NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF the *More Access to Energy Act, 1998*, SNS 2024, c 2, Sch B, (the "Act");

AND IN THE MATTER OF an application by the Nova Scotia Independent Energy System Operator ("NSIESO") for an Order or Orders made pursuant to Section 29 of the Act for the review of its proposed expenditure and revenue requirements for the fiscal year ending March 31, 2026.

NOTICE OF APPLICATION

The NSIESO is a not-for-profit corporation established on October 24, 2024 under the Act and has a statutory mandate that includes, among other aspects, the administering of the bulk power system and wholesale electricity markets in Nova Scotia. The NSIESO is seeking approval of its initial revenue requirement in respect of a single test year ending March 31, 2026.

As a newly constituted organization, the NSIESO is in the early stages of setting up its internal capabilities to perform its executive, administrative and operational functions. The NSIESO is in the process of scaling as an organization, including building out its executive and various business units, and coordinating the transition of certain operational functions from Nova Scotia Power Inc. ("NSPI") in a phased approach. To this end, during the test period, the NSIESO will begin exercising responsibility over its functions including System Planning and Grid Interconnection, and plan for the operational functions of System Operations to transition from Nova Scotia Power Inc. to the NSIESO. The full transition is not expected to be complete until Q2 2027.

The NSIESO is not seeking approval for one-time transitional costs incurred to establish its organizational capabilities and transition its functions from NSPI. These one-time costs, which are forecasted to be in the amount of $1.23M, will be funded by $2.68M of public funding that the NSIESO has received from the Province of Nova Scotia.

The NSIESO is seeking the Nova Scotia Energy Board's approval for the totality of its ongoing operational, maintenance and administrative ("OM&A") expenses in the amount of $6.75M. The NSIESO will apply the balance of Provincial funding, forecast to be approximately $1.4M, to pay for a portion of its ongoing OM&A expenses. With respect to the $5.30M, the NSIESO proposes to record that amount and any one-time transition costs not funded by the Provincial funding in a deferral and variance account as referenced below and to seek recovery of the balance in a future application.

The NSIESO is not yet in a position to propose a mechanism for rate recovery. It is the NSIESO's proposal to defer the approval of a rate recovery mechanism until a future application. Further, as a newly constituted corporation, the NSIESO does not have historical organizational and operational data. As a result, there may be circumstances that may not be readily foreseeable that have not formed the basis of its financial forecasting.

In light of the above, the NSIESO requests the approval of a symmetrical deferral and variance account referred to as the Net OM&A Deferral and Variance Account described in more detail at Exhibit C-1.

Because the NSIESO is in the process of developing a mechanism to recover rates to fund its revenue requirement, the NSIESO is not seeking approval from the Nova Scotia Energy Board for the rates that it proposes to charge which are contemplated at Section 29 of the Act. The NSIESO proposes to recover the actual net ongoing OM&A amount recorded as a balance in the Net OM&A Deferral and Variance Account subject to a prudence review, as part of a future application no later than the 2027-2028 test year application made in the latter part of the 2026 fiscal year.

On the basis of the foregoing, the NSIESO hereby applies to the Nova Scotia Energy Board for orders approving:

a. A revenue requirement of $6,751,287 for the test year reflecting the ongoing OM&A costs prior to the application of any Provincial funding and the net OM&A cost of $5,306,824 after the application of government funding and being the deferred amount recorded in the Net OM&A Deferral and Variance Account.

b. The creation of the Net OM&A Deferral and Variance Account to record the amounts as described in Exhibit C-1 herein.

The Applicant requests that copies of all documents filed with or issued by the Nova Scotia Energy Board in connection with this application be served on the NSIESO and its counsel as follows:

<u>NSIESO</u>:

Doug Reid, Chair of the Board of Directors
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<u>Applicant's Counsel</u>:

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Additional written evidence, as required, may be filed in support of this application, which may be amended from time to time prior to the Nova Scotia Energy Board's final decision.

The NSIESO requests that the Nova Scotia Energy Board proceed by way of a written hearing.

Dated at Halifax, Nova Scotia, this 5th day of August, 2025.

Nova Scotia Independent Energy System Operator

By its counsel, Burchell Wickwire Bryson LLP

JT Cooke

Jason T. Cooke, K.C.