
Nova Scotia Energy Board

IN THE MATTER OF *The Public Utilities Act*, R.S.N.S. 1989, c.380, as amended

2027 DSM Cost Recovery Rider (DCRR)

NS Power
Application

October 1, 2026

NON-CONFIDENTIAL

2027 Demand Side Management Cost Recovery Rider
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1.0 INTRODUCTION

Nova Scotia Power Inc. (NS Power, Company) submits this Application for approval of the 2027 Demand Side Management Cost Recovery Rider (DCRR) in accordance with the terms of the DCRR Tariff:

On or before October 1 in the year preceding the implementation of the approved programs, NS Power shall apply to the NSEB to seek approval of the DSM Cost Recovery Rider amounts to be inserted in Schedule A to this tariff for the succeeding rate year. NS Power shall pay to the Franchise Holder the amount approved by the NSEB to fund the DSM costs, on a monthly basis.¹

As Franchise Holder, EfficiencyOne (E1) filed its application for approval of the 2027-2031 Demand-Side Management (DSM) Resource Plan (2027-2031 Plan) on March 31, 2026. At the time of this filing, the 2027-2031 Plan remains an open Matter before the Nova Scotia Energy Board (NSEB, Board) under M12780.

The DCRR provides for the collection of costs associated with DSM programs developed and delivered by E1. For 2027 this Application seeks to collect \$63.7 million of 2027 DSM programming costs that are provided to E1, as well as true-up costs described below. The DCRR is a class-specific charge, in cents per kWh, consisting of a Program Cost Recovery (PCR) component and a Balance Adjustment (BA) component. The PCR recovers program costs for the upcoming DSM Plan period. The BA is a true-up mechanism comprised of: (1) an Annual Volume Variance Adjustment (BA₁), which collects or returns the variances arising from forecast and actual customer class prior PCR collections; and (2) an End of Approved DSM Term² Adjustment (BA₂), which collects or returns differences between approved DSM costs and actual DSM expenditures for the completed Plan period and is applied over the remainder of the subsequent Plan period.

¹ DCRR Tariff, “Responsibilities of the Franchise Holder,” para. 2, page 1.

² Approved DSM Term refers to the full DSM Plan period in effect (e.g. 2023-2026, 2027-2031).

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For the 2027 DCRR, the PCR component is set to collect E1's proposed 2027 DSM investments, by customer class. The BA₁ represents: (i) variances between the 2025 PCR amounts collected from customers and the actual 2025 PCR revenue for the period January 1, 2025 to December 31, 2025 arising from sales volume variances; and (ii) variances between the approved 2025 DCRR amounts collected from customers and the approved 2026 DCRR amounts that should have been collected during the period January 1, 2026 to April 30, 2026 (the Interim Period). As the 2023-2026 DSM Term has not ended, there is no BA₂ adjustment included in the 2027 DCRR. The BA₂ recovery of End of DSM Term variances will be calculated in 2027 and included as part of the 2028 DCRR.

1.1 Prior Board Directives

On December 22, 2025, the Board issued its Interim Order on the 2026 DCRR Application, which provided:

- (1) The 2026 DCRR will continue the approved 2025 DCRR charges commencing January 1, 2026, until further order of the Board in this matter, or as part of NS Power's ongoing general rate application.
- (2) The direct monthly payment amounts for the four open access transmission tariff municipal electrical utilities, approved by the Board in the 2025 DCRR proceeding (M11912), will continue in the same approved amounts as 2025, commencing January 1, 2026, until further order of the Board in this matter, or as part of NS Power's ongoing general rate application.
- (3) Payments made from January 1, 2026, until the Board's final order will be subject to confirmation or adjustment in that order.³

On March 31, 2026, the Board approved the 2026 DCRR (M12521), effective January 1, 2026 and directed that "[t]he difference between the approved interim rates and the final rates will be addressed in future BA adjustments."⁴

³ M12521 – Board Interim Order, 326735, page 2. December 22, 2025.

⁴ M12521 – Board Decision, 328766, page 3. March 31, 2026.

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1 At that time, the Board had also recently issued its Decision on the 2026-2027 General Rate
2 Application (GRA) which, following a compliance filing and subsequent Board Order, would
3 result in further rate changes.⁵ In its 2026-2027 GRA Compliance Filing (M12451), NS Power
4 provided:

5
6 The implementation of rate changes in NS Power's billing systems is a multi-step
7 process (e.g. updating rate amounts, quality assurance, testing) that typically
8 requires a few weeks to complete. As further rate changes will be required
9 following the Board's Order on the GRA, NS Power intends to implement both
10 DCRR and GRA rate changes in its billing system such that both changes are
11 reflected on customer bills at the same time. NS Power believes this approach is in
12 customers' best interest as it avoids the need for two separate and proximate rate
13 increases. Any true-up required as a result of the differences between the 2025
14 DCRR and 2026 DCRR amounts collected between January 1, 2026 and the date
15 of the Board's Order in this proceeding will be addressed in the BA component of
16 the DCRR in a future DCRR Application.⁶

17
18 On April 30, 2026, the Board approved the rates and tariffs attached as Schedule A to its M12451
19 Order, effective May 1, 2026.⁷ Pursuant to the Board's direction in these matters, the approved
20 2025 DCRR charges remained in effect in the Interim Period and the Company implemented the
21 approved 2026 DCRR rates, effective May 1, 2026, in conjunction with the rates approved in the
22 2026-2027 GRA. Accordingly, the variance between the Interim Period DCRR rates and the
23 approved 2026 DCRR rates for the same January 1 through April 30, 2026 Interim Period are
24 included in the 2027 BA₁.

25
26 The Board's 2026 DCRR Decision also approved the 2026 monthly payments made by the four
27 Municipal Electric Utilities (MEUs) served under the Open Access Transmission Tariff (OATT),
28 and provided the following further direction:

29
30 The Board also approves the Direct Monthly Payments for OATT MEUs, effective
31 January 1, 2026. At the MEU's election, future monthly payments in 2026 may be

⁵ The Board's Decision in the 2026-2027 GRA was issued March 25, 2026; the Company filed its Compliance GRA on April 7, 2025.

⁶ M12451 – 2026-2027 GRA Compliance Filing, page 17, lines 6-15. April 7, 2026.

⁷ M12451 – Board Order, 329954, page 2, sub. 10. April 30, 2026.

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1 adjusted to account for the difference between the interim and approved monthly
2 payments so that total payments in 2026 equal the annual PCR amounts payable by
3 these customers (as set out in Exhibit N-1, p. 6). NS Power must promptly notify
4 the Board if the MEUs elect to vary their monthly payments as noted.⁸

5
6 On May 15, 2026, the Company notified the Board of the MEUs' election to vary their monthly
7 payments from that approved in the 2026 DCRR Decision.⁹ In this correspondence, NS Power
8 proposed to adjust the monthly payments commencing May 1, 2026 so that the total direct monthly
9 payments for May to December 2026 equal the approved 2026 DCRR amounts, taking into account
10 the 2025 DCRR amounts remitted in the January to April 2026 period. On July 15, 2026, the Board
11 approved the adjustments to OATT MEUs monthly payments, effective May 1, 2026. As a result,
12 the OATT MEUs' 2027 DCRR direct monthly payments do not require a BA₁ adjustment.

⁸ M12521 – Board Decision, 328766, page 3.

⁹ M12863 – NS Power letter re. MEU Direct Payment Adjustments. May 15, 2026.

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2.0 2027 DSM COST RECOVERY RIDER

Figure 1 provides the 2027 DCRR by rate component and customer class. **Figure 2** provides the 2027 DCRR direct monthly payments for the OATT MEUs. The DCRR charges for 2027 were developed in accordance with the revised allocation of the DSM costs as approved in the 2026-2027 General Rate Application (M12451).¹⁰

Figure 1 – 2027 DCRR¹¹

Applicable Tariff	PCR	BA ₁	BA ₂	DCRR
	(cents per kWh)	(cents per kWh)	(cents per kWh)	(cents per kWh)
Domestic Service, Domestic Service Time-of-Day, Domestic Service Time of Use, Domestic Service Critical Peak Pricing	0.560	0.007	0.000	0.567
Small General, Small General Time of Use, Small General Critical Peak Pricing	0.644	(0.089)	0.000	0.555
General, General Time of Use, General Critical Peak Pricing, Multi-Unit Residential Unit (MURB)	0.759	0.036	0.000	0.795
Large General	0.697	(0.091)	0.000	0.606
Small Industrial	0.660	(0.068)	0.000	0.592
Medium Industrial	0.588	0.059	0.000	0.646
Large Industrial including Interruptible Rider	0.754	0.093	0.000	0.847
Municipal	0.324	(0.155)	0.000	0.169
Unmetered Services	0.043	(0.102)	0.000	(0.059)
Gen. Replacement & Load Following	0.000	(0.025)	0.000	(0.025)
One Part Real Time Pricing	0.000	(0.005)	0.000	(0.005)
Shore Power	0.000	(0.026)	0.000	(0.026)

¹⁰ M12451 – Board Decision, 328719, page 291, para. 694. March 25, 2026.

¹¹ Appendix A-1 2027 Program Cost Recovery and Appendix A-2 2027 Balance Adjustment

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Figure 2 – Direct DSM Billings for OATT MEUs

MEUs	Direct Monthly Payments in dollars	Annual Payments in dollars
Antigonish	18,134	217,605
Berwick	3,818	45,813
Mahone Bay	8,537	102,439
Riverport	842	10,102
Total	31,330	375,959

Consistent with prior practice, the recovery of DSM costs from the OATT MEUs will be through monthly billings of fixed monthly instalment amounts, as outlined in **Figure 2**.¹²

DSM costs associated with Renewable to Retail (RtR) customers will be recovered through the application of approved DCRR charges or credits to customer kWh sales. The DCRR rates applied to RtR customers will be the same as those applicable to the corresponding bundled-service rate classes, providing for consistent recovery of DSM costs across customer groups. As is the case with distribution and storm-related costs, these amounts will be collected from RtR customers by their Licensed Renewable Supplier (LRS) and remitted to NS Power.

2.1 Effect of DCRR on Class Revenue

The proposed 2027 DCRR represents an average rate decrease of 0.1 percent to Fuel Adjustment Mechanism (FAM) customers as set out in **Figure 3**.

¹² OATT MEUs monthly payments include only the PCR component, as these customers do not have any BA balance.

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Figure 3 – 2027 DCRR Effect of DSM Charges on Class Revenues, by Component and Class¹³¹⁴

Customer Class	Percentage Increase/(Decrease)			
	PCR	BA ₁	BA ₂	Total
Domestic Service Tariff	(0.4)	0.0	–	(0.4)
Small General Tariff	(0.8)	(0.0)	–	(0.9)
General Tariff	0.1	0.1	–	0.3
Large General Tariff	1.9	(0.9)	–	1.1
Small Industrial Tariff	0.8	(0.5)	–	0.2
Medium Industrial Tariff	0.7	0.4	–	1.2
Large Industrial Tariff	1.2	0.3	–	1.5
Municipal Tariff (excluding OATT MEUs)	0.3	(0.9)	–	(0.6)
Unmetered	(0.0)	(0.6)	–	(0.6)
Total FAM Classes	(0.1)	0.0	–	(0.1)

Figures presented in the table are rounded to one decimal place.

The PCR component reflects the recovery of 2027 DSM program costs contained in EfficiencyOne's proposed 2027-2031 DSM Plan. The proposed spending is allocated among customer classes and forms the basis for the calculation of the 2027 PCR riders. Consequently, the resulting revenue impacts differ by customer class, reflecting each class's share of allocated DSM program costs. As illustrated in **Figure 3**, the proposed PCR impacts range from a decrease of 0.8% for Small General customers to an increase of 1.9% for Large General customers.

The 2027 BA₁ is set to collect or return the PCR true-up amounts related to the DSM investments approved for 2025. The sales volume variance in the 2025 calendar year results in an overall refund of \$0.2 million to customers through the BA₁ component of the 2027 DCRR. In addition, the variance arising from the difference between the interim approved DCRR rates and the final 2026 DCRR rates for the Interim Period, included in the 2027 BA₁ results in an overall amount of \$1.3 million to be recovered from customers. As a result, the total 2027 BA₁ is a recovery of \$1.1 million from customers.

¹³ Appendix C- Proof of Revenue, "Percent increase in summary" tab.

¹⁴ Rate increases were calculated assuming that all system customers take bundled service in 2027 (the rider rates were calculated using total forecast load inclusive of RtR load)

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Supporting data and calculations for the 2027 DCRR are provided in the appendices to this Application, as further described below.

- **Appendix A-1** presents the PCR cost allocation table. The table shows how DSM budgets are broken up by the portion directly attributable to each class and provide total DSM cost responsibilities by rate class and calculation of the PCR Riders or Direct Monthly Bill payments where applicable.
- **Appendix A-2** presents the true-up amounts and BA rider calculations, specifically:
 - Table 1 (BA) (2027) provides the Balance Adjustment for January 1, 2025, to December 31, 2025 and Balance Adjustment for the difference between the interim approved DCRR rates and the final 2026 DCRR rates for the Interim Period (January 1, 2026, through April 30, 2026);
 - Table 2 (BA) (2027) provides detailed information on contract payment and collection calculations; and
 - Table 3 (BA) (Jan-Apr 2026) provides detailed calculations of the variance arising from the difference between the interim approved DCRR rates and the final 2026 DCRR rates for the Interim Period (January 1, 2026, through April 30, 2026).

2.2 Financing Costs

The Board's 2026 DCRR Decision and Order provided as follows:

The payment of interest by or to NS Power and its customers on Balancing Adjustment balances from 2024 will be held in abeyance until these matters are

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1 more fully considered and may, if interest is determined to be payable, be included
2 in future DCRR adjustments.¹⁵
3

4 The Company is mindful of the Board’s Decision in the 2026 DCRR Matter and has excluded
5 financing costs in the 2027 proposed BA charge. Financing costs are real costs incurred by the
6 Company in the administration of the DCRR Tariff to fund E1’s DSM activities. In the event the
7 NSEB provides “more guidance, including the possibility of establishing a formal rule for the
8 assessment of interest,” which remains an issue that is being held in abeyance. The treatment of
9 financing costs and variance account balances is currently being considered by the Board in
10 proceeding M12954 - Review of Nova Scotia Power Incorporated Treatment of Variance
11 Accounts. Accordingly, the Company has not included financing costs in the proposed 2027 BA
12 pending further direction from the Board.
13

14 Consistent with its 2024, 2025, and 2026 DCRR Applications, NS Power has provided tab “Table
15 1 (BA with Int)(2027) and Table 2 (BA with Int)(2027)” to Appendix A-2, which incorporates the
16 financing costs into the BA component of the proposed 2027 DCRR. Throughout 2025, the BA₁
17 balance has fluctuated from a credit balance (owed to customers) of \$2.1 million to a debit balance
18 (owed by customers) of \$1.3 million. This is provided for the Board’s information and
19 consideration as part of M12954.
20

¹⁵ M12521 – Board Order, 329105, page 2.

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3.0 RELIEF SOUGHT

NS Power seeks Board approval of the 2027 DCRR, as proposed herein and provided in clean and redline as **Appendix B-1** and **Appendix B-2**, respectively, to come into effect on January 1, 2027. The Company also seeks approval of the Direct Monthly Payments for OATT MEUs as shown in **Figure 2**.

COLUMN

A

B

C

D

E

Line #

**2027 PCR - Allocation of 2027 Program Costs among
Customer Classes**

	Rate Class	2027 PCR	Sales Forecast (kWh)	PCR Riders (cents/kWh)	Direct Monthly Payments
-1	Residential	\$30,065,750	5,367,970,765	¢0.560	
-2	Small General	\$2,846,464	441,993,387	¢0.644	
-3	General Demand	\$18,387,103	2,422,069,982	¢0.759	
-4	Large General	\$2,486,487	356,917,033	¢0.697	
-5	Small Industrial	\$1,750,483	265,028,031	¢0.660	
-6	Medium Industrial	\$2,910,625	495,337,044	¢0.588	
-7	Large Industrial	\$4,755,916	631,164,371	¢0.754	
-8	Unmetered	\$32,144	75,434,631	¢0.043	
-9	BUTU	\$0	78,570,102	¢0.000	
-10	Municipal	\$513,785	42,528,201	¢0.324	\$31,330
-11	Municipal Bundle Service Subtotal	\$137,826	42,528,201	¢0.324	
-12	Municipal Unbundled Service Subtotal	\$375,959	147,673,144		\$31,330
-13	Antigonish	\$217,605	90,158,355		\$18,134
-14	Berwick	\$45,813	34,172,960		\$3,818
-15	Mahone Bay	\$102,439	13,495,507		\$8,537
-16	Riverport	\$10,102	9,846,322		\$842
-17					
-18	Gen. Repl. / Load Following.	\$0	19,491,576	¢0.000	
-19	1P-RTP	\$0	11,074,486	¢0.000	
-20	Shore Power	\$0	1,640,651	¢0.000	
-21	Total	\$63,748,757	10,209,220,260		\$31,330

2027 DSM Cost Recovery Rider Appendix A-2 has been filed electronically.

APPLICABILITY

This schedule applies to all electric rate classes with the exception of the Wholesale Market Non-Dispatchable Supplier Spill Tariff, the Load Retention Tariff, and the Extra Large Industrial Active Demand Control Tariff. For customers taking service in the Wholesale or Renewable to Retail markets, recovery of the costs of demand side management activities, as defined in Section 79A of the Public Utilities Act (Demand Side Management or DSM) approved by the Nova Scotia Energy Board (NSEB) will be direct billed in accordance with the customer's class energy bill as if served by Nova Scotia Power Incorporated (NS Power) under its bundled service offerings.

RESPONSIBILITIES OF FRANCHISE HOLDER

It is the responsibility of the holder of the demand side management franchise granted under Section 79C of the Public Utilities Act (Franchise Holder) to apply to the NSEB to seek approval of all DSM activities, plans and programs, and to itemize and seek approval for all related costs.

On or before October 1 in the year preceding the implementation of the approved programs, NS Power shall apply to the NSEB to seek approval of the DSM Cost Recovery Rider amounts to be inserted in Schedule A to this tariff for the succeeding rate year. NS Power shall pay to the Franchise Holder the amount approved by the NSEB to fund the DSM costs, on a monthly basis.

DEMAND SIDE MANAGEMENT COST RECOVERY RIDER (DCRR)

The monthly amount computed under each of the rate schedules to which this DSM Cost Recovery Rider is applicable shall be increased or decreased by the DCRR at a class-specific rate per kilowatt hour of consumption in accordance with the following formula:

$$\text{DCRR} = \text{PCR} + \text{BA}$$

Where:

PCR = Program Cost Recovery

The PCR includes all estimated costs for the upcoming calendar year for the DSM Plan that has been requested by the Franchise Holder and approved by the NSEB (Approved DSM). It includes the cost of planning, developing, implementing, monitoring, evaluating, and verifying DSM programs, and includes but is not limited to costs for enabling strategies, consultants, employees, and administrative expenses. The PCR is computed for each rate schedule using the cost allocation methodology set out in Schedule B to this tariff.

BA = Balance Adjustment

The BA is comprised of two components:

- (1) BA₁ = Annual Volume Variance Adjustment – calculated for each rate class separately on a previously completed calendar year basis and is used to reconcile the difference between the amount of revenues actually billed through the PCR and the revenues which should have been billed based on actual class load in the previously completed calendar year. In order to enable incorporation of a full year’s actual results, the BA₁ is applied on a two-year lag and addresses differences in the year that occurred 2 years prior to the current PCR year.

- (2) BA₂ = End of Approved DSM Term Adjustment – reconciles the difference between the Approved DSM amount billed in the previously completed Approved DSM Term¹ and the actual Approved DSM expenditures incurred by the Franchise Holder during the same previously completed Approved DSM Term. Following the conclusion of the Approved DSM Term, the BA₂ is calculated by customer class based on actual spending and is applied over the remainder of the succeeding Approved DSM Term². This adjustment ensures that customers are charged or refunded based on actual DSM program expenditures in their respective class.

Total BA = BA₁ + BA₂

The BA shall be updated annually to reflect BA₁, and at the conclusion of each Approved DSM Term to reflect BA₂. The NSEB-approved DCRR shall be placed into effect with bills rendered on and after the effective date of such change.

SCHEDULE A

2027 DSM Cost Recovery Rider Charges

The Demand Side Management Cost Recovery Rider (DCRR) charges, along with its components, (PCR) and (BA), for the period from the approved effective date of January 1, 2027 to December 31, 2027 are as follows:

Applicable Tariff	PCR (cents per kWh)	BA₁ (cents per kWh)	BA₂ (cents per kWh)	DCRR (cents per kWh)
Domestic Service, Domestic Service Time-of-Day, Domestic Service Time-of-Use, Domestic Service Critical Peak Pricing	0.560	0.007	0.000	0.567

¹ The Approved DSM Term refers to the full DSM Plan period in effect (e.g. 2023-2026, 2027-2031).

² For example, following the conclusion of the 2023-2026 term, the BA₂ is calculated (in 2027) and is applied equally, on a per year basis, over the remainder of the 2027-2031 term (e.g. four years – 2028, 2029, 2030, and 2031).

Applicable Tariff	PCR (cents per kWh)	BA₁ (cents per kWh)	BA₂ (cents per kWh)	DCRR (cents per kWh)
Small General, Small General Time of Use, Small General Critical Peak Pricing	0.644	(0.089)	0.000	0.555
General, General Time of Use, General Critical Peak Pricing, Multi-unit Residential Building Time-of-Use	0.759	0.036	0.000	0.795
Large General	0.697	(0.091)	0.000	0.606
Small Industrial	0.660	(0.068)	0.000	0.592
Medium Industrial	0.588	0.059	0.000	0.646
Large Industrial including Interruptible Rider	0.754	0.093	0.000	0.847
Municipal	0.324	(0.155)	0.000	0.169
Unmetered Services	0.043	(0.102)	0.000	(0.059)
Gen. Replacement & Load Following	0.000	(0.025)	0.000	(0.025)
One Part Real Time Pricing	0.000	(0.005)	0.000	(0.005)
Shore Power	0.000	(0.026)	0.000	(0.026)

SCHEDULE B

DSM Cost Allocation Method

- Step 1 – Allocate the class and participation benefits by directly assigning 100% of the DSM investment identified for each participating customer class.
- Step 2 – For NS Power bundled service customers, divide the total amount to be recovered from each class by the anticipated electricity sales for the class to derive the required program cost recovery for each class for the upcoming year.
- Step 3 – For customers taking service in the Wholesale or Renewable to Retail markets, recovery of DSM costs will be direct billed in accordance with the customer's class energy bill if served by NS Power under its bundled service offerings.
- Step 4 – Annually, true up the class and participation benefits by customer class, as described in BA₁.

- Step 5 – At the end of each Approved DSM Term, true up the class and participation benefits by customer class, as described in BA₂.

Conditions

- For bundled service customers, other than those who take service in the Wholesale Market (whether in whole or in part), this approach applies to classes as a whole (not to individual customers).
- For customers who take service in the Wholesale Market (whether in whole or in part), this approach applies to individual customers.
- This approach applies to total Approved DSM costs.

APPLICABILITY

This schedule applies to all electric rate classes with the exception of the Wholesale Market Non-Dispatchable Supplier Spill Tariff, the Load Retention Tariff, and the Extra Large Industrial Active Demand Control Tariff. For customers taking service in the Wholesale or Renewable to Retail markets, recovery of the costs of ~~electricity efficiency and conservation~~ demand side management activities, as defined in Section 79A of the Public Utilities Act (Demand Side Management or DSM) approved by the Nova Scotia Energy Board (NSEB) will be direct billed in accordance with the customer's class energy bill as if served by Nova Scotia Power Incorporated (NS Power) under its bundled service offerings.

RESPONSIBILITIES OF FRANCHISE HOLDER

It is the responsibility of the holder of the ~~electric efficiency and conservation~~ demand side management franchise granted under Section 79C of the Public Utilities Act (Franchise Holder) to apply to the NSEB to seek approval of all DSM activities, plans and programs, and to itemize and seek approval for all related costs.

On or before October 1 in the year preceding the implementation of the approved programs, NS Power shall apply to the NSEB to seek approval of the DSM Cost Recovery Rider amounts to be inserted in Schedule A to this tariff for the succeeding rate year. NS Power shall pay to the Franchise Holder the amount approved by the NSEB to fund the DSM costs, on a monthly basis.

DEMAND SIDE MANAGEMENT COST RECOVERY RIDER (DCRR)

The monthly amount computed under each of the rate schedules to which this DSM Cost Recovery Rider is applicable shall be increased or decreased by the DCRR at a class-specific rate per kilowatt hour of consumption in accordance with the following formula:

$$\text{DCRR} = \text{PCR} + \text{BA}$$

Where:

PCR = Program Cost Recovery

The PCR includes all estimated costs for the upcoming calendar year for the DSM Plan that has been requested by the Franchise Holder and approved by the NSEB (Approved DSM). It includes the cost of planning, developing, implementing, monitoring, evaluating, and verifying DSM programs, and includes but is not limited to costs for enabling strategies, consultants, employees, and administrative expenses. The PCR is computed for each rate schedule using the cost allocation methodology set out in Schedule B to this tariff.

BA = Balance Adjustment

Effective: January 1, ~~2026~~ 2027

The BA is comprised of two components:

- (1) BA₁ = Annual Volume Variance Adjustment – calculated for each rate class separately on a previously completed calendar year basis and is used to reconcile the difference between the amount of revenues actually billed through the PCR and the revenues which should have been billed based on actual class load in the previously completed calendar year. In order to enable incorporation of a full year’s actual results, the BA₁ is applied on a two-year lag and addresses differences in the year that occurred 2 years prior to the current PCR year.
- (2) BA₂ = End of Approved DSM Term Adjustment – reconciles the difference between the Approved DSM amount billed in the previously completed Approved DSM Term¹ and the actual Approved DSM expenditures incurred by the Franchise Holder during the same previously completed Approved DSM Term. Following the conclusion of the Approved DSM Term, the BA₂ is calculated by customer class based on actual spending and is applied over the remainder of the succeeding Approved DSM Term². This adjustment ensures that customers are charged or refunded based on actual DSM program expenditures in their respective class.

Total BA = BA₁ + BA₂

The BA shall be updated annually to reflect BA₁, and at the conclusion of each Approved DSM Term to reflect BA₂. The NSEB-approved DCRR shall be placed into effect with bills rendered on and after the effective date of such change.

SCHEDULE A

~~2026~~ 2027 DSM Cost Recovery Rider Charges

The Demand Side Management Cost Recovery Rider (DCRR) charges, along with its components, (PCR) and (BA), for the period from the approved effective date of January 1, ~~2026~~ 2027 to December 31, ~~2026~~ 2027 are as follows:

Applicable Tariff	PCR (cents per kWh)	BA ₁ (cents per kWh)	BA ₂ (cents per kWh)	DCRR (cents per kWh)
Domestic Service, Domestic Service Time-of-Day, Domestic Service Time-of-Use, Domestic Service Critical Peak Pricing	<u>0.560</u> ~~0.642~~	<u>0.007</u> ~~0.006~~	<u>0.000</u>	<u>0.567</u> ~~0.648~~

¹ The Approved DSM Term refers to the full DSM Plan period in effect (e.g. 2023-2026, 2027-2031).

² For example, following the conclusion of the 2023-2026 term, the BA₂ is calculated (in 2027) and is applied equally, on a per year basis, over the remainder of the 2027-2031 term (e.g. four years – 2028, 2029, 2030, and 2031).

Applicable Tariff	PCR (cents per kWh)	BA ₁ (cents per kWh)	BA ₂ (cents per kWh)	DCRR (cents per kWh)
Small General, Small General Time of Use, Small General Critical Peak Pricing	<u>0.644</u> ~~0.809~~	<u>(0.089)</u> ~~(0.080)~~	<u>0.000</u>	<u>0.555</u> ~~0.729~~
General, General Time of Use, General Critical Peak Pricing, Multi-unit Residential Building Time-of-Use	<u>0.759</u> ~~0.735~~	<u>0.036</u> ~~0.015~~	<u>0.000</u>	<u>0.795</u> ~~0.749~~
Large General	<u>0.697</u> ~~0.428~~	<u>(0.091)</u> ~~0.029~~	<u>0.000</u>	<u>0.606</u> ~~0.458~~
Small Industrial	<u>0.660</u> ~~0.536~~	<u>(0.068)</u> ~~0.020~~	<u>0.000</u>	<u>0.592</u> ~~0.555~~
Medium Industrial	<u>0.588</u> ~~0.483~~	<u>0.059</u> ~~(0.004)~~	<u>0.000</u>	<u>0.646</u> ~~0.479~~
Large Industrial including Interruptible Rider	<u>0.754</u> ~~0.612~~	<u>0.093</u> ~~0.051~~	<u>0.000</u>	<u>0.847</u> ~~0.663~~
Municipal	<u>0.324</u> ~~0.280~~	<u>(0.155)</u> ~~(0.015)~~	<u>0.000</u>	<u>0.169</u> ~~0.265~~
Unmetered Services	<u>0.043</u> ~~0.046~~	<u>(0.102)</u> ~~0.003~~	<u>0.000</u>	<u>(0.059)</u> ~~0.049~~
Gen. Replacement & Load Following	<u>0.000</u> ~~0.000~~	<u>(0.025)</u> ~~(0.027)~~	<u>0.000</u>	<u>(0.025)</u> ~~(0.027)~~
One Part Real Time Pricing	<u>0.000</u> ~~0.000~~	<u>(0.005)</u> ~~0.010~~	<u>0.000</u>	<u>(0.005)</u> ~~0.010~~
Shore Power	<u>0.000</u> ~~0.000~~	<u>(0.026)</u> ~~0.102~~	<u>0.000</u>	<u>(0.026)</u> ~~0.102~~

SCHEDULE B

DSM Cost Allocation Method

- Step 1 – Allocate the class and participation benefits by directly assigning 100% of the DSM investment identified for each participating customer class.
- Step 2 – For NS Power bundled service customers, divide the total amount to be recovered from each class by the anticipated electricity sales for the class to derive the required program cost recovery for each class for the upcoming year.
- Step 3 – For customers taking service in the Wholesale or Renewable to Retail markets, recovery of DSM costs will be direct billed in accordance with the customer's class energy bill if served by NS Power under its bundled service offerings.

- Step 4 – Annually, true up the class and participation benefits by customer class, as described in BA₁.
- Step 5 – At the end of each Approved DSM Term, true up the class and participation benefits by customer class, as described in BA₂.

Conditions

- For bundled service customers, other than those who take service in the Wholesale Market (whether in whole or in part), this approach applies to classes as a whole (not to individual customers).
- For customers who take service in the Wholesale Market (whether in whole or in part), this approach applies to individual customers.
- This approach applies to total Approved DSM costs.

2027 DSM Cost Recovery Rider Appendix C has been filed electronically.

2027 DSM Cost Recovery Rider Appendix D has been filed electronically.