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Request IR-01:

a) Explain the basis for excluding the $6,762,743 transaction from the Affiliate Transaction Report and identify the specific provision(s) of the Affiliate Code relied upon by NSPML.
b) Which entity bore the gain or loss from this hedge transaction?

Response IR-01:

a) The transaction was not excluded from the report as it was included as footnote 1 to the Emera Inc. totals for each month. NSPML was completely transparent about the payment to the third party supplier. NSPML does not have the necessary financial facilities to execute hedge transaction independently, and therefore Emera executed the hedge on NSPML's behalf. Emera received no additional fees or markup.

   Since the $6,762,743 was paid to a third party, including it in the cost total for December 2025 would have distorted the monthly value of transactions with Emera. Therefore, including the transaction in a footnote, rather than in the monthly total, was a more accurate representation of inter-affiliate transactions.

b) Any gain or loss associated with the hedge will remain within NSPML and will be capitalized to the submarine cable protection project.

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Request IR-02:

Please provide the Excel version of Attachment 4 for 2024 and 2025.

Response IR-02:

Please see Attachment 1.

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Request IR-03:

a) **Please provide NSPML's final weighted balance scorecard results, showing the performance levels and the resulting scores for each measure for 2023-2025.**
b) **Please provide the total short-term incentive compensation accrued and paid to NSPML employees, by employee level for the years 2023-2025.**
c) **Identify the amount of incentive compensation included in the NSPML assessment for the years 2023 – 2025 segregated by employee level.**
d) **Please explain why 30% of the NSPML scorecard is based on consolidated Emera Net Income and Cash Flow rather than NSPML specific financial metrics. How does this ensure that customers do not fund incentives arising from the performance of affiliates or business activities unrelated to NSPML.**
e) **Why were all three Cash Flow performance levels reduced for 2025?**

Response IR-03:

a) Please refer to Attachment 1.

b) Please refer to Attachment 2. Note that only a portion of incentive paid to employees is recoverable from customers through the assessment (50% for employees and 0% for executives).

c) Please refer to Attachment 2.

d) The financial targets on the NSPML Balanced Scorecard changed to Emera measures starting in 2023, as reported in the Affiliate Code annual reports since 2023. Prior to 2023, financial targets were largely based on project costs which was an appropriate approach due to the nature of the business (and potential impact to customers) up to that time. As noted in the question, financial measures make up 30% of the Balanced Scorecard but only

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~30% of the incentive payment is included in the Assessment (~70% is paid by Emera, as explained below) meaning customers only pay 9% of employees total incentive related to financial measures.

Leading into 2023, with NSPML operating for a few years post commissioning and with all material punch list items from commissioning of the Maritime Link finalized, the consideration was whether a specific NSPML financial measure continued to be appropriate beyond the continuing requirement to manage and operate in accordance with good utility practice. Since entering into operations, the O&M budget has been a relatively small percentage of the overall annual costs to customers and, within the O&M budget, only a small sub portion could be considered variable due to the nature of the work that is required. Prudent and cost-effective budgeting to meet the Company's responsibilities are tested in each assessment and capital application.

In terms of financial metrics for the Company, it is important to understand that the largest value NSPML can create for customers relates to availability of the Maritime Link (directly addressed in the Asset Management portion of the Scorecard). To put another way, the benefits to customers in receiving energy via the Maritime Link will generally far outstrip any variances in NSPML's operating costs. This is why there is an overarching NSPML financial requirement in the Company's Balanced Scorecard that encourages management of NSPML expenditures to its approved business plan which is developed to support strong Maritime Link availability and is the basis for NSPML's budget per the assessment process. A prudent and cost-effective assessment of how NSPML plans to meet its responsibilities are tested in each assessment and capital application.

In terms of the additional financial metrics, employees understand the need for a financial performance component that impacts a portion of their incentive. As NSPML financial results roll up into the Emera financial results and as Emera is responsible for ~70 percent of the overall incentive cost, it made sense to include Emera financial metrics. The remainder of the Balanced Scorecard measures place emphasis on the items employees have a greater opportunity to directly impact – that being safety, environment, people and Maritime Link availability (asset management).

e) In 2024, the Cash Flow measure included Working Capital, but Working Capital was removed from the calculation of the measure in 2025, thus accounting for the reduced target.

OBJECTIVES	2025	2024	2023
EMERA FINANCIAL*	**TARGET +** **(slightly above)** 38.4%	**TARGET** **(slightly above)** 34.2%	**BETWEEN THRESHOLD & TARGET** 23.8%
SAFETY	**STRETCH** 25% (combined with cybersecurity) (TARGET = 12.5%)	**STRETCH** 25% (combined with cybersecurity) (TARGET = 12.5%)	**STRETCH** 20% (TARGET = 10%)
ENVIRONMENT	**STRETCH** 25% (TARGET = 12.5%)	**STRETCH** 25% (TARGET = 12.5%)	**STRETCH** 20% (TARGET = 10%)
PEOPLE & GOVERNANCE **	**TARGET** 20%	**TARGET** 20%	**TARGET** 20%
ASSET MANAGEMENT	**STRETCH** 50% (TARGET = 25%)	**TARGET** 25%	**TARGET** 30%
TOTAL PAYOUT	**158.4%**	**129.3%**	**113.8%**

** Business Financial as measure stopped in 2022 (Target in 2022 was 20%).*

*** Precise combination of Objectives varies depending on the year.*

Response to part (b):

	2023	2024	2025
Accrued incentive	**611,654**	**786,449**	**844,081**
Total payout to NSPML employees	**566,107**	**806,994**	**913,018**
Executive and Director	320,081	447,938	481,885
Manager	85,412	171,331	208,226
Other	160,614	187,725	222,907
Non-recoverable portion (paid by Emera, not customers)	400,770	575,161	630,069
Recoverable from customers	165,337	231,833	282,949
	566,107	806,994	913,018

Response to part (c):

	2023	2024	2025
Included in assessment - recoverable from customers[1]	135,000	190,000	195,000
Director and Manager	n/a	95,000	98,000
Other	n/a	95,000	97,000

[1] The budget (amount in the Assessment) is set assumming a 100% payout.

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Request IR-04:

a) Please provide a high-level explanation of the methodology used to calculate Monopole availability.

b) Please confirm if the metric is satisfied whenever at least one pole is available regardless of whether the pole is operating at reduced transfer capacity.

Response IR-04:

a) For the Maritime Link, the methodology used for calculating Monopole availability is based on the hours that at least one pole is available for operation divided by the total hours for the period being reported.

b) Confirmed, Monopole availability is not an energy availability metric. However, periods of reduced capacity on individual poles is very rare.