shutdowns, labour issues, or market downtime).

If PHP and NS Power are unable to agree on the required changes to the CBL Energy Charge as a result of any of the above modifications, the matter may be submitted to the Board by either party on an expedited basis for adjudication. Revisions to the CBL Energy Charge will not change the Minimum Payment to be made by PHP.

ACTIVE DEMAND CONTROL AND SCHEDULE VARIANCE

NS Power shall be entitled to actively manage PHP's load in accordance with the terms and conditions set out in the Active Demand Control – Energy Supply Protocol attached as Schedule 1 to this Tariff.

Annually, NS Power shall report to the Board to confirm the dollar value of system savings that have been achieved through Active Demand Control of PHP's load under the Protocol, taking account of the impacts of any variances by PHP from the dispatch schedules issued to it by NS Power and any adjustments arising from schedule variances if required. In accordance with the Board's direction in NS Power's Application for a Third Term of the ELIADC Tariff (M12184), the Company's annual reporting will further include "more detailed quantification of actual load shifting benefits (and costs), an identification and discussion of the types of deviations that provide the most benefits and why, ways to improve the tariff or tariff administration, and a comparison of current year outcomes to prior years to help to evaluate ELIADC performance over time."[1] NS Power shall endeavor to submit this report no later than 60 days after the end of a tariff year.

PHP will be entitled to a credit equal to 25 percent of the cost differential between the CBL Cost and the actual annual cost to serve PHP during the given tariff year. Such payments to the Customer will be made via an annual lump sum payment.

[1] M12184 – NSEB Decision, 324430, page 5. September 22, 2025.

TERM

The third term of this Tariff is 2026, unless revised per a Decision of the NSEB (Term). Prior to the end of the third term, NS Power or PHP may apply to the Board for approval of a subsequent term for this Tariff, including the approval of the pricing elements of the Tariff to be applied during the subsequent term or PHP's transition to an alternative tariff.

REOPENER

If, at any time during the Term, NS Power or PHP determines that the ELIADC Tariff is not working effectively, the parties shall work together to try to resolve any such concerns. If the parties cannot resolve such concerns, either party may apply to the Board to adjust the Tariff, or the components thereof, on a prospective basis. If necessary, and to protect customers, the Board may grant such approval on an expedited basis. Following any adjustment, PHP would be provided the opportunity to determine whether to remain on the Tariff.

DSM COST RECOVERY RIDER

The Demand Side Management Cost Recovery Charge is not applicable to PHP, and PHP will have no standing to participate in DSM-related proceedings.

FUEL ADJUSTMENT MECHANISM (FAM)

No FAM charges or credits shall be applicable to PHP, and PHP will have no standing to participate in FAM-related processes or proceedings unless it is proposed that a FAM-related charge be assessed against PHP or unless any such process or proceeding specifically deals with an issue that can directly impact on NS Power's incremental electricity costs.

MINIMUM LOAD REQUIREMENT

NS Power will withdraw the availability of this tariff, if, on a consistent basis, PHP is not maintaining a regular demand of 25,000 kVA.

INTERRUPTIBILITY

The Mill will reduce its load by, at a minimum, the amount requested by NS Power within 10 minutes of such request by NS Power. Following such interruption, service may only be restored by the Mill with the approval of NS Power.

PHP will make available suitable contact telephone numbers of a person or persons who are able to interrupt the required load within ten minutes.

Load interruption calls will be made to PHP in advance of all such calls to NS Power's Large Industrial Interruptible Rider customers. Where the customer has provided NS Power with the ability to monitor and interrupt its load under terms and conditions determined by NS Power, NS Power may hold this load as Operating Reserve as required by system conditions. When interruptions are required, NS Power will exercise the automated control of the customer's load to interrupt the customer load.

PHP is expected to comply with all calls for interruption. Failure to comply in whole or in part with a request to interrupt load will result in penalty charges, payable within 15 business days unless such penalty payment is being contested in good faith. The penalty will be comprised of two parts, a Threshold Penalty and a Performance Penalty.

The Threshold Penalty charge will be equal to the amount of the applicable formula cost for energy taken under this Tariff effective at that time for the consumption used in the month.

The Performance Penalty which is based on PHP's performance during the interruption event is calculated as per the formula below:

Performance Penalty = ($15/kVA x A) + ($30/kVA x B)

Where:

"A" is any residual demand (above that required by the interruption request) remaining in the third interval directly following two complete 5-minute intervals after the interruption call was delivered by telephone call.

"B" is PHP's average demand in excess of the compliance level based on 5-minute interval data during the entire interruption event excluding the interval used to determine "A."

The total penalty will not exceed two times the cost of the formula amount, effective at that time for the consumption used in that month.

Should PHP fail to respond during subsequent calls within the same month, the same penalties will apply for each failure to interrupt.

Interruptions will be limited to 16 hours per day and 5 days per week to a maximum of 30% of the hours per month and 15% of the hours per year.

Conversion of Interruptible Load to Firm

Should PHP desire to be served under any applicable firm service tariff, a five-year advance written notice must be given to NS Power so as to ensure adequate capacity availability. Requests for a conversion to firm service will be treated in the same manner as all other requests for firm service

received by NS Power. NS Power may, however, permit an earlier conversion. If PHP desires to return to interruptible service in the future, PHP may convert to an interruptible service tariff following two years of service under the firm tariff schedule. NS Power may permit an earlier conversion from firm to interruptible service.

Order of Interruptibility

In the event an interruption call is required in order to avoid shortfalls in system electricity supply, interruptible load will be called upon to provide capacity to NS Power in the following order:

(1) Generation Replacement and Load Following (GRLF) Tariff;

(2) Extra Large Industrial Active Demand Control Tariff;

(3) Shore Power Tariff;

(4) Interruptible Rider to the Large Industrial Tariff.

In situations in which load of the customer under this Tariff is held as Operating Reserve, NS Power may change the above order of interruption by interrupting Large Industrial Interruptible Rider Tariff customers whose load is not held as Operating Reserve before interrupting the Customer.

MAINTAIN SYSTEM INTEGRITY

PHP will make all necessary arrangements to ensure that its load does not unduly deteriorate the integrity of the power supply system, either by its design and/or operation. Specific requirements shall be stipulated by way of a separate operating agreement.

In assessing issues that might unduly affect the integrity of the power supply system, the following would be considered: reliability, harmonic voltage and current levels, voltage flicker, unbalance, rate of change in load levels, stability, fault levels and other related conditions.

SECURITY FOR PAYMENTS

NS Power shall invoice PHP weekly, and PHP shall pay the billed amount net 7 days. As security for payment, PHP shall provide NS Power a letter of credit from time to time. The form, amount, and issuer of the letter of credit will be satisfactory to NS Power. To the extent that a letter of credit introduces a lag time and there are additional costs to NS Power, these will be paid by PHP not NS Power or its customers.

SEPARATE SERVICE AGREEMENT

NS Power reserves the right to have a separate service agreement if, in the opinion of NS Power, issues not specifically set out herein must be addressed for the ongoing benefit of NS Power and its customers.

POWER FACTOR CORRECTION

Under normal operating conditions, an average power factor over the entire billing period, calculated for kWh consumed and lagging kVAR-h, as recorded, of not less than 90% lagging for the total Mill load (under all rates) shall be maintained, or the following adjustment factors (Constant) will be applied to the CBL Energy Charge:

Power Factor	Constant	Power Factor	Constant
90-100%	1.0000	65-70%	1.1255
80-90%	1.0230	60-65%	1.1785
75-80%	1.0500	55-60%	1.2455
70-75%	1.0835	50-55%	1.3335

METERING COSTS

Metering will normally be at the low voltage side of the transformer and, for measurement and, where applicable, billing purposes, meter readings will be increased by 1.1%. Should the Mill's requirements make it necessary for NS Power to provide primary metering, PHP will be required to make a capital contribution equal to the additional cost of primary metering as opposed to the cost of secondary metering. The costs of any special metering or communication systems required by PHP in connection with service under this Tariff shall be paid for by PHP as a capital contribution.

EXTRA LARGE INDUSTRIAL ACTIVE DEMAND CONTROL TARIFF

The Extra Large Industrial Active Demand Control Tariff (ELIADC) provides a mechanism whereby Port Hawkesbury Paper LP (PHP, the Mill, the Customer) pays the forecast incremental costs of its annual forecast service expressed as a levelized Customer Baseline Load (CBL) plus makes a contribution to utility costs, while providing Nova Scotia Power (NS Power) with control of PHP's load such that NS Power's overall system costs can be reduced and system reliability can be improved for the benefit of all NS Power customers.

AVAILABILITY

(a) This Tariff is applicable to operations at PHP's mill site at Point Tupper, and is premised upon PHP's electricity requirements being exclusively served by NS Power.

(b) In addition to the priority interruptible service load reduction requirements prescribed in this Tariff, PHP's load shall be further managed by NS Power in accordance with the Active Demand Control – Energy Supply Protocols attached as Schedule 1 to this Tariff.

(c) The service voltage shall not be less than 138 kV, line to line, at each delivery point. Service is provided at the supply side of the Mill's transformation equipment. PHP must own the transformation facilities and no transformer ownership credit is applicable.

(d) This Tariff cannot be taken in conjunction with other tariffs unless approved by the Nova Scotia Energy Board (NSEB, Board).

COST OF ELECTRICITY UNDER THE ELIADC TARIFF

The price paid by PHP for electricity under this Tariff will be based on the forecast incremental cost to serve PHP at an assumed levelized baseline load level, plus an adder to contribute to the reduction of the cost of service to other NS Power customers, less a credit to recognize system savings enabled by PHP's granting Active Demand Control of its load to NS Power. The credit is also intended to incent PHP to assist NS Power in realizing the full potential value of Active Demand Control by allowing PHP to share in the resulting system savings.

The pricing elements comprising the ELIADC are:

- Customer Baseline Energy Cost (CBL Cost)
- Customer Baseline Energy Charge (CBL Energy Charge)
- Customer Baseline Adder (CBLA)
- Variable Capital Charge
- Active Demand Control Credit

Minimum Payment

The ELIADC Tariff requires that a minimum payment shall be made by PHP in respect of each tariff year, which shall not be less than the sum of:

(a) NS Power's actual total incremental cost of serving PHP during the year (including the cost of fuel and purchased power, line losses, variable operating costs and variable capital costs for NS Power's incremental generation and delivery of electricity to the customer), plus

(b) $5.00 multiplied by the total number of MWh supplied in the year (i.e. the minimum Fixed Cost Recovery, FCR). For clarity, the CBLA calculation ensures that the FCR is at least $5.00 per MWh once transferred from the CBL Cost to the CBLA.

Any adjustments required to achieve this minimum payment amount will be determined and charged to PHP after year end.

Customer Baseline Energy Charge, Customer Baseline Energy Cost, and Contribution to Utility Costs

In advance of each tariff year, PHP shall advise NS Power of its forecast annual and monthly energy requirements for the subsequent calendar year, including the anticipated dates and durations of PHP's major scheduled maintenance periods. Upon receipt of such forecast, NS Power will then calculate, in $/MWh, its forecast annual cost to serve PHP at a levelized baseline load level (i.e., the Customer's average demand will be assumed to be the same in each hour after taking into account major scheduled maintenance) to produce the CBL Cost.

The CBL Cost calculation will be inclusive of all incremental, non-capital costs to serve PHP and will assume no economic load shifting (e.g. no reductions in usage in high-cost hours or increased usage in low-cost hours). The CBL Cost will include the forecast cost of fuel and purchased power, line losses, and variable operating costs for NS Power's incremental generation and delivery of electricity to PHP and FCR, which is transferred to the CBL Adder (CBLA), as described in the bulleted list below, to produce the CBL Energy Charge. The CBL Energy Charge will form the basis of the ELIADC Energy Charge for the upcoming calendar year.

A CBL Adder will be calculated with reference to the forecast CBL Cost. As the forecast CBL Cost ($/MWh) decreases, the CBLA increases.

- When the forecast CBL Cost is at or under $56.75/MWh, the CBLA is calculated as 75 percent of the difference between the forecast CBL Cost and $61.75/MWh, plus $1.25/MWh. As the CBLA is equal to or more than the $5/MWh FCR, the FCR is fully included in the CBLA.
- When the forecast CBL Cost is more than $56.75/MWh and under $61.75/MWh, the FCR to be transferred from the forecast CBL Cost is the differential between the $5/MWh FCR and the calculated CBLA of 75 percent of the difference between the forecast CBL Cost and

$61.75/MWh. The FCR transferred from the CBL Cost is then added to the calculated CBLA to equal $5/MWh FCR.

- When the forecast CBL Cost is at or over $61.75/MWh, the FCR to be transferred from the forecast CBL Cost is $3.75/MWh. The difference between the forecast CBL Cost and $61.75/MWh is assigned a value of zero, and the CBLA is calculated as $5/MWh FCR.

The CBL Energy Charge is equal to the CBL Cost less the FCR transferred to the CBLA. The CBL Energy Charge and the associated CBLA shall be submitted for Board approval on an annual basis as part of the annual proceeding by which NS Power's Annually Adjusted Rates are established.

In addition to the CBL Energy Charge and CBLA, PHP will pay a Variable Capital Charge (VCC) for NS Power's incremental generation and delivery of electricity to PHP in the amount of $1.02/MWh.

In summary, the Tariff energy charge per MWh will be calculated as follows:

$$\textit{ELIADC Energy Charge} = \textit{CBL Energy Charge} + \textit{CBLA} + \textit{VCC}$$

ELIADC ENERGY CHARGE

The ELIADC Energy Charge is $75.87 per Megawatt-hour.

INTRA-YEAR MODIFICATIONS TO THE CBL ENERGY CHARGE

NS Power will utilize its established forecasting methodology to determine the CBL Energy Charge. PHP will undertake commercially reasonable efforts to accurately forecast its energy usage.

If, during any year, certain circumstances, such as those described in the next paragraphs, change significantly resulting in a material impact on the appropriate CBL Energy Charge to be paid by PHP during the year, NS Power may, upon approval of the Board, revise the CBL Energy Charge on a prospective basis.

In recognition that the calculation of the CBL Energy Charge for 2020 may be materially impacted if there are delays to the start date of deliveries of the NS Block energy import beyond June 1, 2020, if NS Power determines that any such delay will have a material impact on the appropriate CBL Energy Charge to be paid by PHP for 2020, then the CBL Energy Charge will be subject to recalculation pursuant to this provision.

Additional circumstances which, if changed significantly, would warrant reassessment of the CBL Energy Charge could include, but are not limited to:

(a) It becomes apparent that the CBL Energy Charge plus the CBLA plus the Variable Capital Charge will not result in the recovery of the actual incremental cost to serve plus $5/MWh FCR;

(b) Material and unexpected change in the cost of generation as compared to the CBL Energy Charge calculation;

(c) Material and unexpected increased electricity consumption by PHP during the year, such as significant physical plant modification (as signified by a specific capital expenditure beyond normal annual capital spending), a change in product line or a material non-forecast change in product demand; and

(d) Material and unexpected decrease in electricity consumption by PHP during the year (such as due to plant shutdowns, labour issues, or market downtime).

If PHP and NS Power are unable to agree on the required changes to the CBL Energy Charge as a result of any of the above modifications, the matter may be submitted to the Board by either party on an expedited basis for adjudication. Revisions to the CBL Energy Charge will not change the Minimum Payment to be made by PHP.

ACTIVE DEMAND CONTROL AND SCHEDULE VARIANCE

NS Power shall be entitled to actively manage PHP's load in accordance with the terms and conditions set out in the Active Demand Control – Energy Supply Protocol attached as Schedule 1 to this Tariff.

Annually, NS Power shall report to the Board to confirm the dollar value of system savings that have been achieved through Active Demand Control of PHP's load under the Protocol, taking account of the impacts of any variances by PHP from the dispatch schedules issued to it by NS Power and any adjustments arising from schedule variances if required. In accordance with the Board's direction in NS Power's Application for a Third Term of the ELIADC Tariff (M12184), the Company's annual reporting will further include "more detailed quantification of actual load shifting benefits (and costs), an identification and discussion of the types of deviations that provide the most benefits and why, ways to improve the tariff or tariff administration, and a comparison of current year outcomes to prior years to help to evaluate ELIADC performance over time."[1] NS Power shall endeavor to submit this report no later than 60 days after the end of a tariff year.

PHP will be entitled to a credit equal to 25 percent of the cost differential between the CBL Cost and the actual annual cost to serve PHP during the given tariff year. Such payments to the Customer will be made via an annual lump sum payment.

TERM

[1] M12184 – NSEB Decision, 324430, page 5. September 22, 2025.

The third term of this Tariff is 2026, unless revised per a Decision of the NSEB (Term). Prior to the end of the third term, NS Power or PHP may apply to the Board for approval of a subsequent term for this Tariff, including the approval of the pricing elements of the Tariff to be applied during the subsequent term or PHP's transition to an alternative tariff.

REOPENER

If, at any time during the Term, NS Power or PHP determines that the ELIADC Tariff is not working effectively, the parties shall work together to try to resolve any such concerns. If the parties cannot resolve such concerns, either party may apply to the Board to adjust the Tariff, or the components thereof, on a prospective basis. If necessary, and to protect customers, the Board may grant such approval on an expedited basis. Following any adjustment, PHP would be provided the opportunity to determine whether to remain on the Tariff.

DSM COST RECOVERY RIDER

The Demand Side Management Cost Recovery Charge is not applicable to PHP, and PHP will have no standing to participate in DSM-related proceedings.

FUEL ADJUSTMENT MECHANISM (FAM)

No FAM charges or credits shall be applicable to PHP, and PHP will have no standing to participate in FAM-related processes or proceedings unless it is proposed that a FAM-related charge be assessed against PHP or unless any such process or proceeding specifically deals with an issue that can directly impact on NS Power's incremental electricity costs.

MINIMUM LOAD REQUIREMENT

NS Power will withdraw the availability of this tariff, if, on a consistent basis, PHP is not maintaining a regular demand of 25,000 kVA.

INTERRUPTIBILITY

The Mill will reduce its load by, at a minimum, the amount requested by NS Power within 10 minutes of such request by NS Power. Following such interruption, service may only be restored by the Mill with the approval of NS Power.

PHP will make available suitable contact telephone numbers of a person or persons who are able to interrupt the required load within ten minutes.

Load interruption calls will be made to PHP in advance of all such calls to NS Power's Large Industrial Interruptible Rider customers. Where the customer has provided NS Power with the ability to monitor and interrupt its load under terms and conditions determined by NS Power, NS Power may hold this

load as Operating Reserve as required by system conditions. When interruptions are required, NS Power will exercise the automated control of the customer's load to interrupt the customer load.

PHP is expected to comply with all calls for interruption. Failure to comply in whole or in part with a request to interrupt load will result in penalty charges, payable within 15 business days unless such penalty payment is being contested in good faith. The penalty will be comprised of two parts, a Threshold Penalty and a Performance Penalty.

The Threshold Penalty charge will be equal to the amount of the applicable formula cost for energy taken under this Tariff effective at that time for the consumption used in the month.

The Performance Penalty which is based on PHP's performance during the interruption event is calculated as per the formula below:

Performance Penalty = ($15/kVA x A) + ($30/kVA x B)

Where:

"A" is any residual demand (above that required by the interruption request) remaining in the third interval directly following two complete 5-minute intervals after the interruption call was delivered by telephone call.

"B" is PHP's average demand in excess of the compliance level based on 5-minute interval data during the entire interruption event excluding the interval used to determine "A."

The total penalty will not exceed two times the cost of the formula amount, effective at that time for the consumption used in that month.

Should PHP fail to respond during subsequent calls within the same month, the same penalties will apply for each failure to interrupt.

Interruptions will be limited to 16 hours per day and 5 days per week to a maximum of 30% of the hours per month and 15% of the hours per year.

Conversion of Interruptible Load to Firm

Should PHP desire to be served under any applicable firm service tariff, a five-year advance written notice must be given to NS Power so as to ensure adequate capacity availability. Requests for a conversion to firm service will be treated in the same manner as all other requests for firm service received by NS Power. NS Power may, however, permit an earlier conversion. If PHP desires to return to interruptible service in the future, PHP may convert to an interruptible service tariff following two

years of service under the firm tariff schedule. NS Power may permit an earlier conversion from firm to interruptible service.

Order of Interruptibility

In the event an interruption call is required in order to avoid shortfalls in system electricity supply, interruptible load will be called upon to provide capacity to NS Power in the following order:

(1) Generation Replacement and Load Following (GRLF) Tariff;

(2) Extra Large Industrial Active Demand Control Tariff;

(3) Shore Power Tariff;

(4) Interruptible Rider to the Large Industrial Tariff.

In situations in which load of the customer under this Tariff is held as Operating Reserve, NS Power may change the above order of interruption by interrupting Large Industrial Interruptible Rider Tariff customers whose load is not held as Operating Reserve before interrupting the Customer.

MAINTAIN SYSTEM INTEGRITY

PHP will make all necessary arrangements to ensure that its load does not unduly deteriorate the integrity of the power supply system, either by its design and/or operation. Specific requirements shall be stipulated by way of a separate operating agreement.

In assessing issues that might unduly affect the integrity of the power supply system, the following would be considered: reliability, harmonic voltage and current levels, voltage flicker, unbalance, rate of change in load levels, stability, fault levels and other related conditions.

SECURITY FOR PAYMENTS

NS Power shall invoice PHP weekly, and PHP shall pay the billed amount net 7 days. As security for payment, PHP shall provide NS Power a letter of credit from time to time. The form, amount, and issuer of the letter of credit will be satisfactory to NS Power. To the extent that a letter of credit introduces a lag time and there are additional costs to NS Power, these will be paid by PHP not NS Power or its customers.

SEPARATE SERVICE AGREEMENT

NS Power reserves the right to have a separate service agreement if, in the opinion of NS Power, issues not specifically set out herein must be addressed for the ongoing benefit of NS Power and its customers.

POWER FACTOR CORRECTION

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Under normal operating conditions, an average power factor over the entire billing period, calculated for kWh consumed and lagging kVAR-h, as recorded, of not less than 90% lagging for the total Mill load (under all rates) shall be maintained, or the following adjustment factors (Constant) will be applied to the CBL Energy Charge:

Power Factor	Constant	Power Factor	Constant
90-100%	1.0000	65-70%	1.1255
80-90%	1.0230	60-65%	1.1785
75-80%	1.0500	55-60%	1.2455
70-75%	1.0835	50-55%	1.3335

METERING COSTS

Metering will normally be at the low voltage side of the transformer and, for measurement and, where applicable, billing purposes, meter readings will be increased by 1.1%. Should the Mill's requirements make it necessary for NS Power to provide primary metering, PHP will be required to make a capital contribution equal to the additional cost of primary metering as opposed to the cost of secondary metering. The costs of any special metering or communication systems required by PHP in connection with service under this Tariff shall be paid for by PHP as a capital contribution.