Énergie NB Power

2026/27
Second Quarter Report

Year-to-date results for the
period ended
September 30, 2026

Message from the President and CEO

Improving reliability, expanding our supports to customers, and continuing to look ahead at what is needed for an energy-secure future for New Brunswickers, these were among the major activities undertaken by our team during yet another busy and productive quarter. We also continued to share updates on what is informing our decision making in the years ahead, and took steps to provide our customers with more predictability as we make our transition to producing cleaner, greener energy, and work to improve our financial situation overall.

Improving reliability
This quarter, our workhorse stations were a major focus as we advanced facility upgrades intended to improve their reliability and longevity.

We signed two significant agreements critical to the advancement of the Mactaquac Life Achievement Project (MLAP). This station is one of New Brunswick's most critical sources of electricity and the successful completion of this project will mean we can continue providing reliable electricity to New Brunswickers for decades to come.

One of the agreements we signed was with the Mactaquac Improvement Partnership, comprised of Aecon, FlatironDragados and Green Infrastructure Partners. This agreement is designed to help us advance the project's civil work component and is focused on the planning necessary so we can better understand costs, schedules and risks before any final decision on next steps is made. This agreement supports our commitment to responsibility, good decision-making and governance.

The other agreement we signed was with Andritz Canada Inc., to advance the MLAP's turbine and generator component, related to the rehabilitation and modernization of the station's generating units, which are at end-of-life.

Subject to the completion of these phases and the necessary regulatory approvals, the MLAP's construction phase is expected to begin next year.

Like Mactaquac, our Belledune Generating Station continues to serve as a major source of electricity for New Brunswick. In September, we announced we reached two important milestones in our plan to transition the facility from coal to sustainably sourced advanced pellets (wood and agricultural hemp biomass). This transition will help us meet federal coal phase-out requirements while maintaining reliability for New Brunswickers.

While Belledune is currently the most greenhouse-gas intensive energy generator in NB Power's fleet, converting it to a renewable fuel source will make it our province's largest renewable generator. This project will allow Belledune to continue operating beyond 2030 while supporting reliability, energy security and a more sustainable electricity system. A switch to advanced pellets will also help with job creation and economic growth in northern New Brunswick, and support a variety of businesses, including forestry, agriculture, trucking, rail and shipping.

This quarter, we shared that the NB Power board has approved Belledune's transition, and we announced that we signed agreements with Canadian suppliers to provide the majority of the fuel needed to support its conversion and future operation.

NB Power will continue working with Belledune area communities, Indigenous Rightsholders and stakeholders as the conversion project continues. The project will now move into the next phase of engineering, procurement and site preparation activities, including ongoing fuel testing and equipment upgrades needed for long-term biomass operation.

Point Lepreau Nuclear Generating Station (PLNGS), which offers our province a net capacity of 660 megawatts and is a cornerstone of our electricity system, was another major focus for our team this quarter. Throughout this period, PLNGS was offline for both planned and unplanned maintenance.

During the planned outage, NB Power employees and specialized contractors safely completed more than 20,000 tasks and maintained equipment that cannot be accessed while the Station is operating. Key work included inspection, maintenance, testing and replacement of critical equipment such as pumps, motors, electrical systems and vertical flux detectors, as well as steam generator cleaning, generator rotor retaining ring replacement and the reactor building integrity test.

The station was taken offline for additional repairs on two other occasions this quarter. At one point it was taken offline to allow teams to safely repair a gasket on the turbine system, which is located on the conventional side of the Station. This issue was noted as the Station was being returned to higher power following the completion of its planned maintenance outage.

It was taken offline a second time to repair an instrumentation line connected to the heat transport system. The issue was identified when system monitors detected elevated tritium levels within the reactor building. Tritium is produced in the heavy water as it circulates within the reactor. The tritium was contained within the reactor building as designed, and there was no risk to staff, the public or the environment.

Last year PLNGS supplied approximately one-third of the electricity used in New Brunswick, so ensuring these issues were fully addressed this quarter helps us reduce the risk of unplanned outages during the winter when energy needs are highest to heat homes and businesses.

We continued to advance smaller scale, yet influential, reliability projects in other jurisdictions as well. For example, our crews tackled a project at Rivière-à-la-Truite Road substation in Tracadie. We also worked to advance work on the Interprovincial Transmission Line Project – Phase I, a new 345 kilovolt (kV) transmission line from New Brunswick to Nova Scotia to complement new clean energy developments and enable efficient imports and exports of electricity throughout the Atlantic provinces. This quarter, we worked to raise awareness of what can be expected as our team will begin early work this fall, meaning community members may notice increased activity and the presence of crews and equipment. Overall, this work will take place in stages, with the line planned to be in service by 2028.

Expanding our supports to customers

NB Power continues to offer a full suite of energy efficiency and educational programs, as well as payment assistance resources. This quarter, we focused on expanding our offerings across the province to reach customers.

Since last year, we've been realizing the positive impacts of our Knowledge is Power campaign, specifically our Energy Education Roadshow. This quarter, our mobile Energy Learning Hub and staff members travelled throughout the province, making appearances at the Dieppe Market, Charlotte County Fall Fair in St. Stephen, Sussex's Atlantic Balloon Fiesta and the Shediac Market.

At the Hub, community members met with our experts who answered their questions, interacted with energy efficiency demonstrations, were guided through the use of our online tools and had other opportunities for hands-on learning.

Another way we supported customers was by offering educational sessions for those thinking about making the switch to electric vehicles (EVs). We hosted a number of community EV Charging Demonstrations throughout the province, including the Lincoln Big Stop, in Florenceville-Bristol and at show and shine car shows in the Fredericton area.

In July, we were excited to announce the launch of our Rental Owner's Rebate Program, which provides financial incentives to help residential rental property owners complete energy-efficient upgrades in their units. This program is open to businesses, individuals, non-profit organizations and government agencies. This is something our customers have been calling for, and we are pleased to be able to finally offer it in a way that benefits both rental owners and tenants. For property owners, it means rebates and increased marketability of their space; and for renters, it means greater comfort and lower monthly electricity bills.

Preparing for the future

We were pleased to once again take part in the 2026 Atlantic Indigenous-Led Energy Symposium held in Saint John as we believe the future of energy in our province will be built through partnerships. We were grateful for the opportunity to once again join Indigenous leaders, governments, utilities and industry partners to discuss the opportunities and challenges shaping our energy future.

During the event, I spoke about the importance of building trust, meaningful engagement and strong relationships with First Nations communities as we plan for future energy needs. In his address, our Chief Commercial Officer Brad Coady highlighted the significant changes underway in the energy sector, from growing electricity demand and electrification to renewable energy, energy storage and emerging nuclear technologies, emphasizing that successful energy projects are ultimately built on collaboration.

In July, we released our 2025/26 Annual Report, highlighting the progress made over the past year, as well as the challenges and decisions our utility is facing and how they will be addressed in the year ahead. The report reflects a year of growing electricity demand, increasing pressure on customers, and continued efforts to maintain a reliable electricity system while preparing for future energy needs. Through it all, our focus remains firmly on balancing three core priorities: customer value, reliability and sustainability.

The Government of New Brunswick is continuing to track the progress made following their review of NB Power. As of Sept. 29, of the 50 recommendations made in the review, seven have been completed and 31 are on track. We are focused on strengthening both how we operate and how we communicate with our customers. We are working hard to better meet New Brunswickers' expectations and be more transparent as we prepare for the future.

There are two important third quarter activities that we undertook that I want to highlight here.

First, in October, we released our 2026 Integrated Resource Plan (IRP), a long-term outlook that examines how New Brunswick's electricity needs could be met over the next 20 years while balancing rates, reliability, and environmental sustainability. The IRP reflects new technology, evolving policies and changes in customer expectations and electricity demand and incorporates significant customer insights in its development.

Second, also in October, we outlined a three-year rate plan for the future, filing a three-year General Rate Application with the New Brunswick Energy and Utilities Board. The application also outlines new customer benefits made possible by the provincewide deployment of smart meters, specifically requesting a proposed reduction of connection and reconnection fees.

By filing a three-year rate application for the first time, our hope is it provides New Brunswickers with greater visibility into future investments, priorities and electricity rates, giving them greater rate predictability overall.

Rate increases are always a last resort for our utility. This application is intended to help us prepare for the critical work head, invest in reliability and help ensure we have a strong, clear and financially secure path forward so we are meeting the needs of our customers, businesses and communities.

We will share more on both of these activities with customers in the months ahead and of course, in our next quarterly report.

In closing I wanted to mention one more way our utility is staying focused on the future and that is through our annual summer student program. It is always sad to see our students leave us at the end of their work terms, but it is incredibly encouraging to have some stay on or return to us as permanent employees later on in their careers. Their insights are invaluable and by supporting the workforce of tomorrow, we are helping ensure our team is strong and capable and able to guide us as we continue to deliver the electricity New Brunswickers need, when they need it.

Thank you for taking the time to read this report.



Lori Clark
President and Chief Executive Officer

Year-over-Year Financial Highlights[1]

NB Power continued to maintain reliable service through the second quarter of 2026/27 while completing significant maintenance across the generating fleet, including the planned outage at the Point Lepreau Nuclear Generating Station (PLNGS). Favourable export margins helped support financial results during the period, while continued investment in critical infrastructure and new assets supported long-term grid reliability.

The New Brunswick Energy and Utilities Board (EUB) approved NB Power's general rate application for the 2026/27 fiscal year, with new rates taking effect on April 14, 2026. While the EUB-approved rate increase contributed to higher revenues, much of this benefit was offset by additional fuel and purchased power costs incurred during the planned maintenance outage of PLNGS.

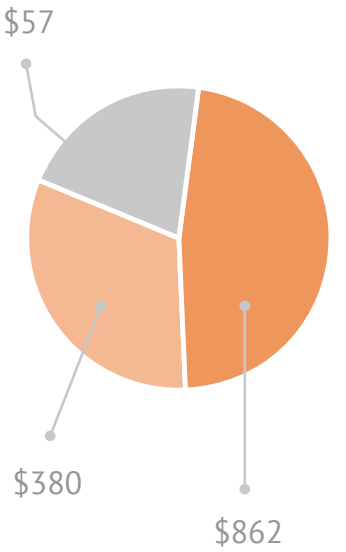
Following reliable operation in the final quarter of last year, PLNGS entered its planned maintenance outage on April 10, 2026. The required maintenance activities were completed, and the station returned to service on September 26, 2026. Despite the extension of the planned outage, NB Power maintained reliable service for customers through other available generation in our fleet and electricity purchases.

Although reliance on imported electricity increased compared with the prior year, favourable electricity market prices and lower load requirements helped mitigate the financial impact of additional purchases.

Progress also continued on NB Power's strategic plan, Energizing Our Future, including the completion of smart meter deployment, advancement of energy efficiency initiatives and continued grid modernization efforts that support long-term reliability and customer service.

$1,299

Sales of electricity
(in millions of dollars)

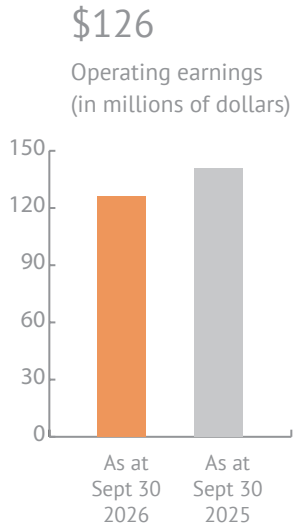


[1] *The financial information contained in the report includes abbreviated and condensed financial statements that have not been audited and contains financial estimates that are subject to change.*

Electricity Operations

Although the planned maintenance outage at PLNGS was extended into the second quarter and shorter outages were required at several other generating stations, NB Power maintained safe and reliable service for its customers through a combination of electricity purchases and available generating assets.

NB Power's operating earnings for the six-month period ended September 30, 2026, were $126 million, $15 million lower than the same period last year.



Revenue from electricity sales in New Brunswick was $862 million, a $42 million, or five per cent, increase from the same period last year. The increase was primarily due to higher rates approved by the EUB that took effect in April 2026. Lower demand from industrial and residential customers partially offset the benefit of the rate increase.

Out-of-province revenue was $380 million, a $20 million, or five per cent, decrease from the same period last year. The decrease reflects a lower volume of sales to Canadian and U.S. customers due to fewer opportunities in competitive electricity markets. Results from out-of-province sales can vary significantly from year to year based on market conditions, export opportunities and service contracts.

Fuel and purchased power costs were $607 million, a $15 million, or three per cent, increase from the same period last year. The increase reflects higher purchased power volumes, fuel costs and carbon taxes incurred to meet customer demand during the extension of the planned maintenance outage of PLNGS. In the prior year, the PLNGS outage began in August and continued through the end of the second quarter.

Miscellaneous revenue was $57 million, a decrease of $2 million, or three per cent, compared with the same period last year. The decrease was primarily due to fewer opportunities to optimize natural gas supply at Bayside Generating Station. Higher water heater rental revenue, primarily due to rate increases effective April 1, 2026, partially offset the decrease in natural gas optimization revenue.

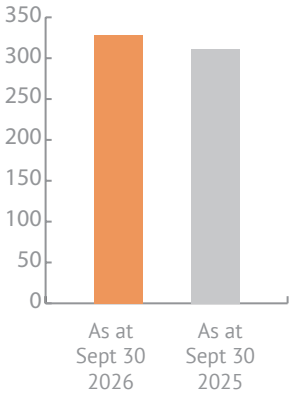
Increased in-province sales and favourable export margins, despite lower sales volumes, helped support results during a period that included the completion of the planned outage at PLNGS and other required maintenance activities across the generating fleet.

Operation, Maintenance and Administration

Operation, maintenance and administration costs were $328 million, a $17 million, or five per cent, increase from the same period last year. The increase was primarily due to higher non-capital labour and hired services costs related to the extended PLNGS outage and increased maintenance work across the generating fleet. Energy efficiency program spending also increased compared with the prior year.

$328

OM&A expenses
(in millions of dollars)



Depreciation and Amortization

Depreciation and amortization expense was $219 million, an $8 million, or four per cent, increase over the same period last year. The increase reflects NB Power's continued investment in infrastructure to maintain reliability, modernize the electricity system and support long-term service for customers. These investments include major maintenance activities at generating stations.

Finance Costs

Finance costs were $135 million, a $9 million, or seven per cent, increase compared with the same period last year. The increase was primarily due to higher interest costs associated with increased long-term debt balances and lower foreign exchange gains on U.S. transactions. Higher debt levels reflect NB Power's ongoing investment in infrastructure to maintain reliability and support future system needs.

Accretion on Decommissioning Liabilities

Accretion on decommissioning liabilities was $32 million, a $4 million, or 14 per cent, increase compared with the same period last year. The increase reflects updated estimates of the future costs associated with safely retiring and decommissioning certain assets at the end of their useful lives.

Nuclear Funds Investment Income

Unrealized gains on investments were $16 million, a $14 million, 47 per cent decrease from the same period last year. The decrease reflects lower investment returns compared with the prior-year period.

Sinking Fund and Other Investment Income

Sinking fund and other investment income was $14 million, a $5 million, or 56 per cent, increase compared with the same period last year. The increase was primarily due to higher sinking fund and cash deposit balances combined with improved yields in the fixed-income market, which generated additional investment income during the period.

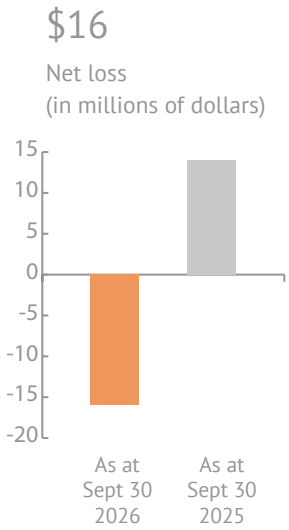
Net Changes in Regulatory Balances

Net changes in regulatory balances increased net losses by $5 million. The year-over-year impact was lower because several regulatory accounts used to manage outage-related costs and customer rate impacts are no longer in effect. These impacts were partially offset by adjustments related to margin variances.

Net Loss

Net losses for the period ended September 30, 2026, were $16 million compared with net earnings of $14 million in the same period last year, a decrease of $30 million.

Overall, results were lower than in the prior year, primarily reflecting higher supply costs associated with the PLNGS planned outage, increased financing costs and lower investment returns. These impacts were partially offset by favourable export margins, higher sinking fund investment income and lower regulatory balance adjustments.

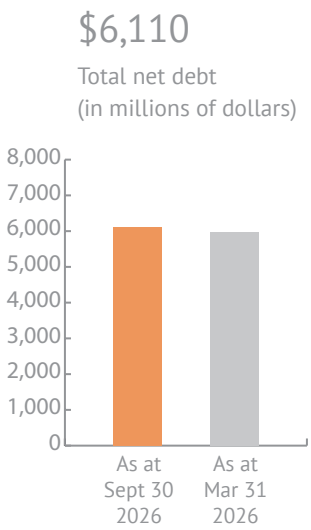


Debt Management

NB Power is undertaking significant capital investments to improve reliability, sustain operational performance and address aging infrastructure. These investments support long-term system reliability and help prepare the electricity system for future customer needs. As a result, debt levels are expected to increase over time.

Net debt was $6,110 million as at September 30, 2026, an increase of $60 million from March 31, 2026. During the six-month period, NB Power invested $395 million in capital projects, funded in part through positive operating cash flows of $339 million.

At period end, NB Power had $103 million in cash reserved for early works activities associated with the Mactaquac Life Achievement Project (MLAP).



Consolidated Net Debt

In millions of dollars (Unaudited)

	As at Sept 30, 2026	As at Mar 31, 2026	Variance
Lease liabilities	$47	$45	$2
Finance liability	36	35	1
Short-term debt	745	662	83
Long-term debt	6,077	6,074	3
Cash	6	6	-
Restricted cash	103	123	(20)
Sinking fund receivable	686	637	49
Total net debt	$6,110	$6,050	$60
Retained earnings	$529	$545	$16
Accumulated other comprehensive income (loss) (AOCI)	6	(41)	47
Total capital	6,645	6,554	91
Percentage of net debt in capital structure	91.9%	92.3%	(0.4%)

	12-Months ended Sept 30, 2026	12-Months ended Mar 31, 2026	Variance
Interest coverage ratio (12 months rolling)	0.8	0.7	(0.1)
Leverage ratio (12 months rolling)	9.3	9.2	0.2

Consolidated Statement of Financial Position

In millions of dollars (Unaudited)

Assets	As at Sept 30, 2026	As at Sept 30, 2025	As at Mar 31, 2026
Current assets			
Cash	$6	$2	$6
Restricted Cash	103	-	123
Accounts receivable	352	380	505
Materials, supplies and fuel	307	315	289
Prepaid expenses	60	52	33
Derivative assets	108	41	56
Total current assets	936	790	1,012
Non-current assets			
Property, plant and equipment	5,459	5,157	5,275
Intangible assets	42	50	46
Nuclear decommissioning and used fuel management funds	1,073	1,047	1,057
Sinking fund receivable	686	604	637
Derivative assets	33	13	21
Non-current prepaid expenses	19	19	19
Total non-current assets	7,312	6,890	7,055
Total assets	8,248	7,680	8,067
Regulatory balances	1,176	1,137	1,182
Total assets and regulatory balances	$9,424	$8,817	$9,249

Liabilities and equity	As at Sept 30, 2026	As at Sept 30, 2025	As at Mar 31, 2026
Current liabilities			
Short-term indebtedness	$745	$1,041	$662
Accounts payable and accrued liabilities	493	418	479
Accrued interest on short and long-term debt	33	33	33
Current portion of long-term debt	220	-	-
Current portion of lease liabilities	8	7	8
Derivative liabilities	28	28	18
Total current liabilities	1,527	1,527	1,200
Non-current liabilities			
Long-term debt	5,857	5,397	6,074
Lease liabilities	39	38	37
Decommissioning and used fuel management liability	1,228	1,171	1,204
Post-employment benefits	101	100	102
Provisions for other liabilities and charges	100	78	87
Finance liability	36	35	35
Derivative liabilities	1	15	6
Total non-current liabilities	7,362	6,834	7,545
Total liabilities	8,889	8,361	8,745
Accumulated other comprehensive income (loss)	6	(90)	(41)
Retained earnings	529	546	545
Total equity	535	456	504
Total liabilities and equity	$9,424	$8,817	$9,249

Consolidated Statement of Earnings

In millions of dollars (Unaudited)

	Period ended September 30		
	2026	2025	Variance
Revenue			
Sales of electricity			
In-province	$862	$820	$42
Out-of-province	380	400	(20)
Miscellaneous	57	59	(2)
Total revenue	1,299	1,279	20
Expenses			
Fuel and purchased power	607	592	15
Operation, maintenance and administration expenses	328	311	17
Depreciation and amortization	219	211	8
Property/utility taxes	19	24	(5)
Total operating expenses	1,173	1,138	35
Operating earnings	126	141	(15)
Finance costs	(135)	(126)	(9)
Accretion on decommissioning liabilities	(32)	(28)	(4)
Nuclear funds investment income	16	30	(14)
Sinking fund and other investment income	14	9	5
Net (loss) earnings before changes in regulatory balances	(11)	26	(37)
Net changes in regulatory balances	(5)	(12)	7
Net (loss) earnings	$(16)	$14	$(30)

Operating Statistics

(Unaudited)

	Period ended September 30		
	2026	2025	Variance
Operating highlights			
In-province sales (GWh)	5,556	5,626	(70)
Heating degree days	910	887	23
Export sales (GWh)	2,671	3,170	(499)
Hydro flows below long-term average (%)	(19.0%)	(7.0%)	(12.0%)
PLNGS net capacity factor (%)	10.5%	56.8%	(46.3%)
Return on nuclear investment funds (%)	3.0%	5.7%	(2.7%)
Return on nuclear investment funds ($)	16	30	(14)

Consolidated Statement of Cash Flows

In millions of dollars (Unaudited)	Period ended September 30	
	2026	2025
Net (losses) earnings	$(16)	$14
Operating activities		
Depreciation and amortization	219	211
Finance charges	135	126
Net change in regulatory balances	5	12
Investment income	(28)	(39)
Accretion on decommissioning liabilities	32	28
Other amounts charged to operations not requiring a cash payment	(13)	26
Net change in non-cash working capital balances	141	37
	475	415
Interest paid	(146)	(135)
Customer contributions	15	8
Post-employment benefit payments	(4)	(4)
Long-term prepayments	(1)	(2)
Net cash flows from operating activities	$339	$282
Investing activities		
Expenditures on property, plant, equipment and intangible assets, net of proceeds and government grants	$(395)	$(334)
Cash expenditures on decommissioning	(8)	(10)
Net cash used in investing activities	$(403)	$(344)

Financing activities		
Proceeds from long-term debt issuances	-	$199
Debt retirements	-	(200)
Repayment of short-term indebtedness	83	87
Sinking fund installments	(37)	(35)
Sinking fund withdrawals	-	6
Principal repayment of lease liabilities	(2)	(2)
Net cash provided by financing activities	$44	$55
Net cash outflow	$(20)	$(7)
Cash and cash equivalents, beginning of period	129	9
Cash and cash equivalents, end of period	$109	$2
Cash	$6	$2
Restricted cash	103	-
Total cash and cash equivalents	$109	$2