

March 23, 2026

Crystal Henwood
Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3S3

Re: Fuel Adjustment Mechanism (FAM) Monthly Report – February 2026

Dear Ms. Henwood:

Please find enclosed Nova Scotia Power's FAM Monthly report for February 2026. The confidential versions of the report and the FAM Calculation Model have been uploaded to the Board's confidential website.

The analysis provided in this monthly report and the remainder of this letter uses NS Power's actual data against the 2026 GRA filing, pending a decision from the NSEB, referenced as the FAM Budget. The FAM Budget was originally developed using pricing data from November 2024.

For the AA and BA information on page M2, the actual data is compared against the amounts presented 2026 GRA filing, which includes actuals up to December 2024.

February 2026 Results

As shown in Figure 1, for the month of February 2026 there was increased energy from HFO, Imports over the New Brunswick tie, Natural Gas and Labrador Hydro (Energy Access Agreement), which was partially offset by lower Solid Fuel, NS Power Owned Wind, Hydro & Solar, and IPPs/COMFIT.

Figure 1

Month

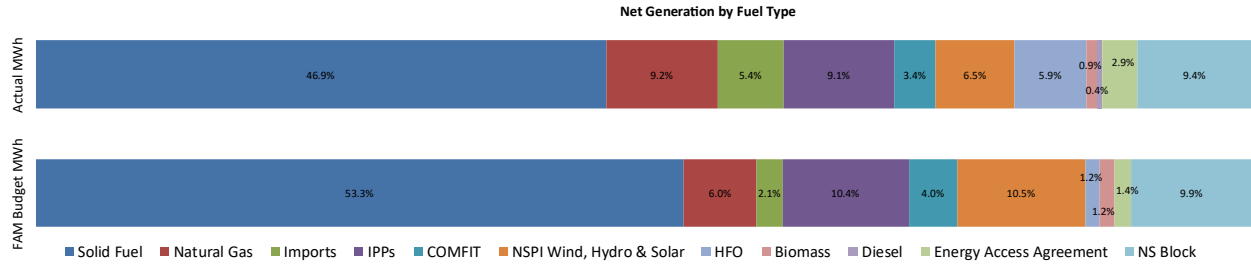


Figure 2

Year-to-Date

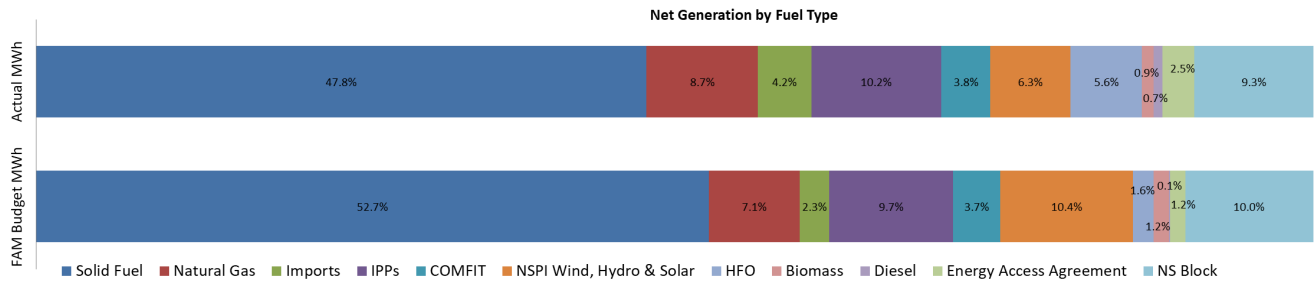


Table 1

February FAM (Over)/Under-Recovery (in \$ millions)			
	Actual	FAM Budget	Variance
Total fuel and purchased power	\$112.5	\$90.5	\$22.0
Fuel adjustments	\$ (4.1)	\$ (4.5)	\$0.4
Total Adjusted Fuel Costs	\$108.4	\$86.0	\$22.4
Revenue ⁽¹⁾	\$ (89.0)	\$ (89.3)	\$ 0.3
FAM Under/(Over) Recovery	\$19.4	\$(3.3)	\$22.7

*Figures presented are rounded to one decimal place which may cause rounding differences on some line items. Figures are presented as follows: (Favourable)/Unfavourable in the variance column. FAM Budget reflects the 2026 GRA of \$918.6 million.

(1) Includes \$4.5M in actuals and \$4.4M in FAM Budget relating to the 2026 FAM AA/BA Rider, which is revenue relating to recovery of the supplemental assessment for the Maritime Link per NSEB Interim Board Order M12640 dated December 23, 2025.

Table 2

Year to Date FAM (Over)/Under-Recovery (in \$ millions)			
	Actual	FAM Budget	Variance
Total fuel and purchased power	\$233.3	\$193.2	\$40.1
Fuel adjustments	\$ (10.9)	\$ (9.5)	\$(1.4)
Total Adjusted Fuel Costs	\$222.4	\$183.7	\$38.7
Revenue	\$ (189.2)	\$ (185.4)	\$ (3.8)
FAM Under/(Over) Recovery	\$33.2	\$(1.7)	\$34.9

*Figures presented are rounded to one decimal place which may cause rounding differences on some line items. Figures are presented as follows: (Favourable)/Unfavourable in the variance column. FAM Budget reflects the 2026 GRA of \$918.6 million.

(1) Includes \$9.6M in actuals and \$9.0M in FAM Budget relating to the 2026 FAM AA/BA Rider, which is revenue relating to recovery of the supplemental assessment for the Maritime Link per NSEB Interim Board Order M12640 dated December 23, 2025.

For the month of February 2026 there was a variance of \$22.7 million in FAM under-recovery as compared to the FAM Budget (\$19.4 million actual under-recovery as compared to \$3.3 million over-recovery in the FAM Budget).

For the month of February 2026, load was approximately 54.1 GWh higher than the FAM Budget, resulting in an increase in fuel costs of \$7.1 million.

The February variance between the actual total fuel and purchased power cost and the FAM Budget total fuel and purchased power costs (excluding load) is unfavorable by \$14.9 million. The following table sets out the components of the variance between actual fuel and purchased power cost as compared to the FAM Budget.

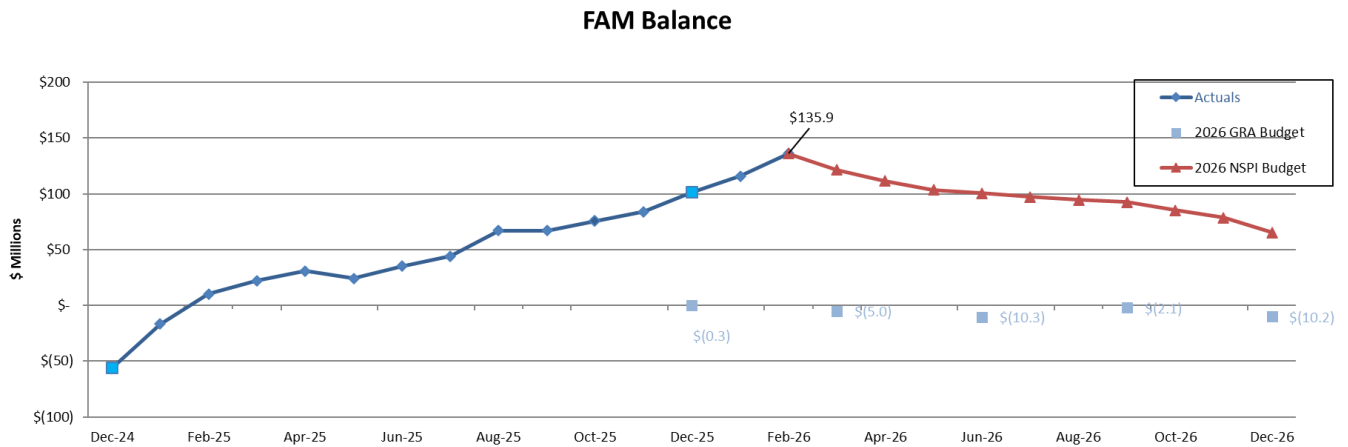
Table 3

Fuel and Purchased Power Variance (in \$ millions) *	
	Actual vs FAM Budget
Purchased power pricing and mix	\$9.4
Nova Scotia OBPS carbon tax	\$4.9
Natural gas, HFO, and LFO pricing and mix	\$3.3
Generation mix	\$2.1
Plant Dispatch	\$1.3
Maritime Link Assessment	\$(3.5)
Solid Fuel pricing and mix, additives, and adjustments	\$(2.6)
Total excluding load	\$14.9

*Figures presented in Table 3 are rounded to one decimal place which may cause rounding differences on some line items. Figures are presented as follows: (Favourable)/Unfavourable. FAM Budget reflects the 2026 GRA of \$918.6 million.

As shown in Figure 3 below, as of February 28, 2026, the FAM Balance is an under-recovery of \$135.9 million. Both the GRA and NS Power Internal Budget would have assumed an increase in fuel rates and collection of AA/BA beginning January 1, 2026.

Figure 3



As shown in Table 4 below, natural gas consumption was higher than budget. This was a result of increased natural gas dispatch compared to the FAM Budget.

Table 4

	Variance from FAM Budget*
Natural gas consumption (MMBtu)	442,322
Natural gas price (\$/MMBtu)	\$ 3.04

*Variances are against the FAM Budget which reflects the 2026 GRA filing of \$918.6 million. Positive numbers reflect amounts higher than forecast; Negative numbers reflect amounts lower than forecast.

In the Board Order received January 16, 2020, regarding M09810, in reference to the long-term deferral of Maritime Link depreciation expense, NS Power was directed to include detail in its FAM Monthly report of the WACC earned in the FAM on these funds. As of September 2021, energy from Newfoundland and Labrador Hydro (NS Block) has started to flow. Since January 2021, NS Power has deferred Maritime Link assessment costs in the amount of \$22.8 million, resulting in increased interest payable at WACC to FAM customers of approximately \$7.4 million.

March 23, 2026
C. Henwood

Please contact me with any questions or concerns with respect to the FAM Monthly report for February 2026.

Yours truly,

A handwritten signature in cursive script that reads "Jessie Wallace".

Jessie Wallace,
Manager, Regulatory Strategic Planning and Innovation

c. Intervenor

Encl.

Nova Scotia Power Inc.
Monthly FAM Reporting
For the Period Ended February 28, 2026

REDACTED



Nova Scotia Power Inc.
Monthly FAM Reporting
Summary of Fuel Costs
For the Period Ended February 28, 2026
(millions of dollars)

NSPI (FAM) M-1
NON-CONFIDENTIAL

	Current Month		Year-to-Date		2026 Budget	
	Actual	Budget ⁽¹⁾	Actual	Budget ⁽¹⁾	Full Year Budget	% of Budget Spent
Fuel for Generation - Domestic Load						
Solid Fuel	35.1	39.6	77.2	81.5	293.5	26.3%
Natural Gas	13.6	5.7	32.8	18.4	87.4	37.5%
Biomass	1.5	2.1	3.4	4.3	21.6	15.7%
Bunker C	10.6	2.3	21.9	6.7	7.8	280.8%
Furnace	0.6	0.6	0.9	1.2	4.0	22.5%
Diesel	2.4	0.1	6.4	0.5	0.8	800.0%
Additives	2.0	2.4	3.9	5.0	17.9	21.8%
GHG Compliance	5.4	0.5	0.9	2.1	5.7	15.8%
Subtotal	71.1	53.3	147.4	119.6	438.7	33.6%
Import Purchases	12.8	4.6	20.4	9.3	94.7	21.5%
Maritime Link	13.3	16.7	26.5	33.4	200.5	13.2%
Non-Wind IPP Purchases	5.3	2.8	11.3	5.8	35.3	32.0%
Wind Purchases	5.0	6.8	13.5	12.8	80.9	16.7%
COMFIT Purchases	5.4	6.1	13.1	12.0	67.5	19.4%
Fuel for Resale Net Margin	(0.1)	-	(0.1)	-	-	0.0%
Exports	(0.3)	-	1.0	-	-	0.0%
Fuel and Purchased Power	112.4	90.4	233.1	193.1	917.5	25.4%
Water Royalties	0.1	0.1	0.2	0.2	1.1	18.2%
Total Fuel and Purchased Power	112.5	90.5	233.3	193.2	918.6	25.4%
Less: ELIADC Revenue	(4.0)	(3.9)	(8.6)	(8.4)	(67.7)	12.7%
Total Fuel and Purchased Power Less ELIADC Revenue	108.5	86.6	224.7	184.8	850.9	26.4%
Less: Export Revenues	0.0	-	(1.9)	-	-	0.0%
Less: 1PT RTP	(0.0)	(0.0)	(0.1)	(0.1)	(1.2)	8.3%
Less: Shore Power	-	-	-	-	(0.1)	0.0%
Less: EBS	-	(0.5)	-	(1.0)	(7.4)	0.0%
Less: GRLF Fuel Costs	(0.1)	(0.0)	(0.2)	(0.0)	(1.1)	18.2%
Loss / (Gain): Foreign exchange - Fuel Other	-	-	-	-	-	0.0%
Net Fuel and Purchased Power	108.4	86.0	222.4	183.7	841.0	26.4%
Total System Requirements (GWh)	1,194.3	1,140.1	2,546.3	2,372.2	11,392.0	22.4%
Less: Export Sales and Attributed Losses	-	(1.0)	(5.1)	(2.7)	(13.5)	37.8%
Less: GRLF Requirements	(0.9)	(0.1)	(1.8)	(0.3)	(15.0)	12.0%
Less: ELIADC	(59.2)	(47.2)	(108.6)	(100.8)	(810.5)	13.4%
Less: Shore Power	-	-	-	-	(1.3)	0.0%
Less: 1PT RTP	(0.4)	(0.3)	(1.0)	(1.1)	(13.1)	7.6%
Less: EBS	-	(6.3)	-	(12.9)	(95.7)	0.0%
Less: Losses ⁽²⁾	(88.4)	(82.8)	(205.3)	(172.5)	(756.7)	27.1%
Total FAM Sales	1,045.4	1,002.4	2,224.4	2,081.9	9,686.1	23.0%

Figures presented are rounded to one decimal place which may cause \$0.1M in rounding differences on some line items.

(1) FAM Budget reflects the GRA Filing for 2026 of \$918.6 million.

(2) Includes losses for all customer classes, with the exception of Export Sales.

Nova Scotia Power Inc.
Monthly FAM Reporting
Summary of Cost Recovery
For the Period Ended February 28, 2026
(millions of dollars)

NSPI (FAM) M-2
NON CONFIDENTIAL

Base Fuel Component (BCF)

	<u>Actual</u>	<u>Budget</u>
2026 Beginning BCF Balance	-	-
(Over)/Under-recovered Prior to Current Month	13.82	1.54
(Over)/Under-recovered in Current Month	19.40	(3.28)
Balance Yet to be Recovered	33.22	(1.74)
(Over)/Under-recovery- Remainder of the Year	N/A	(16.39)
Interest on BCF Balance	0.07	(0.12)

Actual Adjustment Component (AA)

	<u>Actual</u>	<u>Budget</u>
2026 Beginning AA Balance	165.86	60.96
Recovered/(Refunded) Prior to Current Month	-	6.09
Opening Balance as of February 1, 2026	165.86	54.87
Recovered/(Refunded) in Current Month	-	5.68
Closing Balance as of February 28, 2026	165.86	49.19
Recovered/(Refunded) Remainder of the Year	N/A	39.31
Interest on AA Balance	1.74	0.58

Balancing Adjustment Component (BA)

	<u>Actual</u>	<u>Budget</u>
2026 Beginning BA Balance	(64.25)	(61.25)
Recovered/(Refunded) Prior to Current Month	-	(7.19)
Non-fuel amounts applied to FAM prior to current period	-	-
Opening Balance as of February 1, 2026	(64.25)	(54.06)
Recovered/(Refunded) in Current Month	-	(6.71)
Non-fuel amounts applied to FAM in current period	-	-
Closing Balance as of February 28, 2026	(64.25)	(47.35)
Recovered/(Refunded) Remainder of the Year	N/A	N/A
Interest on BA Balance	(0.71)	(0.56)
FAM Deferral (Over)/Under-Recovery	135.93	(0.01)

Figures presented are rounded to two decimal places which may cause \$0.01M in rounding differences on some line items.

FAM Budget reflects the GRA Filing for 2026 of \$918.6 million.

Commentary for Month:

Nova Scotia Power Inc.
Monthly FAM Reporting
2026 Total Accumulated Unrecovered FAM Balance
For the Period Ended February 28, 2026
(millions of dollars)

NSPI (FAM) M-3
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Month	BA Total Outstanding	AA Total Outstanding	BCF Variance		Accumulated Interest	Total Outstanding
			To Current Month	Current Month		
January	(64.2)	165.9	0.0	13.8	0.5	115.9
February	(64.2)	165.9	13.8	19.4	1.1	135.9
March	(57.6)	151.8	33.2	(7.7)	1.7	121.4
April	(52.3)	140.8	25.5	(4.6)	2.2	111.5
May	(48.0)	131.6	20.9	(3.5)	2.7	103.6
June	(44.2)	123.6	17.3	0.7	3.1	100.6
July	(40.0)	114.9	18.1	0.9	3.5	97.4
August	(35.9)	106.2	19.0	1.4	3.9	94.5
September	(32.4)	98.7	20.3	1.6	4.4	92.6
October	(28.2)	90.0	21.9	(3.2)	4.8	85.3
November	(23.0)	79.0	18.7	(1.2)	5.2	78.7
December	(16.1)	64.5	17.5	(6.2)	5.5	65.2

Figures presented are rounded to one decimal place which may cause \$0.1M in rounding differences on some line items

**Nova Scotia Power Inc.
Monthly FAM Reporting
Fuel Policies and Organizational Changes
For the Period Ended February 28, 2026**

**NSPI (FAM) M-4
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Fuel Manual Updates

No Fuel Manual Updates.

POA Updates

No POA Updates.

Organizational Updates

No Organization Updates.

Nova Scotia Power Inc.
 Monthly FAM Reporting
 Mercury Abatement Program
 For the Period Ended February 28, 2026
 (millions of dollars)

NSPI (FAM) M-5
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Generating Unit	Additive Type	Current Month			Year-to-Date		
		Quantity	Cost	\$/MWh ^a	Quantity	Cost	\$/MWh ^a
Lingan - Unit 1	Powder Activated Carbon						
Lingan - Unit 2	Powder Activated Carbon						
Lingan - Unit 3	Powder Activated Carbon						
Lingan - Unit 4	Powder Activated Carbon						
Point Tupper	Powder Activated Carbon						
Trenton 5	Powder Activated Carbon						
Trenton 6	Powder Activated Carbon						
Lingan	Calcium Chloride						
Point Tupper	Calcium Chloride						
Trenton	Calcium Chloride						
Total Costs - Powder Activated Carbon		399,434 kgs	\$1.456		772,339 kgs	\$2.795	
Total Costs - Calcium Chloride		9,225 L	\$0.005		31,874 L	\$0.018	
Total Mercury Sorbent Costs			\$1.461			\$2.813	

^a Calculated using actual MWh produced by unit.

Commentary for the month:

YTD emissions are estimated at 10.9 kg. The forecast indicated YTD emissions by February 2026 of 11.9 kg.

NSPI Environmental Report for Mercury Emissions (b)

Annual Limit = 45 kg (c)

Month	Reported this month (d)	Reported last month	Variance	Reason for variance	2025 Actuals (e)
Jan	6.5	5.8	0.8	Estimated data updated with actual data	6.5
Feb	4.4				4.6
Mar					3.2
Apr					3.0
May					0.7
Jun					1.8
Jul					4.4
Aug					4.2
Sep					3.5
Oct					3.3
Nov					3.9
Dec					5.7
Year to Date (f)	10.9	5.8	0.8		44.7

^b As reported by NSPI's Environmental Services.

^c Province of Nova Scotia Air Quality Regulations - Schedule C section 3(2). Annual limit of 35kg plus mercury diversion credits to a maximum of 10kg as per Schedule C section 7E(3a) for a total of 45kg.

^d This value is an estimate based on incomplete laboratory results and consumption figures. Environmental Services will finalize this result next quarter.

^e Shown for comparative purposes. Figures updated in March to reflect finalized amounts.

^f Figures presented are rounded to one decimal place which may cause \$0.1M in rounding differences on some line items.

	Current Month			Year-to-Date		2026 Budget
	Actual	Budget	% Change	Actual	Budget	Budget
Solid Fuel						
Solid Fuel Consumption Costs (\$)						
Solid Fuel Consumption (MMBtu)						
Solid Fuel Generation (MWh)						
Solid Fuel Price (\$/MMBtu) ⁽¹⁾						
Solid Fuel Price (\$/MWh)						
Natural Gas						
Natural Gas Consumption Costs (\$)						
Natural Gas Consumption (MMBtu)						
Natural Gas Generation (MWh)						
Natural Gas Price (\$/MMBtu) ⁽¹⁾						
Natural Gas Price (\$/MWh)						
Biomass						
Biomass Consumption Costs (\$)						
Biomass Consumption (MMBtu)						
Biomass Generation (MWh)						
Biomass Price (\$/MMBtu)						
Biomass Price (\$/MWh)						
Bunker						
Bunker Consumption Costs (\$)						
Bunker Consumption (MMBtu)						
Bunker Generation (MWh)						
Bunker Price (\$/MMBtu) ⁽¹⁾						
Bunker Price (\$/MWh)						
Light Fuel Oil						
Light Fuel Oil Consumption Costs (\$)						
Light Fuel Oil Consumption (MMBtu)						
Light Fuel Oil Generation (MWh)						
Light Fuel Oil Price (\$/MMBtu)						
Light Fuel Oil Price (\$/MWh)						
Imports⁽²⁾						
Imported Power Volume (MWh)						
Imported Power Price (\$/MWh) ⁽¹⁾						
Non-Wind IPP Purchases						
IPP Purchase Volumes (MWh)						
IPP Purchase Price (\$/MWh)						
Wind IPP Purchases						
Wind Purchase Volumes (MWh)						
Wind Purchase Price (\$/MWh)						
COMFIT						
COMFIT Purchase Volumes (MWh)						
COMFIT Purchase Price (\$/MWh)						
Maritime Link						
NS Block & Supplemental Volumes (MWh)	111,799	113,084	-1%	236,446	238,284	1,134,000

FAM Budget reflects the GRA Filing for 2026 of \$918.6 million.

Consumption cost totals above are at the budget effective USD rate for the year. These figures do not include the impact of monthly foreign exchange rate variations that are reflected in Summary of Fuel Costs (Report M-1).

⁽¹⁾ Includes impact of commodity hedge settlements.

⁽²⁾ Includes purchased energy via the Energy Access Agreement with Newfoundland and Labrador Hydro.

Nova Scotia Power Inc.
Monthly FAM Reporting
Volume and Pricing Summary
For the Period Ended February 28, 2026

NSPI (FAM) M-7
NON CONFIDENTIAL

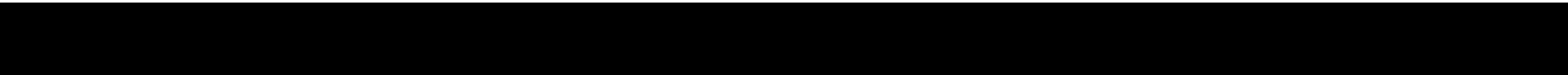
<u>Category</u>	<u>Variance from Budget</u>	<u>Details</u>
Total Fuel and Purchased Power Expense	24.3% above Budget for the month	
Total System Requirements	4.8% above Budget for the month	
Total FAM Sales	4.3% above Budget for the month	February's 1,045.4 GWh was more than the FAM Budget of 1,002.4 GWh.
Net Fuel and Purchased Power Costs	26% above Budget for the month	February's \$108.4M was more than the FAM Budget of \$86.0M.
Purchased Power Costs	40.4% above Budget for the month	February's \$28.5M was more than the FAM Budget of \$20.3M. Purchased Power was higher primarily due to an increase in imported power pricing. Non-wind IPP purchases were up due to legislation introduced after the FAM Budget was finalized that increased the rate paid for dispatchable biomass generation.
Maritime Link	20.4% below Budget for the month	February's \$13.3M was less than the FAM Budget of \$16.7M resulting from a timing difference of when the semi-annual repayments of the FLG2 loan will occur.
Solid Fuel Costs	11.4% below Budget for the month	February's \$35.1M was less than the FAM Budget of \$39.6M. Solid fuel was lower due to decreased consumption and lower commodity pricing.
Natural Gas	Above Budget for the month	February's \$13.6M was more than the FAM Budget of \$5.7M. Natural Gas was higher primarily due to increased commodity pricing and consumption as result of higher system requirements.
Biomass Fuel Costs	28.6% below Budget for the month	February's \$1.5M was less than the FAM Budget of \$2.1M.
Heavy Fuel Oil	Below Budget for the month	February's \$10.6M was more than the FAM Budget of \$2.3M. The increase was the result of higher system requirements and increased natural gas pricing which made it more economical to run Tuft's Cove on HFO.
Mercury Sorbent/Additives	16.7% below Budget for the month	February's \$2.0M was less than the FAM Budget of \$2.4M.
GHG Compliance	Above Budget for the month	February's \$5.4M was more than the FAM Budget of \$0.5M. The increase is due to the increased usage of HFO as a result of higher natural gas pricing and higher system requirements.
Mercury Emissions	Below Budget for the month	February's 4.4kg was less than the Budget of 5.7kg.

Nova Scotia Power Inc.
 Monthly FAM Reporting
 ELIADC Tariff Revenue
 For the Period Ended February 28, 2026

NSPI (FAM) M-8
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	February \$	February MWH
CBL Energy Charge - Fuel & Purchased Power ⁽¹⁾	\$ 3,661,588	51,586
Accrual Booked	906,781	13,250
Accrual Reversed	(518,713)	(5,663)
ELIADC in Monthly FAM Report (reported on M-1)	\$ 4,049,656	59,173

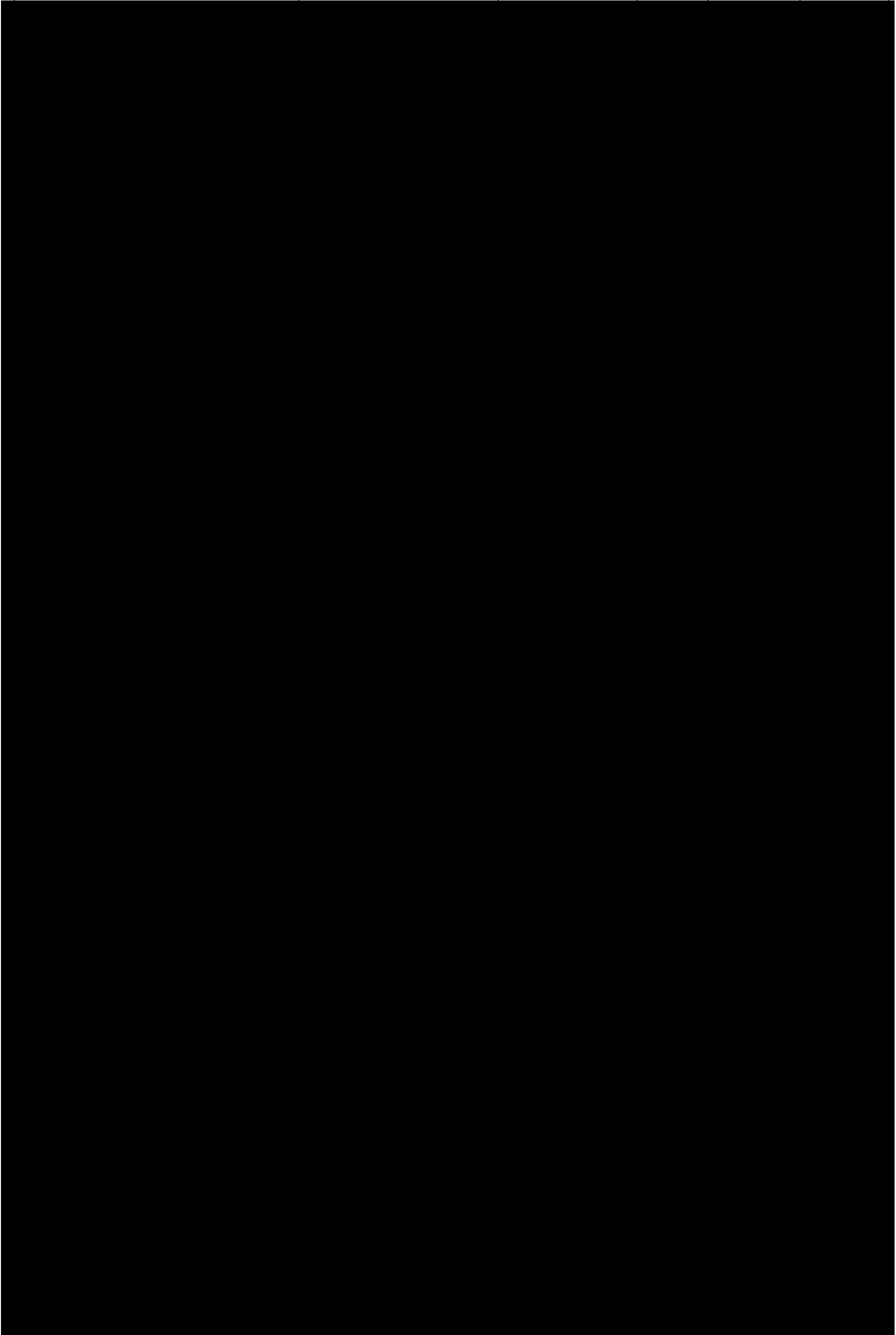
ELIADC Report							
Month	CBL Energy Charge (\$)		Total Actual Energy (MWh) ⁽¹⁾	Target Energy (MWh)	CBL Adder (\$)		Total Billed Charge (\$)
	Fuel & Purchased Power Charge	Variable Operating & Maintenance Charge			Fixed Cost Recovery	Var Capital Adder (\$)	
February 2026 ⁽²⁾	\$ 3,661,588	\$ 72,796	51,586		\$ 252,269	\$ 65,756	\$ 4,052,410



⁽²⁾ Rates approved for 2026 in per NSEB matter M12551 on March 9, 2026 that retroactively went into effect for February 1, 2026. February was initially billed at the previously approved rates. Adjustments were made to bills issued to PHP in March 2026 for the difference.

Product	Buy/Sell	Date/Time	Volume ⁽²⁾	Price ⁽¹⁾	Cost/(Revenue) ⁽¹⁾
[Redacted Content]					

Product	Buy/Sell	Date/Time	Volume ⁽²⁾	Price ⁽¹⁾	Cost/(Revenue) ⁽¹⁾
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<u>Product</u>	<u>Buy/Sell</u>	<u>Date/Time</u>	<u>Volume</u> ⁽²⁾	<u>Price</u> ⁽¹⁾	<u>Cost/(Revenue)</u> ⁽¹⁾

Product	Buy/Sell	Date/Time	Volume ⁽²⁾	Price ⁽¹⁾	Cost/(Revenue) ⁽¹⁾

Product	Buy/Sell	Date/Time	Volume ⁽²⁾	Price ⁽¹⁾	Cost/(Revenue) ⁽¹⁾
[REDACTED]					

⁽¹⁾ Transactions are denoted in \$USD.

⁽²⁾ Power and natural gas transactions are measured in MWh and MMBtu, respectively.