

PARTIALLY BOARD ONLY CONFIDENTIAL (attachments only)

Request IR - 1

Reference: Exhibit A-1 (page 9 of 36, line 11, Table 1)

- a) Please provide a copy of the underlying financial forecast document used to prepare the total OM&A expense forecast, as summarized in Exhibit A-1 (page 9 of 36, line 11, Table 1) of the Application. Preferably in excel format with all supporting calculations and underlying assumptions included.

Response IR - 1

- a) A copy of the underlying financial forecast excel document is attached in DGT-IR1. This file is provided in a non-confidential PDF format with redacted confidential information, and a confidential excel format with all support calculations and confidential information.

Financial Forecast

Financial Forecast
April 1 2025 - March 31, 2026

Expenditure Category	Apr-25 Forecast	May-25 Forecast	Jun-25 Forecast	Jul-25 Forecast	Aug-25 Forecast	Sep-25 Forecast	Oct-25 Forecast	Nov-25 Forecast	Dec-25 Forecast	Jan-26 Forecast	Feb-26 Forecast	Mar-26 Forecast	2026 Total
Employees & Administration	17,670	17,670	-	17,670	-	97,063	233,780	253,780	233,780	233,780	233,780	233,780	1,572,751
Corporate Administration	-	-	5,000	22,000	40,000	75,000	40,000	25,000	20,000	20,000	20,000	20,000	287,000
Governance	-	5,200	1,000	7,000	13,000	266,000	42,000	36,000	36,000	42,000	36,000	36,000	520,200
Legal and Regulatory	-	13,121	-	25,000	25,000	25,000	25,000	275,000	25,000	25,000	25,000	350,000	813,121
Procurement	14,826	17,518	239,770	87,970	57,970	117,970	57,970	75,970	75,970	99,970	69,970	69,970	988,844
Facilities & Technology (General)	-	407	-	36,275	64,475	91,325	223,050	144,000	149,000	149,000	99,000	49,000	1,005,532
Finance	180	360	180	1,060	1,150	2,400	37,656	18,684	15,182	24,498	13,663	45,930	160,944
Transition and Operational Planning (one-time costs for set-up)	-	27,971	34,133	122,000	108,000	108,000	132,333	111,933	99,333	99,333	88,933	96,133	1,022,505
Operations (Phase 1)	-	-	-	-	-	-	358,488	358,488	358,488	358,488	358,488	(179,012)	1,613,427
Total Costs	32,676	82,248	297,753	301,305	309,595	782,758	1,150,277	1,298,855	1,012,753	1,046,469	944,834	721,801	7,981,324
Analysis:													
One-time costs (Transition and Operational Planning)	-	28,378	34,133	138,275	166,975	131,825	232,883	113,433	100,833	95,233	90,433	97,633	1,230,037
Operational costs	32,676	53,869	263,620	163,030	142,620	650,933	917,393	1,185,422	911,920	951,236	854,401	624,168	6,751,287
Total Costs	32,676	82,248	297,753	301,305	309,595	782,758	1,150,277	1,298,855	1,012,753	1,046,469	944,834	721,801	7,981,324
Total cumulative costs	32,676	114,924	412,677	713,982	1,023,577	1,806,335	2,956,612	4,255,467	5,268,220	6,314,689	7,259,523	7,981,324	
Funding Plan:													
PNS Funding													(2,675,000)
Estimated Revenue Application													5,306,324

Nova Scotia Independent Energy System Operator
Financial Forecast
April 1 2025 - March 31, 2026

Expense																
#	Category	Apr-25 Forecast	May-25 Forecast	Jun-25 Forecast	Jul-25 Forecast	Aug-25 Forecast	Sep-25 Forecast	Oct-25 Forecast	Nov-25 Forecast	Dec-25 Forecast	Jan-26 Forecast	Feb-26 Forecast	Mar-26 Forecast	2026 Total	Original Forecast	
1	Employees & Recruitment (Administration)															
	Salaries and Wages, Administrative (Group #2)	-	-	-	-	-	47,063	233,780	233,780	233,780	233,780	233,780	233,780	1,449,741	Operational	
	Recruitment	17,670	17,670	17,670					20,000					73,010	Operational	
	Relocation and Recruitment Travel						50,000							50,000	Operational	
	Sub-total	17,670	17,670	17,670	-	-	97,063	233,780	253,780	233,780	233,780	233,780	233,780	1,572,751		
2	Corporate Administration															
	Directors Errors and Omissions Insurance													25,000	Operational	
	General Liability Insurance													5,000	Operational	
	Property Insurance													5,000	Operational	
	Cybersecurity Insurance			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000	Operational	
	Other Administrative				2,000									2,000	Operational	
	Communications Plan				10,000		10,000	10,000	10,000	5,000	5,000	5,000	5,000	70,000	Operational	
	Branding and Web Development					20,000	20,000	20,000						60,000	One-time	
	Web Hosting and Updates								5,000	5,000	5,000	5,000	5,000	25,000	Operational	
	Stakeholder Consultation/Engagement				5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	45,000	Operational	
	Sub-total	-	-	5,000	22,000	40,000	75,000	40,000	25,000	20,000	20,000	20,000	20,000	287,000		
3	Governance													227,000		
	Board Compensation Review					12,000								12,000	One-time	
	Board Compensation						265,000	35,000	35,000	35,000	35,000	35,000	35,000	475,000	Operational	
	Board Expenses (e.g., travel expenses, etc.)		5,200	1,000	7,000	1,000	1,000	7,000	1,000	1,000	7,000	1,000	1,000	33,200	Operational	
	Sub-total	-	5,200	1,000	7,000	13,000	266,000	42,000	36,000	36,000	42,000	36,000	36,000	520,200		
4	Legal and Regulatory															
	Energy Board Application, Interim								250,000					250,000	Operational	
	Energy Board Application												250,000	250,000	Operational	
	Energy Board Annual Assessment													50,000	Operational	
	Legal and Compliance													50,000	Operational	
	Sub-total	-	13,121	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	350,000	813,121	
5	Procurement															
	Other Capacity Contract	-	-	108,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	434,500	Operational	
	300MW NS RFP	-	-	115,800	36,000	6,000	66,000	6,000	24,000	24,000	48,000	18,000	18,000	361,800	Operational	
	Procurement and Project Management (50% operating)	14,826	17,518	15,720	15,720	15,720	15,720	15,720	15,720	15,720	15,720	15,720	15,720	189,544	Operational	
	Sub-total	14,826	17,518	239,770	87,970	57,970	117,970	57,970	75,970	75,970	99,970	69,970	69,970	985,844		
6	Facilities & Technology (General)															
	Temporary Office Space (Phase 1, Leasehold)					17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	140,000	Operational	
	Office Space Auxiliary					20,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	30,500	One-time	
	Control Centre Space Assessment & Planning						5,000	5,000	10,000	10,000	10,000	10,000	10,000	50,000	Operational	
	Employee Technology Hardware and Software	-	407	-	16,275	6,975	2,325	79,050	-	-	-	-	-	105,032	One-time	
	Technology Needs Assessment and Business Case						50,000	100,000	100,000	100,000	100,000	50,000	-	500,000	Operational	
	Cybersecurity and Monitoring				20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	180,000	Operational	
	Sub-total	-	407	-	36,275	64,475	91,325	223,050	144,000	149,000	149,000	99,000	49,000	1,005,532		
7	Finance															
	Payroll and Accounting Fees	180	360	180	1,060	1,150	2,400	2,400	2,400	2,400	2,400	2,400	2,400	19,730	Operational	
	External Financial Audit													40,000	Operational	
	Financing Costs on Operating Line of Credit	-	-	-	-	-	-	35,256	16,284	12,782	22,098	11,263	3,530	101,214	Operational	
	Sub-total	180	360	180	1,060	1,150	2,400	37,656	18,684	15,182	24,498	13,663	45,930	160,944		
8	Transition and Operational Planning (one-time costs for set-up)															
	HR Transition Planning and Change Management				50,000	35,000	25,000	15,000	15,000	15,000	-	-	-	155,000	One-time	
	HR Consultant - TimBar Consulting	-	27,971	33,133	39,600	36,000	36,000	39,600	34,200	27,000	37,800	34,200	39,600	385,105	One-time	
	Program and Project Management															
	(PMO Consultant, Barrington Consulting Group)															
	Change Management	-	-	-	26,400	24,000	24,000	26,400	11,400	9,000	12,600	11,400	13,200	158,400	One-time	
	(PMO Consultant, Barrington Consulting Group)															
	Financial Advisory, Accounting and Bookkeeping	-	-	1,000	1,000	8,000	8,000	3,000	3,000	-	-	-	-	24,000	One-time	
9	Operations [Phase 1]															
	Operational Transition Planning & Execution						10,000	10,000	10,000	10,000	10,000	10,000	10,000	70,000	One-time	
	System Planning, Grid Interconnection/Operations Transition															
	NERC Compliance Roadmap				5,000	5,000	5,000	5,000	5,000	5,000				30,000	One-time	
	NERC Compliance Roadmap													200,000	One-time	
	Sub-total	-	27,971	34,133	122,000	108,000	108,000	132,333	111,933	99,333	93,733	88,933	96,133	1,022,505		
9	Operations [Phase 1]															
	Salaries & Wages, Technical (Group #1)	-	-	-	-	-	-	275,154	275,154	275,154	275,154	275,154	275,154	1,650,927	Operational	
	Third-Party Recoveries													537,500	Operational	
	Integrated Resource Planning							83,333	83,333	83,333	83,333	83,333	83,333	500,000	Operational	
	Sub-total	-	-	-	-	-	-	358,488	358,488	358,488	358,488	358,488	358,488	1,79,012	1,613,427	
TOTAL		32,676	82,248	297,753	301,305	309,595	782,758	1,150,277	1,298,855	1,012,753	1,046,469	944,834	721,801	7,981,324		
Total Cumulative Costs		32,676	114,924	412,677	713,982	1,023,577	1,806,335	2,956,612	4,255,467	5,268,220	6,314,689	7,259,523	7,981,324			
		-	28,378	34,133	138,275	166,975	131,825	232,883	113,433	100,833	95,233	90,433	97,633	1,230,037	One-time	
		32,676	53,869	263,620	163,030	142,620	650,933	917,393	1,185,422	911,920	951,236	854,401	624,168	6,751,287	Operational	
		-	-	-	-	-	-	-	-	-	-	-	-	-	Capital	
		32,676	82,248	297,753	301,305	309,595	782,758	1,150,277	1,298,855	1,012,753	1,046,469	944,834	721,801	7,981,324		

Phase 1
New, Non-technical, Non-unionized Administration Staff ("Group #2")

Grouping: Employees & Recruitment (Administration) - "Salaries and Wages, Administrative (Group #2)"

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Nova Scotia Independent Energy System Operator

	Total Estimate	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	2026 Total
MARSHDALE														
April Wetlands and Moose Camera (from DoE)	15,000	15,000												
Cut & Fill Analysis post wetlands	5,000					5,000								
April migratory bird fieldwork	4,027	4,027												
June rare plant and habitat assessment	3,120			3,120										
June breeding bird and moose transects	5,011			5,011										
July lichen assessment	2,320			2,320										
August migratory bird fieldwork	6,160					6,160								
Ongoing wildlife surveys	7,540							7,540						
Wetlands part two	3,520			3,520										
GHG assessment	5,000								5,000					
EMI/EMF assessment	10,000								10,000					
Air dispersion modelling	11,000								11,000					
Noise modelling	3,000								3,000					
MEKS	33,000								33,000					
ARIA	22,000								22,000					
Design open house and community engagement plan	4,000			4,000										
Open house support	15,000						15,000							
First Nations engagement	5,000			5,000										
Regulatory Consultation	2,000			2,000										
Socioeconomic Impact Assessment	1,500								1,500					
NSECC EA Report	25,000									25,000				
Drawings/Geomatics	16,000			2,286	2,286	2,286	2,286	2,286	2,286	2,286				
Project Management	14,035			2,005	2,005	2,005	2,005	2,005	2,005	2,005				
Public Notice	1,000								1,000					
NSECC Application Fee	11,147								11,147					
Level 1 groundwater desktop analysis	4,421	4,421												
Pump test	50,000							50,000						
Develop RFP doc for geotech RFP	7,500		7,500											
Geotech field program for Marshdale	215,000					107,500		107,500						
Secure pipeline owner's engineer (via invitational RFP/sole source/regular RFP)	25,000				25,000									
Complete and submit the interconnection request paperwork	15,000				15,000									
Dispatch winner of RFP for PS/CAD/PSSE	50,000				50,000									
Compile System Impact Study Milestone Information	150,000								150,000					
Submit paperwork for Facilities Study	75,000												75,000	
SALT SPRINGS														
April Wetlands and Moose Camera (from DoE)	20,000	20,000												
Cut & Fill Analysis post wetlands	5,000					5,000								
April migratory bird fieldwork	4,640	4,640												
June rare plant and habitat assessment	3,120			3,120										
June breeding bird and moose transects	5,011			5,011										
July lichen assessment	2,320			2,320										
August migratory bird fieldwork	6,160					6,160								
Ongoing wildlife surveys	7,540							7,540						
Wetlands part two	3,520			3,520										
GHG assessment	5,000								5,000					
EMI/EMF assessment	10,000								10,000					
Air dispersion modelling	11,000								11,000					
Noise modelling	3,000								3,000					
MEKS	33,000								33,000					
ARIA	22,000								22,000					
Design open house and community engagement plan	4,000			4,000										
Open house support	15,000						15,000							
First Nations engagement	5,000			5,000										
Regulatory Consultation	2,000			2,000										
Socioeconomic Impact Assessment	1,500								1,500					
NSECC EA Report	25,000									25,000				
Drawings/Geomatics	16,000			2,286	2,286	2,286	2,286	2,286	2,286	2,286				
Project Management	14,035			2,005	2,005	2,005	2,005	2,005	2,005	2,005				
Public Notice	1,000								1,000					
NSECC Application Fee	11,147								11,147					
Level 1 groundwater desktop analysis	4,421	4,421												
Pump test	50,000							50,000						
Develop RFP doc for geotech RFP	7,500		7,500											
Geotech field program for Salt Springs	215,000					107,500		107,500						
Secure pipeline owner's engineer (via invitational RFP/sole source/regular RFP)	25,000				25,000									
Complete and submit the interconnection request paperwork	15,000				15,000									
Dispatch winner of RFP for PS/CAD/PSSE	50,000				50,000									
Compile System Impact Study Milestone Information	150,000								150,000					
Submit paperwork for Facilities Study	75,000												75,000	
Extra environmental work							10,714	10,714	10,714	10,714	10,714	10,714	10,714	
Procurement Specialist						15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	
20% SUBTOTAL SITE DEVELOPMENT														
20% CONTINGENCY	10,502	3,000	34,105	188,581	260,901	64,296	835,376	58,589	84,296	25,714	25,714	25,714	25,714	
TOTAL SITE DEVELOPMENT	63,011	18,000	204,629	226,298	313,082	77,155	1,002,451	70,307	101,155	30,857	30,857	30,857	30,857	2,348,658
Other Capacity Contract														
20% TOTAL OTHER CAPACITY CONTRACT														
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108,250														
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Nova Scotia Independent Energy System Operator
Employee Tech Set-Up Costs

Technology (e.g., laptops) and Software - Per Employee	
	After Tax Cost
Laptop	1,500
Monitor	250
Headphones, mouse, keyboard, dongle	200
MS Office license	375
Other Software	-
Total Estimate	2,325

Staff to Hire (Sourced from People Worksheet)	
Program staff (Phase 1)	22
Admin Staff (Phase 1)	13
Total Staff	35

Technology (e.g., laptops) and Software													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total (2026)
CEO						2,325							2,325
Other Staff		407					79,050						79,457
Board Members				16,275									16,275
Other/Contractors					6,975								6,975
Total	-	407	-	16,275	6,975	2,325	79,050	-	-	-	-	-	105,032

April 1 2025 - March 31, 2026

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Nova Scotia Independent Energy System Operator
Transition and Operational Planning (one-time costs for set-up)

	Apr-25 Forecast	May-25 Forecast	Jun-25 Forecast	Jul-25 Forecast	Aug-25 Forecast	Sep-25 Forecast	Oct-25 Forecast	Nov-25 Forecast	Dec-25 Forecast	Jan-26 Forecast	Feb-26 Forecast	Mar-26 Forecast	Total (2026)
HR Transition Planning and Change Management				30,000	15,000	15,000	15,000	15,000	15,000				105,000
Legal - Employment Law				5,000	5,000								10,000
New Benefit Plan Design & Vendor Negotiations				5,000	5,000	5,000							15,000
New Pension Plan Design, Vendor Negotiations & Implementation				5,000	5,000	5,000							15,000
Total Executive Compensation Review and Market Mid-Points Review				5,000	5,000								10,000
	-	-	-	50,000	35,000	25,000	15,000	15,000	15,000	-	-	-	155,000

Accounting and Bookkeeping

Set up of financial operations

Discovery, understanding current state process, including HST			1,000	1,000									-
Initial set up of QBO, incl catch up on Apr-Jun					5,000								2,000
Discovery of regulatory reporting						5,000							5,000
Monthly finance operations (data entry + bank rec)					2,000	2,000	2,000	2,000					8,000
Add reporting, against budget					1,000	1,000	1,000	1,000					4,000
	-	-	1,000	1,000	8,000	8,000	3,000	3,000	-	-	-	-	24,000

Assumption: 3 accounting positions included in the people budget, starting Oct 1

Senior Leader Role 3
Financial Analyst (1)
Accounting Specialist (1)

Existing NSP Non-Unionized Technical Employees ("Group 1")
Grouping: Operations (Phase 1) - "Salaries & Wages, Technical (Group #1)"

Grouping: Operations (Phase 1) - Engineering & Wages, Technical (Group #1)							
EMP. REFERENCE INFO - 2023/2025							
Technical Classification	# of Staff	Current Salary Range - Mid-Point	Reg. Actual Salary from Schedule (see 2024)	Comp-Ratio	Current STPP%	Current STP-55 (if paid out at 100%)	Total Cash Compensation
						TOTAL COMP. OF P-OF STPP	
Director	3						14.75%
Gr. Eng. Specialist	3						
Eng. Specialist	3						
Manager (under 55)	3						
Gr. Engineer	4						
Engineer	3						
Business Analyst	3						
OT	23	\$870,400.00				\$141,950.00	\$268,193.00
						\$1,602,390.00	\$355,526.41
						\$2,681,935.00	

Assumptions: For 2025/2026, assumed NSP fees Mid-Point 3% from 2024/2025, provided 3% pay increase

[illegible]

Nova Scotia Independent Energy System Operator (NSIESO)
Responses to Doane Grant Thornton (DGT) Information Requests

NON-CONFIDENTIAL

Request IR - 2

Reference: Exhibit A-1 (page 1 of 36, lines 1-4)... "This is the initial revenue requirement application of the recently constituted Nova Scotia Independent Energy System Operator (the "NSIESO"), which is for the test period ending March 31, 2026"; and, Exhibit A-1 (page 3 of 36, line 10)... "The NSIESO is a not-for-profit corporation established by the Act on October 24, 2024".

- a) Given the NSIESO was established on October 24, 2024 but the Application covers only the test period ending March 31, 2026, were there costs incurred prior to the test period (October 2024 - March 2025) that have not been accounted for in the forecasted amounts? If so, please provide the detail on actual costs incurred by the NSIESO up until the beginning of the test period ending March 31, 2026.

Response IR - 2

- a) The only OM&A costs incurred for the year ended March 31, 2025 are the pro-rata remuneration for the Board of Directors who were appointed on February 18, 2025. For clarity, the NSIESO is not seeking the recovery of these pre-April 1, 2025 costs through this revenue application. Please see Response to NSEB IR-18.

Nova Scotia Independent Energy System Operator (NSIESO)
Responses to Doane Grant Thornton (DGT) Information Requests

NON-CONFIDENTIAL

1 **Request IR - 3**

2 Reference: Exhibit A-1 (page 5 of 36, lines 23-26)..."The NSIESO intends to pursue a phased
3 transition of the System Operator functions from NSPI to the NSIESO, commencing with the
4 energy procurement, system planning and transmission interconnection functions, which is
5 anticipated to occur in Q4 2025, followed by the NSIESO – controlled grid and energy dispatch
6 operations, in Q2 2027".

7 a) Please provide details, such as the full transition plan (if available) for Q2 2027.

8 **Response IR - 3**

9 a) Please refer to Response to NSEB-IR1.

Nova Scotia Independent Energy System Operator (NSIESO)
Responses to Doane Grant Thornton (DGT) Information Requests

NON-CONFIDENTIAL

Request IR - 4

Reference: Exhibit B-1 (page 13 of 36, lines 1-4)... "the NSIESO prepared its forecast using a bottom-up approach. The forecasting was informed by information that includes an organizational workplan identifying activities that the NSIESO will carry out during test period."

a) Please provide the following:

- i) a detailed description of the process for this bottom-up forecasting methodology;
and,
- ii) a copy of the organizational workplan used to inform this process.

Response IR - 4

- a) i) The NSIESO used a bottom-up forecasting methodology where the forecast was built starting at a granular level for each major category of expenditures and used the experience and knowledge of the industry experts retained by the NSIESO. The requirements for each category were discussed and estimated.
- ii) The organizational work plan identifying activities that the NSIESO will carry out during the test period is embedded in the assumptions underlying the forecast. A separate workplan was not created.

Nova Scotia Independent Energy System Operator (NSIESO)
Responses to Doane Grant Thornton (DGT) Information Requests

PARTIALLY BOARD ONLY CONFIDENTIAL (attachment only)

1 **Request IR - 5**

2 Reference: Exhibit A-1 (page 8 of 36, lines 14-16)... "In March 2025, the Province provided the
3 NSIESO with a grant of \$2.68M to fund the NSIESO to transition its functions from the NSPI
4 before such time it has secured necessary funding from the rates.

5 a) Please provide a copy of the funding agreement with the Province for the grant received
6 by the NSIESO in March 2025.

7 **Response IR - 5**

8 a) The Province and the NSIESO entered into two Contribution Agreements, copies of
9 which are attached. The first agreement was dated March 10th, 2025, providing
10 \$2,500,000 to support the IESO for costs associated with the transition and startup phase.
11 The second agreement was dated March 21st, 2025, providing \$175,000 for costs
12 associated with transitioning work in progress and system operator technical advisory
13 services.

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT effective as of the 21st day of March 2025.

BETWEEN:

HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF NOVA SCOTIA, as represented by the Minister of Energy (the "Province")

- and -

NOVA SCOTIA INDEPENDENT ENERGY SYSTEM OPERATOR with its head office located in Halifax, Nova Scotia, (the "IESO")

RECITALS:

The Province passed the *Energy Reform (2024) Act* in Spring 2024 directing transformative changes needed to drive and guide Nova Scotia's energy transition, including achieving 2030 clean energy goals and creating a reliable and more transparent, competitive electricity system. The Act commits to establishing a new Independent Energy System Operator (IESO) and restructuring the Utility and Review Board's regulatory oversight through a new Energy Board. The creation of the two new entities was recommended in a report by the Clean Electricity Task Force, commissioned by the Province in 2023.

The Governor in Council has appointed a Board of Directors to oversee the startup of the IESO and its ongoing operations. Due to the complex nature of the organization and the transition of employees, assets and functions from Nova Scotia Power as well as new functions, operational responsibilities will be phased in over 2025 and 2026.

The Department of Energy secured technical advisory services and de-risking services to initiate work critical to IESO operations. This work is in progress and will transfer to the IESO April 1. In advance of the IESO building its own workforce, they will utilize the same advisors and service providers, as well as unused department funding to support a smooth transition of this work and greater success for the IESO's operational startup phase.

The Parties agree as follows:

1.0 DUTIES AND RESPONSIBILITIES

- 1.01 The Province, through the Department of Energy, agrees to provide funding to the IESO to support the transition of work in progress to the IESO as of April 1, 2025. This work requires technical advisory services and de-risking service providers. Further details are included in

Schedule A ("Transition of Work in Progress"). The IESO agrees to use the funds provided by the Province for the transition of Work in Progress.

- 1.02 Unless the Parties otherwise arrange, the IESO shall obtain, supply, and pay for all labour, materials, facilities, and approvals necessary or advisable for the Transition of Work in Progress.
- 1.03 Nothing in this Agreement shall be interpreted to prohibit or limit the right of the IESO to provide services for any person, government, or agency.
- 1.04 Unless advised otherwise in writing by the respective party, the contact persons are as follows:

(a) For the Province:

David Miller
Executive Lead: Electricity Projects
Nova Scotia Department of Energy
Phone: 902-476-8441
Email: David.J.Miller@novascotia.ca

(b) For the IESO:

Douglas Reid
Chair, IESO Board of Directors



- 1.05 The IESO shall undertake the work described in this Article and shall discharge its duties and responsibilities respecting the work in a competent and reasonable manner.

2.0 TERM OF AGREEMENT

- 2.01 Subject to Articles 3.0 (Provincial Funding) and 6.0 (Termination), the IESO shall undertake this work from the Effective Date of this Agreement until March 31, 2026.
- 2.02 The IESO shall provide two reports outlining the use of funds, including:
- a) a mid-year progress report by October 1, 2025 and
 - b) a final report at the conclusion of this agreement by March 31, 2026.

3.0 PROVINCIAL FUNDING

- 3.01 Subject to Articles 3.02, 3.03, 6.0 (Termination) and 7.0 (Relationship), the Province agrees to provide funding up to the amount of one-hundred-seventy-five-thousand Canadian dollars (\$175,000.00) to the IESO which will be provided prior to March 31, 2025. These funds shall be transferred to the IESO in a lump sum payment.

- 3.02 If the IESO is unable to complete the Transition of Work in Progress, the IESO shall return the balance of funds to the Province, in accordance with Article 6.0 (Termination).
- 3.03 The IESO shall not commit or purport to commit the Province to pay any additional money than what is marked in section 3.01.
- 3.04 The IESO shall invest any payments for the Project that are not required for ninety (90) days following receipt in short-term Canadian investment grade securities with a rating of AA or higher. Any investment income or gains must be reported by the IESO to the Province and shall be added to the funds available for the Project under this Agreement.

4.0 RECORDS & DOCUMENTS

- 4.01 The IESO agrees to permit the Province, its employees, agents, or auditors, full access to all records, accounts, and facilities and to meet with members of staff of the Province at mutually agreeable times.
- 4.02 It is understood that in the event of a serious incident or breach of this Agreement, initial contact with the IESO shall be made through the contact person identified in 1.04 (b) and in the event of such an incident or breach, that any contact with staff of the IESO shall be arranged through the IESO contact person or a designate.
- 4.03 The IESO shall allow the Province full access to all records and documents relating to the Transition of Work in Progress upon request.

5.0 CONFLICT OF INTEREST

- 5.01 The IESO shall avoid situations that might cause a conflict of interest and shall immediately notify the Province if any such conflict does or might appear to arise as it relates to the Transition of Work in Progress.
- 5.02 The IESO agrees that it has read, understands, and will conduct itself consistently with the Code of Conduct for Public Servants available on the Internet at:

<http://novascotia.ca/psc/about/overview/publicationsPolicies/codeofconduct/>

- 5.03 The IESO is responsible for developing a code of conduct, addressing conflict of interest.

6.0 TERMINATION

- 6.01 Either the Province or the IESO may terminate this Agreement at any time without cause or liability upon providing fifteen (15) days' notice in writing to the other party.

- 6.02 The Province may immediately terminate this Agreement if the IESO breaches or defaults on any term or condition and fails to remedy the same in a manner deemed satisfactory to the Province within five (5) days of being given written notice of the breach or default
- 6.03 The termination of this Agreement shall not affect any rights, duties, obligations, or liabilities that arise or have accrued prior to the effective date of termination.
- 6.04 Where the Agreement is terminated or expires, the IESO shall, if requested, immediately turn over to the Province copies of all documents, records, reports, and other materials that have been maintained by the IESO or its officers, employees, members, and staff pursuant to this Agreement.
- 6.05 If this Agreement is terminated under this clause or by mutual agreement, any unexpended funds shall be returned to the Province.

7.0 RELATIONSHIP

- 7.01 Pursuant to this Agreement, the IESO is a recipient of a discretionary grant of funding from the Province. The IESO and any employee, servant, agent, contractor, or volunteer of the IESO are not an agent, employee, or servant of the Province.
- 7.02 The IESO has no authority to bind the Province to any agreement and agrees that it will not hold itself out as having any authority within the Province or on behalf of the Province.

8.0 NOVA SCOTIA WORKERS' COMPENSATION ACT COVERAGE

- 8.01 The IESO will ensure that coverage under the *Nova Scotia Workers' Compensation Act* is maintained for all of its employees as it performs work on the Startup Phase.

9.0 CONFIDENTIALITY

- 9.01 This Agreement is subject to the provision of the *Freedom of Information and Protection of Privacy Act* and the Province shall make any decision respecting release of this Agreement in compliance with that Act.

10.0 COMPLIANCE WITH LAWS AND PROVINCE'S PROCEDURES

- 10.01 The IESO shall comply, and shall require its employees to comply, with all applicable laws, orders, rules, and regulations.

11.0 INDEMNITY

- 11.01 The IESO shall indemnify and hold harmless the Province, its Ministers, employees, servants and agents from and against all damages, costs, loss, expenses (including legal fees), claims, actions, suits or other proceedings of any kind or nature, in relation to the Transition of Work in Progress, which they, or any of them, may at any time incur or sustain as a result of or arising out of gross negligence or willful misconduct causing any injury or death to persons, or loss of or damage to property. Notwithstanding the foregoing, the IESO shall not be liable for any indirect or consequential damages sustained by the Province.
- 11.02 The Province shall not be liable for any damages or injury (including death) to any person or to any property of the IESO as a result of or arising out of this Agreement, unless such damages are direct damages and are caused solely and directly by or as a result of the negligence of the Province. In no event shall the Province be liable for any indirect or consequential damages that are sustained by the IESO Board, howsoever caused, as a result of or arising out of this Agreement.

12.0 MISCELLANEOUS

- 12.01 *Currency.* All references to monetary amounts in this Agreement or any Schedule shall be to Canadian dollars.
- 12.02 *Time of Essence.* Time shall be of the essence in this Agreement.
- 12.03 *Choice of Laws and Forum.* This Agreement shall be governed by and construed in accordance with the laws in force in Nova Scotia. The Parties submit to the jurisdiction of the court of Nova Scotia.
- 12.04 *Whole Agreement.* This Agreement constitutes the whole Agreement unless amended in writing and signed by both Parties.
- 12.05 *Modifications and Amendments.* No modifications or amendments of the obligations of the Parties shall be effective unless made in writing and signed by each.
- 12.06 *Notices.* Any notice, demand, or request herein provided or permitted to be given by any Party to another shall be in writing and may be served by personal service, email addressed as follows:

To the Province:

Nova Scotia Department of Energy
Joseph Howe Building, 10th Floor,
1690 Hollis Street, P.O. Box 2664,
Halifax, Nova Scotia B3J 3P7

Att'n: David Miller
Executive Lead: Electricity Projects
Phone: 902-476-8441
Email: David.J.Miller@novascotia.ca

To the IESO:
NS Independent Energy System Operator
PO Box 1146
Halifax PO Central, Nova Scotia B3J 2X1

Att'n: Douglas Reid
Chair, IESO Board of Directors



Any Party may at any time give notice in writing to the other of any change of address of the Party giving such notice. The address specified shall be deemed to be the address of such Party for the purpose of giving notice hereunder.

- 12.07 *Survival of Terms.* Those provisions of this Agreement which, by their terms, are intended to survive or that must survive in order to give effect to the continuing obligations of the Province and the IESO shall survive the termination of the Agreement.
- 12.08 *Successors etc...* This Agreement shall be binding upon the Parties, their respective heirs, administrators, successors, and permitted assigns.
- 12.09 *Recourse and Remedies.* The IESO agrees that any recourse or remedy arising with this Agreement arises from contract, and that it shall not have a claim or remedy, in damages or otherwise, in tort arising with performance or non-performance of this Agreement.
- 12.10 *No Representations.* The IESO certifies that it has reviewed and fully understands this Agreement and agrees this Agreement constitutes the whole agreement between the Parties, and no representation or statement not expressly contained herein shall survive this Agreement or be binding upon the Province.
- 12.11 *Discretion.* Any discretionary authority or right under this Agreement is not subject to the expectations, reasonable or otherwise, of the Parties to the Agreement and any action taken pursuant to a discretionary provision is deemed to be an exercise in good faith.
- 12.12 *Waiver.* No term or provision of this Agreement shall be deemed waived and no breach excused, unless the waiver or consent to the breach is in writing, signed by the Party making the waiver or giving the consent. Any consent by a Party or waiver of a breach by the other, whether expressed or implied, shall not constitute a waiver of, or excuse for any different or subsequent breach or continuation of the same breach, unless expressly stated.
- 12.13 *Severability.* If any term or provision of this Agreement shall be found to be illegal or unenforceable, this Agreement shall otherwise remain in full force and effect, and such term or provision shall be deemed removed from the Agreement.

- 12.14 *Due authorization.* Where anything is required to be done by the Province pursuant to this Agreement, it may be done by anyone duly authorized by the Province to act on its behalf.
- 12.15 *Authority.* The IESO warrants that it has the full power and authority to enter in this Agreement and that the person signing this Agreement on its behalf has been properly authorized and empowered.
- 12.16 *Delivery.* Delivery of this Agreement by electronic means signed by one party shall be valid and effective delivery to the other party.
- 12.17 *Counterparts.* This Agreement may be executed and delivered in counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.
- 12.18 *Conflict.* In the event of a conflict between these provisions and Schedule "A", these provisions shall take precedence.

[SIGNATURE PAGE FOLLOWS]

SIGNED & DELIVERED
in the presence of

H Bibby

J. Barden

**NOVA SCOTIA INDEPENDENT ENERGY
SYSTEM OPERATOR (IESO)**

Michelle Lewis


Douglas Reid

Schedule A
Transition of Work in Progress Description

Transition of Work in Progress:

On April 1, the IESO is expected to assume responsibility for specific work initiated by the Department of Energy in 2024-25. The IESO is in its startup phase and continuing with expert technical advice and de-risking services already engaged will ensure a smooth transition.

Specifically:

- System operator technical advisory services will offer essential support as the IESO builds its operational plan and coordinates with Nova Scotia Power to transition system operator functions during its startup phase.
- Advisory services, de-risking and land acquisition services have been engaged to develop an energy procurement process, which the IESO will assume and implement early in its startup phase. The timeliness of this process is tied to deliverables in the 2030 Clean Power Plan.

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT effective as of the 10th day of March 2025.

BETWEEN:

HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF NOVA SCOTIA, as represented by the Minister of Energy (the "Province")

- and -

NOVA SCOTIA INDEPENDENT ENERGY SYSTEM OPERATOR with its head office located in Halifax, Nova Scotia, (the "IESO")

RECITALS:

The Province passed the *Energy Reform (2024) Act* in Spring 2024 directing transformative changes needed to drive and guide Nova Scotia's energy transition, including achieving 2030 clean energy goals and creating a reliable and more transparent, competitive electricity system. The Act commits to establishing a new Independent Energy System Operator (IESO) and restructuring the Utility and Review Board's regulatory oversight through a new Energy Board. The creation of the two new entities was recommended in a report by the Clean Electricity Task Force, commissioned by the Province in 2023.

The Governor in Council has appointed a Board of Directors to oversee the startup of the IESO and its ongoing operations. Due to the complex nature of the organization and the transition of employees, assets and functions from Nova Scotia Power as well as new functions, operational responsibilities will be phased in over 2025 and 2026.

Early startup work will include hiring key staff positions and consultants with the skills and expertise essential for the startup phase, prioritizing and establishing governance, regulatory and policy systems, standing up the entity's corporate functions and directing the organization's operational readiness, which includes developing a first-year budget and seeking funding from ratepayers via the regulator.

This funding supports the IESO through its transition and startup phase.

The Parties agree as follows:

1.0 DUTIES AND RESPONSIBILITIES

- 1.01 The Province, through the Department of Energy, agrees to provide funding to the IESO to support its startup phase, covering many one-time transition costs and bridging the IESO until it

can develop, submit, and earn approval for a budget and revenue request, as detailed in Schedule A (the "Startup Phase"). The IESO agrees to use the funds provided by the Province for the Startup Phase.

- 1.02 Unless the Parties otherwise arrange, the IESO shall obtain, supply, and pay for all labour, materials, facilities, and approvals necessary or advisable for the Startup Phase.
- 1.03 Nothing in this Agreement shall be interpreted to prohibit or limit the right of the IESO to provide services for any person, government, or agency.
- 1.04 Unless advised otherwise in writing by the respective party, the contact persons are as follows:

(a) For the Province:

Michelle Lucas
Executive Lead: Strategic Initiatives
Nova Scotia Department of Energy
Phone: 902-456-3576
Email: michelle.r.lucas@novascotia.ca

(b) For the IESO:

Douglas Reid
Chair, IESO Board of Directors



- 1.05 The IESO shall undertake the work described in this Article and shall discharge its duties and responsibilities respecting the work in a competent and reasonable manner.

2.0 TERM OF AGREEMENT

- 2.01 Subject to Articles 3.0 (Provincial Funding) and 6.0 (Termination), the IESO shall undertake this work from the Effective Date of this Agreement until March 31, 2026.
- 2.02 The IESO shall provide two reports outlining the use of funds, including:
 - a) a mid-year progress report by October 1, 2025 and
 - b) a final report at the conclusion of this agreement by March 31, 2026.

3.0 PROVINCIAL FUNDING

- 3.01 Subject to Articles 3.02, 3.03, 6.0 (Termination) and 7.0 (Relationship), the Province agrees to provide funding up to the amount of two-point-five million Canadian dollars (\$2,500,000.00) to the IESO which will be provided prior to March 31, 2025. These funds shall be transferred to the IESO in a lump sum payment.

- 3.02 If the IESO is unable to complete the Startup Phase, the IESO shall return the balance of funds to the Province, in accordance with Article 6.0 (Termination).
- 3.03 The IESO shall not commit or purport to commit the Province to pay any additional money than what is marked in section 3.01.
- 3.04 The IESO shall invest any payments for the Project that are not required for ninety (90) days following receipt in short-term Canadian investment grade securities with a rating of AA or higher. Any investment income or gains must be reported by the IESO to the Province and shall be added to the funds available for the Project under this Agreement.

4.0 RECORDS & DOCUMENTS

- 4.01 The IESO agrees to permit the Province, its employees, agents, or auditors, full access to all records, accounts, and facilities and to meet with members of staff of the Province at mutually agreeable times.
- 4.02 It is understood that in the event of a serious incident or breach of this Agreement, initial contact with the IESO shall be made through the contact person identified in 1.04 (b) and in the event of such an incident or breach, that any contact with staff of the IESO shall be arranged through the IESO contact person or a designate.
- 4.03 The IESO shall allow the Province full access to all records and documents relating to the Startup Phase upon request.

5.0 CONFLICT OF INTEREST

- 5.01 The IESO shall avoid situations that might cause a conflict of interest and shall immediately notify the Province if any such conflict does or might appear to arise as it relates to the Startup Phase.
- 5.02 The IESO agrees that it has read, understands, and will conduct itself consistently with the Code of Conduct for Public Servants available on the Internet at:

<http://novascotia.ca/psc/about/overview/publicationsPolicies/codeofconduct/>

- 5.03 The IESO is responsible for developing a code of conduct, addressing conflict of interest.

6.0 TERMINATION

- 6.01 Either the Province or the IESO may terminate this Agreement at any time without cause or liability upon providing fifteen (15) days' notice in writing to the other party.
- 6.02 The Province may immediately terminate this Agreement if the IESO breaches or defaults on any term or condition and fails to remedy the same in a manner deemed satisfactory to the Province within five (5) days of being given written notice of the breach or default
- 6.03 The termination of this Agreement shall not affect any rights, duties, obligations, or liabilities that arise or have accrued prior to the effective date of termination.
- 6.04 Where the Agreement is terminated or expires, the IESO shall, if requested, immediately turn over to the Province copies of all documents, records, reports, and other materials that have been maintained by the IESO or its officers, employees, members, and staff pursuant to this Agreement.
- 6.05 If this Agreement is terminated under this clause or by mutual agreement, any unexpended funds shall be returned to the Province.

7.0 RELATIONSHIP

- 7.01 Pursuant to this Agreement, the IESO is a recipient of a discretionary grant of funding from the Province. The IESO and any employee, servant, agent, contractor, or volunteer of the IESO are not an agent, employee, or servant of the Province.
- 7.02 The IESO has no authority to bind the Province to any agreement and agrees that it will not hold itself out as having any authority within the Province or on behalf of the Province.

8.0 NOVA SCOTIA WORKERS' COMPENSATION ACT COVERAGE

- 8.01 The IESO will ensure that coverage under the Nova Scotia *Workers' Compensation Act* is maintained for all of its employees as it performs work on the Startup Phase.

9.0 CONFIDENTIALITY

- 9.01 This Agreement is subject to the provision of the *Freedom of Information and Protection of Privacy Act* and the Province shall make any decision respecting release of this Agreement in compliance with that Act.

10.0 COMPLIANCE WITH LAWS AND PROVINCE'S PROCEDURES

- 10.01 The IESO shall comply, and shall require its employees to comply, with all applicable laws, orders, rules, and regulations.

11.0 INDEMNITY

- 11.01 The IESO shall indemnify and hold harmless the Province, its Ministers, employees, servants and agents from and against all damages, costs, loss, expenses (including legal fees), claims, actions, suits or other proceedings of any kind or nature, in relation to the Startup Phase, which they, or any of them, may at any time incur or sustain as a result of or arising out of gross negligence or willful misconduct causing any injury or death to persons, or loss of or damage to property. Notwithstanding the foregoing, the IESO shall not be liable for any indirect or consequential damages sustained by the Province.
- 11.02 The Province shall not be liable for any damages or injury (including death) to any person or to any property of the IESO as a result of or arising out of this Agreement, unless such damages are direct damages and are caused solely and directly by or as a result of the negligence of the Province. In no event shall the Province be liable for any indirect or consequential damages that are sustained by the IESO Board, howsoever caused, as a result of or arising out of this Agreement.

12.0 MISCELLANEOUS

- 12.01 *Currency.* All references to monetary amounts in this Agreement or any Schedule shall be to Canadian dollars.
- 12.02 *Time of Essence.* Time shall be of the essence in this Agreement.
- 12.03 *Choice of Laws and Forum.* This Agreement shall be governed by and construed in accordance with the laws in force in Nova Scotia. The Parties submit to the jurisdiction of the court of Nova Scotia.
- 12.04 *Whole Agreement.* This Agreement constitutes the whole Agreement unless amended in writing and signed by both Parties.
- 12.05 *Modifications and Amendments.* No modifications or amendments of the obligations of the Parties shall be effective unless made in writing and signed by each.
- 12.06 *Notices.* Any notice, demand, or request herein provided or permitted to be given by any Party to another shall be in writing and may be served by personal service, email addressed as follows:

To the Province:

Nova Scotia Department of Energy
Joseph Howe Building, 10th Floor,
1690 Hollis Street, P.O. Box 2664,
Halifax, Nova Scotia B3J 3P7

Att'n: Michelle Lucas
Executive Lead: Strategic Initiatives
Phone: 902-456-3576
Email: michelle.r.lucas@novascotia.ca

To the IESO:
NS Independent Energy System Operator
PO Box 1146
Halifax PO Central, Nova Scotia B3J 2X1

Att'n: Douglas Reid
Chair, IESO Board of Directors



Any Party may at any time give notice in writing to the other of any change of address of the Party giving such notice. The address specified shall be deemed to be the address of such Party for the purpose of giving notice hereunder.

- 12.07 *Survival of Terms.* Those provisions of this Agreement which, by their terms, are intended to survive or that must survive in order to give effect to the continuing obligations of the Province and the IESO shall survive the termination of the Agreement.
- 12.08 *Successors etc...* This Agreement shall be binding upon the Parties, their respective heirs, administrators, successors, and permitted assigns.
- 12.09 *Recourse and Remedies.* The IESO agrees that any recourse or remedy arising with this Agreement arises from contract, and that it shall not have a claim or remedy, in damages or otherwise, in tort arising with performance or non-performance of this Agreement.
- 12.10 *No Representations.* The IESO certifies that it has reviewed and fully understands this Agreement and agrees this Agreement constitutes the whole agreement between the Parties, and no representation or statement not expressly contained herein shall survive this Agreement or be binding upon the Province.
- 12.11 *Discretion.* Any discretionary authority or right under this Agreement is not subject to the expectations, reasonable or otherwise, of the Parties to the Agreement and any action taken pursuant to a discretionary provision is deemed to be an exercise in good faith.
- 12.12 *Waiver.* No term or provision of this Agreement shall be deemed waived and no breach excused, unless the waiver or consent to the breach is in writing, signed by the Party making the waiver or giving the consent. Any consent by a Party or waiver of a breach by the other, whether expressed or implied, shall not constitute a waiver of, or excuse for any different or subsequent breach or continuation of the same breach, unless expressly stated.

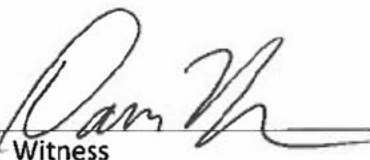
- 12.13 *Severability.* If any term or provision of this Agreement shall be found to be illegal or unenforceable, this Agreement shall otherwise remain in full force and effect, and such term or provision shall be deemed removed from the Agreement.
- 12.14 *Due authorization.* Where anything is required to be done by the Province pursuant to this Agreement, it may be done by anyone duly authorized by the Province to act on its behalf.
- 12.15 *Authority.* The IESO warrants that it has the full power and authority to enter in this Agreement and that the person signing this Agreement on its behalf has been properly authorized and empowered.
- 12.16 *Delivery.* Delivery of this Agreement by electronic means signed by one party shall be valid and effective delivery to the other party.
- 12.17 *Counterparts.* This Agreement may be executed and delivered in counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.
- 12.18 *Conflict.* In the event of a conflict between these provisions and Schedule "A", these provisions shall take precedence.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties have executed this Agreement to be effective as of the day and year first above written.

SIGNED & DELIVERED
in the presence of

Witness



Witness

) **HIS MAJESTY THE KING IN**
) **RIGHT OF THE PROVINCE OF**
) **NOVA SCOTIA**
)
)
)
)

) **Honorable Trevor Boudreau, Minister**
) **Nova Scotia Department of Energy**
) **(the "Province")**
)
)
)
)
)

) **NOVA SCOTIA INDEPENDENT ENERGY**
) **SYSTEM OPERATOR (IESO)**
)
)
)
)
)
)
)

) 
) **Douglas Reid**
) **Chair, IESO Board of Directors**
)
)

Schedule A
Startup Phase Description

STARTUP PHASE:

The IESO is expected to immediately undertake key activities that support the establishment of the IESO organization and prepare for operational responsibilities.

The startup phase will include:

- securing service providers essential to the startup phase
- holding board meetings and establishing board governance materials/procedures and committee structure
- Ensuring the IESO is registered as a not-for-profit company in Nova Scotia where necessary.
- recruiting and hiring a CEO, and taking steps to build the IESO's leadership team, as well as ensuring there is adequate corporate staff support.
- establishing early functions, such as procurement and planning
- securing real estate and other activities that support operational readiness
- preparing an initial budget to submit to the regulator
- working with NS Power to prepare for taking responsibility for the system operator functions
- workforce transition planning
- meeting with stakeholders
- other activities deemed essential to the startup phase

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Request IR - 6

Reference: Exhibit B-2 (page 15 of 36, lines 18-20).. "the forecast expenses for this cost category are based on the NSIESO's expectation that it will require 13 employees to be responsible for executive and administrative matters"

- a) Please provide detailed compensation breakdowns for each of the 13 administrative employees, including base salary or hourly rates, bonuses, benefits, pension contributions, etc. and how this ties into to the forecasted Administration Salaries and Wages of \$1.57 million.

Response IR - 6

- a) Please refer to Response to NSEB IR-14.

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Request IR - 7

Reference: Exhibit B-2 (page 18 of 36, lines 3-16)

Please provide the underlying support for the compensation assumptions used to derive the forecasted Administration Salaries and Wages, including the following:

- a) Details regarding the similar roles at peer organizations that were reviewed for the CEO role;
- b) The market comparative data used to derive the base salary for the 50th percentile;
- c) An explanation of the rationale for the 14.75% fringe rate applied to base salaries as well as evidence of how it compares to similar organizations in Nova Scotia or other Atlantic Canadian provinces; and,
- d) A copy of the CRA table for 2025 used to calculate the Maximum Employer Contribution to the Canadian Pension Plan and Employment Insurance.

Response IR - 7

- a) KBRS was retained to conduct the search for the President & CEO of NSIESO. They compiled publicly available data regarding national compensation for President & CEO roles within Crown corporations and the energy/utility sector, categorized into comparable regions (the Maritimes, Manitoba, and Saskatchewan) as well as a comprehensive national comparison. The national comparators were included to ensure candidates from provinces such as Ontario, Alberta, and British Columbia could be recruited. Comparable regions (Maritimes, Manitoba, Saskatchewan) base salary ranges - \$370,500-\$435,000. National (includes Ontario, Alberta, BC) base salary ranges -

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\$480,000-\$525,000 (includes OPG) and \$405,000-\$455,000 (without Ontario Power Generation (“OPG”)). The data with and without OPG salaries heavily impacted the results.

The market data (comparable regions and national) reflected only the base salary and does not account for additional bonuses or incentives, and if it had been included, the total compensation range would be higher. Short-term incentives (STI) and long-term incentives (LTI) vary in the private sector, but an executive-level annual bonus of 25-40% is not uncommon.

In addition to the market scan, the majority of the executive level candidates (VP or higher) that were contacted or applied to the NSIESO CEO position indicated that they were currently at a base salary in the range of \$380k - \$450k. The lower end of the salary ranges came from smaller jurisdictions than Nova Scotia. Many of the candidates were not interested in moving forward for a base salary lower than \$400k (and a number did not proceed beyond the outreach stage because they were already over \$500k.

b) Based on the information collected by KBRS and the wide variation on base salaries and total compensation across jurisdictions, the 50th percentile target for the NSIESO CEO role base salary was determined to be \$400,000.

c) The 14.75% (the “fringe rate” or “fringe load factor”) represents an estimate to cover the NSIESO’s costs for Worker’s Compensation Board, insurance for health, dental, life, long-term disability, accidental death and dismemberment, pension, Education Fund & apprentice training, Taxable Parking, RRSP, and a 4% adder for vacation. NSIESO

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understands that this fringe rate is consistent with that used by NSPI. It is anticipated that NSIESO, being a smaller organization with fewer headcount, will have higher premiums and transactional fees.

d) The CRA 2025 Tables for CPP and EI can be found on the CRA site at:

- a. CPP contribution rates, maximums and exemptions – Calculate payroll deductions and contributions - Canada.ca <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/canada-pension-plan-cpp/cpp-contribution-rates-maximums-exemptions.html>
- b. EI premium rates and maximums – Calculate payroll deductions and contributions - Canada.ca <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-deductions-contributions/employment-insurance-ei/ei-premium-rates-maximums.html>

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1 **Request IR - 8**

2 Reference: Exhibit B-2 (page 15 of 36, line 16, Table 5)

3 a) Were benchmarking reports used in determining the total compensation of \$1.45M? If so,
4 please provide copies of any third-party compensation benchmarking reports relied upon.

5 **Response IR – 8**

6 a) Please refer to Responses NSEB IR-2 and NSEB IR-14.

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1 **Request IR - 9**

2 Reference: Exhibit B-2 (page 15 of 36, line 16, Table 5)

3 a) Please provide a breakdown of the \$1.45 million in forecasted compensation costs.

4 b) Please provide a breakdown of the \$0.12 million in forecasted recruitment costs.

5 **Response IR - 9**

6 a) Please refer to Response to NSEB IR-14.

7 b) Of the \$0.12 million, the KBRS search fees were \$73,010 and the travel and relocation
8 costs were estimated at \$50,000.

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1 **Request IR - 10**

2 Reference: Exhibit B-2 (page 20 of 36, line 15)

3 a) Please provide a list of the 23 NSPI employees expected to transfer, including their
4 current roles, compensation package details, and tenure.

5 b) Have any mechanisms been established to ensure that transferred employees are not
6 duplicating roles already budgeted under administrative staffing?

7 **Response IR - 10**

8 a) Please refer to the partially confidential attachment in the response to DGT_IR1.
9 Identifiable employee data such as individual employee tenure is not provided.

10 b) Yes, transitioning staff from NSPI are all in technical roles. The Administrative roles,
11 except for the Vice-President of Planning, Grid Integration Management & Procurement,
12 are either senior functional leadership or non-technical roles.

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1 **Request IR - 11**

2 Reference: Exhibit B-2 (page 19 of 36, line 16, Table 7) & Exhibit B-2 (page 21 of 36, lines 10-
3 16)..."cost forecast also assumes that external consultants may occasionally be required to
4 perform transmission studies, wind integration studies and storage studies".

5 a) How were the \$0.50 million in Integrated Resource Planning consulting fees estimated?

6 b) Please provide scopes of work or contracts for these services, if available.

7 **Response IR - 11**

8 a) Please refer to Response to NSEB IR-17(a).

9 b) Please refer to Response to NSEB IR-17(a).

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Request IR - 12

Reference: Exhibit B-2 (page 22 of 36, lines 3-6)... "Directors Errors and Omissions Insurance: These costs are estimated for a \$7 million per-claim E&O policy, based on benchmarking with other independent public agencies of a similar size in Nova Scotia. Premium quotes are expected to be finalized in August of 2025".

- a) As support for the Directors Errors and Omissions Insurance forecast of \$0.03 million, please provide the benchmarking data for the other independent public agencies relied upon.

Response IR - 12

- a) Benchmarking data from specific independent public agencies was not shared at the time of budgeting. To clarify referenced evidence, the estimate of \$0.03M was informed by general market knowledge of premiums for comparable \$7 million per-claim coverage carried by similar public-sector entities in Nova Scotia and informal discussions with insurance providers. Premium quotes are not yet finalized and the NSIESO will go to market for quotes to finalize premium costs. Any variance from the forecast will be recorded and reconciled through the Net OM&A Deferral and Variance Account.

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Request IR - 13

Reference: Exhibit B-2 (page 22 of 36, lines 7-9)... "General Liability Insurance: These costs are estimated based on commercial quotes for office-based operations with a \$5 million occurrence limit. The NSIESO's low physical risk environment supports a modest premium level".

- a) As support for the General Liability Insurance forecast of \$0.005 million, please provide the commercial quotes for office-based operation that were relied upon.

Response IR - 13

- a) At the time of budgeting, formal written quotes were not obtained. The \$0.005 million estimate was information by high-level indicative market information and informal discussions with insurance providers regarding office-based operations with a \$5 million occurrence limit.

These indicative inputs were used to develop a forecast of \$0.005 million, recognizing the NSIESO's low physical risk profile. The NSIESO will go to market for formal quotes prior to binding coverage. Any variance between the forecast and actual premiums will be recorded and reconciled through the Net OM&A Deferral and Variance Account.

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Request IR - 14

Reference: Exhibit B-2 (page 22 of 36, lines 10-11)... "Property Insurance: These costs are to insure the leased office space and associated property. Estimates are based on standard coverage for leased commercial property".

- a) As support for the Property Insurance forecast of \$0.005 million, please provide a copy of the standard coverage relied upon.

Response IR - 14

- a) To clarify referenced evidence, the estimate of \$0.005 million was informed by general market knowledge of typical property insurance premiums for leased office space in Nova Scotia and informal discussions with insurance providers. The NSIESO will go to market for quotes to confirm actual coverage requirements and premium levels. Any variance from the forecast will be recorded and reconciled through the Net OM&A Deferral and Variance Account.

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Request IR - 15

Reference: Exhibit B-2 (page 22 of 36, lines 12-16)... "Cybersecurity Insurance: The estimate of \$5,000/month for the first 10 months is intended to cover the NSIESO's initial phase of operations during the test year. This amount was estimated based on the coverage for small to mid-sized organizations handling sensitive information. More robust coverage will be needed once real-time operations begin".

- a) As support for the Cybersecurity Insurance forecast of \$0.05 million, please provide the detail relied upon showing the coverage for small to mid-sized organizations handling sensitive information.

Response IR - 15

- a) Please refer to the response to Response to Small Business Advocate IR-3 for details on the cybersecurity insurance forecast.

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Request IR - 16

Reference: Exhibit B-2 (page 22 of 36, lines 17-20 & page 23 of 36, lines 1-2)...

"Communications Plan: These costs are to engage a senior communications consultant to develop and oversee the implementation of a public and stakeholder engagement plan, messaging framework, media strategy, aligned with the branding, website and stakeholder engagement consultant. This forecast was derived based on an estimate of 300 billable hours at \$150/hour. This is based on the NSIESO's assessment of the average rates in Nova Scotia for experienced communication professionals."

- a) Please provide the related consultant data relied upon to arrive at the Communications Plan estimate of 300 billable hours at \$150/hour. How was the 300 hour estimate determined?

Response IR - 16

- a) The estimate of \$150/hour was based on common hourly rates for communications professionals in the Nova Scotia market. The 300 billable hours was primarily based on 20 hours of work over 15 weeks, with an expectation that some weeks would require more hours, some less during the startup phase.

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1 **Request IR - 17**

2 Reference: Exhibit B-2 (page 22 of 36, line 1, Table 9)

3 a) What is the basis for the \$0.05 million Stakeholder Engagement estimate? Please provide
4 support for any underlying assumptions in this estimate.

5 **Response IR - 17**

6 a) The budget assumes a monthly cost of \$5,000 per month for the remaining 10 months of
7 fiscal 2025-26), with up to 10 hours per week of activity.

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1 **Request IR - 18**

2 Reference: Exhibit B-2 (page 23 of 36, line 1, Table 10)

- 3 a) Please provide the supporting calculations outlining how Board Compensation of \$0.48M
4 and Board Expenses of \$0.03M were forecasted. Please provide the source of any
5 assumptions within these calculations.

6 **Response IR - 18**

- 7 a) Please see Response to NSEB IR – 18.

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1 Request IR - 19

2 Reference: Exhibit B-2 (page 23 of 36, lines 20-22)... "The costs are for travel, lodging, and meal
3 costs for quarterly in-person meetings for the Board of Directors. This estimates \$2,500 - \$3,000
4 per meeting per out-of-province Board Member (2), with allowance for ad-hoc committee
5 activity".

6 a) Please provide the source and an explanation of how the \$2500-\$3500 estimate per
7 meeting was determined.

8 Response IR - 19

9 a) The estimate of \$2,500-3,500 per out-of-province board member for quarterly in-person
10 board meetings reflects several things. The meetings are held over 2 full business days
11 and require one director to travel from Calgary, Alberta and one from Thornhill, Ontario.
12 These directors will be reimbursed for reasonable out-of-pocket costs for flights,
13 transportation to and from airports, hotel accommodation for 2-3 nights, as well as meals.
14 In addition, the cost estimate includes catering for the meetings, and incidental expenses,
15 such as parking, for other directors. For example, the March 24-25, 2025, in-person board
16 meeting incurred approximately \$5,600 in expenses (these meeting costs were paid by the
17 NS Department of Energy).

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1 **Request IR - 20**

2 Reference: Exhibit B-2 (page 24 of 36, line 5, Table 11)

3 a) Please provide a breakdown of the \$0.55 million allocated to regulatory proceedings
4 including the source of any assumptions. What portion is expected to be paid to
5 intervenors versus internal legal support?

6 **Response IR - 20**

7 a) Please refer to Response to NSEB IR-19. We do not have a breakdown of the amounts
8 that might be required to be paid to intervenors. The NSIESO does not have any internal
9 legal support, but has retained counsel to advise it during its regulatory applications

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Request IR - 21

Reference: Exhibit B-2 (page 24 of 36, lines 8-13)... "Regulatory Proceedings and Assessments: These costs include the legal support to prepare and to participate in regulatory proceedings before the Nova Scotia Energy Board during the forecast period and includes an estimate of the costs to be covered by the NSIESO for the Energy Board and certain participants. This also includes the costs that the Nova Scotia Energy Board may order that NSIESO pay for intervening parties to participate in such proceedings".

- a) What portion of these regulatory proceedings and assessments costs are expected to be paid to intervenors versus internal legal support?

Response IR – 21

- a) We do not have a specific breakdown of the portion of the costs that may be allocable to Intervenors. Energy Board staff provided a global estimate of approximately \$200,000 for a full regulatory proceeding, including payments for intervening parties to participate such proceedings.

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1 **Request IR - 22**

2 Reference: Exhibit B-2 (page 24 of 36, line 5, Table 11)

3 a) What is the basis for the Legal and Compliance forecasted expense of \$0.26 million?

4 **Response IR - 22**

5 a) The specific legal and compliance requirements are not known at this time, so the
6 forecast represents the best estimate of the NSIESO at this time of the costs of procuring
7 general legal services and supporting its compliance obligations.

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1 **Request IR - 23**

2 Reference: Exhibit B-2 (page 25 of 36, lines 1-3)... "Legal and Compliance: These costs are for
3 advice from external legal counsel regarding legal compliance and in connection with various
4 agreements that the NSIESO expects to develop and enter into as part of its day-to-day
5 functions".

6 a) What legal firms are expected to be retained, and what are their hourly rates or retainer
7 agreements, if available?

8 **Response IR - 23**

9 a) The response to this request is subject to solicitor client privilege.

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1 **Request IR - 24**

2 Reference: Exhibit B-2 (page 25 of 36, lines 10-17)... "Procurement: This category comprises
3 various expenses related to the development and execution of capacity procurements to satisfy
4 the requirements identified in the 2030 Clean Power Plan which identifies the need for 300MW
5 of fast acting generation by 2030 as well NSPI's 2023 Evergreen IRP which also identifies the
6 need for 300MW by 2027, with additional fast-acting capacity required shortly thereafter".

7 a) If available, please provide the procurement strategy and expected timeline for the
8 300MW RFP.

9 **Response IR - 24**

10 a) Please refer to Response to SEE IR-4(a), (b) and (d). The organization intends to develop
11 formal procurement strategy documentation as it matures.

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Request IR - 25

Reference: Exhibit B-2 (page 25 of 36, line 11, Table 12)

- a) Please provide the supporting calculations showing how the 300MW RFP expense of \$0.36 million was forecasted, including support for any assumptions.
- b) What deliverables are expected from the \$0.36M 300MW RFP allocation?
- c) Please provide the supporting calculations for how the Procurement and Project Management expense of \$0.19 million was forecasted, including support for any assumptions.
- d) Please provide the supporting calculations showing how the Other Capacity Contract Opportunities of \$0.43 million was forecasted, including support for any assumptions.

Response IR - 25

- a) See Exhibit B-2, Section F(b) 300MW RFP (page 26 of 36, lines 4-15). See Response to SBA IR-6(b). The firm providing procurement and project management services as in Exhibit B-2, Section F(a) (pages 25, 26 of 36) developed the budget based on its experience.
- b) The RFP will result in long-term power purchase agreements for fast-acting capacity and replicable RFP documentation and processes for the NSIESO's ongoing use.
- c) See Response to NSEB IR-20(a). The firm providing procurement and project management services as in Exhibit B-2, Section F(a) (pages 25, 26 of 36) developed the budget based on its experience.

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21 d) See Response to SEE IR-4(c). The firm providing procurement and project management
22 services as in Exhibit B-2, Section F(a) (pages 25, 26 of 36) developed the budget based
23 on its experience and using credit support costing specifically negotiated as part of the
24 transaction.

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Request IR - 26

Reference: Exhibit B-2 (page 26 of 36, line 22, Table 13 & page 27 of 36, lines 3-6)... "Technology Needs Assessment and Business Case: These costs are for internal asset and systems inventory reviews to be conducted by an external consultant to assess systems currently in-use by NSPI and a needs assessment for technology requirements for the NSIESO".

- a) What is included in the \$0.50 million Technology Needs Assessment? Please provide the consultant's scope of work and estimated fees, if available.

Response IR - 26

- a) The \$0.50 million estimate for the Technology Needs Assessment and Business Case reflects anticipated external consulting services to support the NSIESO in establishing its technology environment through one or more scopes of work. The scopes of work are expected to include an inventory and review of internal assets and systems currently in use by Nova Scotia Power that may be relevant to the NSIESO's operations, a needs assessment to identify technology requirements to support the NSIESO's mandate, and development of a business case outlining recommended options for meeting those requirements, including cost considerations, implementation risks, and sequencing. The exact scope of work is not known at this time and will be finalized as planning continues. At this stage, the \$0.50 million forecast represents a planning estimate rather than an itemized proposal of consultant fees. The NSIESO will go to market for formal quotes prior to commencing the Technology Needs Assessment and Business Case(s). Any

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- 21 variance between the forecast and actual premiums will be recorded and reconciled
- 22 through the Net OM&A Deferral and Variance Account.

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1 **Request IR - 27**

2 Reference: Exhibit B-2 (page 26 of 36, line 22, Table 13 & page 27 of 36, lines 9-11)... "Office
3 Lease: These costs are to lease approximately 5,250 square foot temporary office space in
4 downtown Halifax as of August 1, 2025. These premises are expected to house between 30-35
5 employees".

6 a) Please provide support for the rental rate per square foot in downtown Halifax assumed in
7 the forecasted \$0.14 million Office Lease expense.

8 **Response IR - 27**

9 a) The average rental rate per square foot in downtown Halifax was estimated at \$40 per
10 square foot. Rent abatement was also estimated for a few months.

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1 **Request IR - 28**

2 Reference: Exhibit B-2 (page 27 of 36, line 1, Table 13 & lines 13-14)... "Cybersecurity and
3 Monitoring: These costs are for external cybersecurity monitoring and response services, based
4 on vendor quotes".

5 a) What cybersecurity services are included in the \$0.18M forecast? Please provide copies
6 of the vendor quotes relied upon.

7 **Response IR - 28**

8 a) Please refer to Response to NSEB IR-23.

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Request IR - 29

Reference: Exhibit B-2 (page 27 of 36, line 1, Table 13 & lines 18-20)... "Control Center

Planning: These costs are for consulting services to assess control center location options and requirements, in preparation for the NSIESO to carry out its system operations functions".

a) Are the Control Center Planning expenses included in the Other Facilities and Technology of \$0.5 million?

b) Please provide a breakdown of what is included in the Other Facilities and Technology forecast.

Response IR - 29

a) The Control Center Planning expenses of \$0.05 million are separately identified in Exhibit B-2, Table 13 (p. 27) and are not included in the "Other Facilities and Technology" forecast of \$0.050 million. For clarity, the forecast for "Other Facilities and Technology" is \$0.050 million, not \$0.5 million as referenced in the IR.

b) The \$0.05M "Other Facilities and Technology" forecast reflects initial set-up and operating expenses that are distinct from Control Center Planning. These expenses are distinct from Control Center Planning and are intended to cover day-to-day operational needs rather than initial office setup. Any variance between forecast and actual costs will be recorded and reconciled through the Net OM&A Deferral and Variance Account.

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Request IR - 30

Reference: Exhibit B-2 (page 28 of 36, line 1, Table 14 & lines 6-8)... "The NSIESO will address the Net OM&A Deferral and Variance Account for the 2025/2026 test year and will seek a revenue requirement and a recovery mechanism in place for 2026 to 2027 to repay the line of credit to be funded through rates".

a) Please provide the supporting calculations for how the Financing costs \$0.10 million were forecasted, including support for any assumptions.

b) What is the structure and terms of the line of credit referenced?

Response IR - 30

a) The estimated Financing costs of \$0.10 million includes interest expense calculated based on the cash requirements forecasted at a rate of Prime + 0.75% as well as a financing costs of 1% of the transaction value. Please see Response to NSEB - IR12 and Response to DGT - IR1.

b) The NSIESO has not yet entered into a line of credit.

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Request IR - 31

Reference: Exhibit B-2 (page 28 of 36, line 1, Table 14 & lines 9-11)... "External Financial Audit: These costs are for services for external financial auditors, which have been estimated based on quotations from accounting firms that have experience auditing public sector organizations of a similar size".

- a) Please provide copies of the quotes from accounting firms that were relied upon for the \$0.04 million External Financial Audit fee estimate.

Response IR - 31

- a) The specific audit requirements were not known at the time of the forecast, so the estimate was informed by general market knowledge and represents the best estimate of the NSIESO for procuring similar audit services based on quotations from other organizations. Quotes from accounting firms specific to the NSIESO are not yet finalized. For clarification on the referenced evidence, the NSIESO will go to market for quotes from accounting firms. Any variance from the forecast will be recorded and reconciled through the Net OM&A Deferral and Variance Account.

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Request IR - 32

Reference: Exhibit B-2 (page 29 of 36, line 5, Table 15)

a) Please provide the supporting calculations showing the breakdown of how the following

One-Time Transition Costs were forecasted:

- a. HR Transition Planning, Change Management;
- b. Program and Project Management, and Financial Advisory;
- c. Accounting Set-Up and Bookkeeping;
- d. Operational Planning and Strategy;
- e. Branding and Web Development;
- f. Governance; and,
- g. Office and Employee Technology Hardware and Software.

b) Please provide support for any underlying assumptions from part (a), including any available quotes.

Response IR - 32

a) Please see the partially confidential attachment to Response to DGT- IR1 for the financial forecast excel document. Please see 2025-26 Detail tab and please see (a/c) Tab 8 - Transition Costs. Estimates were solicited from the market for HR Transition Planning, Change Management contract services.

- a. Please see 2025-26 Detail tab. Estimates were solicited from the market for Program and Project Management, and Financial Advisory services.

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- 21 b. Please see 2025-26 Detail tab and please see (a/c) Tab 8 - Transition Costs.
22 Estimates were based on reasonable and informed knowledge of the market.
23 c. Please see 2025-26 Detail tab. Estimates were solicited from the market for these
24 contract services.
25 d. Please see 2025-26 Detail tab. Estimates were solicited from the market for these
26 contract services.
27 e. Please see 2025-26 Detail tab and refer to Response to NSEB-IR18.
28 f. Please see 2025-26 Detail tab. Estimates were solicited from the market for these
29 contract services for Branding and Web Development.
30 g. Please see 2025-26 Detail tab and where specific assumptions are available,
31 please see (g) Tab 6 - Technology Costs.
32 b) Please see the Response to DGT-IR4 for a methodology used in building the forecast.

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1 **Request IR - 33**

2 Reference: Exhibit A-1 (page 1 of 36, lines 15-16)... "As part of this Application, the NSIESO is
3 seeking approval from the Nova Scotia Energy Board for its ongoing OM&A expenses forecast
4 for the test period to be \$6.75M".

5 a) If the NSIESO's actual costs exceed this forecast, what happens? Is there a threshold for
6 overrun that would require a separate review?

7 **Response IR - 33**

8 Actual costs will be tracked and measured against the forecast in the Net OM&A Deferral and
9 Variance Account. Please also see Response to NSEB-IR6.

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Request IR - 34

Reference: Exhibit B-2 (page 29 of 36, lines 2-3)..."The NSIESO received Provincial funding in March 2025 in the amount of \$2.68M which the NSIESO will apply to one-time transition costs forecast to be \$1.23M".

a) What controls are in place to ensure that one-time transition costs do not exceed the \$2.68 million Provincial funding?

b) Has a plan been established for a scenario where costs greatly exceed the \$1.23 million forecast?

Response IR - 34

a) The NSIESO, a start up with no financial operating history, is working diligently to forecast all OM&A expenses. The NSIESO has requested the Net OM&A Deferral and Variance Account to account for all variances against forecast with maximum transparency. The NSIESO has basic financial controls in place for approvals, payments and reporting and will continue to build these out as the organization matures.

b) Any one-time transition costs that exceed the Provincial funding will form part of the revenue requirement to be recovered from customers.

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Request IR - 35

Reference: Exhibit B-2 (page 30 of 36, lines 1-3)... "if one-time costs incurred during the test period exceed the Provincial funding, the NSIESO proposes to record the unfunded amount in the Net OM&A Deferral Account".

a) Is there a cap on the amount of costs that can be recovered through the Deferral and Variance Account in any given year?

b) If on-time costs end up being less than the funding available, will the additional funding be withdrawn and taken back by the Province? If not, what is the intended use of the excess available funding?

Response IR - 35

a) There is no cap on the amount of costs that can be recovered through the Net OM&A Deferral and Variance Account in any given year.

b) If one-time transition costs end up being less than the funding available, the NSIESO will use the available funds to offset the initial year OM&A costs. Please see Exhibit A-1, 4. Provincial Funding.

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Request IR - 36

Reference: Exhibit B-1 (page 13 of 36, lines 12-20)... "The one-time transition costs are costs to transition functions from NSPI to the NSIESO and to set up the NSIESO's organizational capabilities. These costs are expected to be in the amount of \$1.23M during the test period and be funded in full using \$2.68M of Provincial funding. The NSIESO is not expecting the Nova Scotia Energy Board's approval for these expenses since these expenses are not forecasted to be funded by ratepayers. However, if the NSIESO incurs one-time transition costs during the test period in the amount that exceed the Provincial funding of \$2.68M – which the NSIESO does not expect based on its financial forecasting – the NSIESO will record the shortfall in the Net OM&A Deferral and Variance Account, and will seek to recover the shortfall in a future application, subject to a prudence review".

a) What criteria will be used to determine the prudence of any future recovery of unfunded transition costs?

b) What is the NSIESO's definition of a "prudence review"?

Response IR - 36

a) Please see Response to NSEB IR-11.

b) Please see Response to NSEB IR-11

Nova Scotia Independent Energy System Operator (NSIESO)
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Request IR - 37

Reference: Exhibit B-2 (page 16 of 36, lines 14-16)..." The following table outlines the roles expected to be filled within the Administration Salaries and Wages cost category, and are subject to change as the NSIESO builds out its management team and organizational structure".

a) Please provide an organizational chart for the NSIESO showing planned staffing by role and reporting structure.

b) What is the assumed organizational structure based on? What was used as the NSIESO's basis for developing this planned structure?

c) What, if any, other jurisdictions have a similar organizational structure as the one assumed by the NSIESO? How does the NSIESO's organizational structure compare to industry best practice?

Response IR - 37

a) Please refer to Response to NSEB IR-13.

b) Please refer to Response to NSEB- R-13.

c) Please refer to Response to NSEB –IR2 (b).