
Request IR - 1

Refer to M12412, Exhibit N-1-(i), the Application Exhibits, submitted by the NSIESO as part of its Application for approval of its proposed expenditure and revenue requirements for the test year ending March 31, 2026 (the "Application") and specifically to Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection A, Administrative Salaries and Wages, at pages 15-19 of 36 and respond to the following:

a) Please clarify if all positions, except the CEO, are expected to start October 1 of 2025.

b) Please explain why all of the positions are required in the first test year given the phase-in approach to NSIESO functions described in the Application.

c) Please confirm if the estimate includes performance bonus. Are performance bonuses part of the compensation packages? What are the criteria required to achieve performance bonuses?

d) Please allocate the salary compensation estimate of $1.45M into the following categories: salary, benefits, retirement/pension, one-time compensation (sign on bonuses/relocation), and other.

e) Please confirm that these 13 positions, described on pages 16-18 of 36, starting at line 17, do not have overlap with the NSPI employees being transferred.

f) Please provide an organization chart that shows the positions (whose salaries are included in this Application) and also indicate whether these positions are being filled by individuals who are transferring from NS Power.

g) Please clarify if the management team structure is expected to remain the same, as described in the Application, once the NSIESO is fully phased-in? Are there additional positions expected? Please provide cost estimates if known.

Response IR – 1

a) The CEO started August 18th, 2025. Recruitment is actively underway and start dates will range from November 1, 2025, onwards as qualified candidates are recruited and employment contracts negotiated, which will include start dates.

b) The NSIESO is a new independent entity in the in-start-up phase and will continue to evolve over the next 12 to 18 months. The positions are required to develop and implement the policies, procedures, controls, practices and programs needed to comply with requirements related to financial, regulatory, procurement, contractual agreements, and workplace policies of the new entity.

c) Only the CEO role has a performance bonus which is capped at 15% of base salary. Performance objectives will be set by the Chair of the Board and the CEO on an annual basis.

d) Refer to Response to NESB IR-14 (a). As the compensation structure continues to evolve, it is being contemplated that total compensation will be inclusive of Base Salary only (plus benefits, pension, vacation, etc) but no annual bonus structure other than for the CEO position.

e) The employees transitioning from NS Power are all in technical roles and the net new roles with the exception of the VP Planning, Grid Integration Management &

Procurement role, are all non-technical roles who are professional specialists or administration in nature related to Finance, Communications, Human Resources, Policy, Legal, Procurement, IT, and Regulatory functions. As an independent entity, the NSIESO cannot use NS Power employees for these functions.

f) Please refer to Response to NSEB-IR-13 (b) Attachment.

g) As the NSIESO is in the start-up phase and will continue to evolve into April 2027, it is not known at this time if and how the management team structure might change. Therefore, no cost estimates have been calculated.

Request IR - 2

Refer to the Application and Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection B, NSPI Employee Transfers (including IRP consulting costs) ($1.61M), on pages 19-21 of 36, starting at line 4, and respond to the following:

a) Please allocate the salary compensation estimate of $1.11M into the following categories: salary, benefits, retirement/pension, one-time compensation (sign on bonuses/relocation), and other.

b) Please answer the following questions regarding the $0.5M consulting fee forecast set out in Table 7:

   i. Please provide the fee budget by scope of work component.

   ii. Please confirm whether the consulting service selection has occurred. If so, please provide vendor.

   iii. Lines 12-15 on Page 19 of 36 suggest that there will be no ongoing costs incurred by NSPI with respect to the IRP functions. Has NSPI confirmed all IRP functions would transfer and the timing of the functions to be transferred?

Response IR - 2

a) The total compensation estimate submitted equals to $1.65 million of which $.38 million is salaries and wages; $0.2 million is a fringe load factor of 14.75% (covers employers costs such as WCB, Health, Dental, Life Insurance, LTD, ADD, Pension Plans, Education Fund, apprentice programs, taxable parking, employer RRSP, 4% and other fringe benefits); CPP & EI employer deductions of $0.06 million. Expected Third-Party

Recoveries of $0.537 million were deducted from the $1.65 million for a total of $1.11 million.

b) (i) Please refer to Response to NSEB-IR17 (a).

(ii) Please refer to Response to NSEB-IR17 (a).

(iii) Please refer to Response to NSEB-IR15.

Request IR – 3

Refer to the Application and Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection C, Corporate Administration ($0.23M), on pages 21-23 of 36, and respond to the following:

a) For the cybersecurity insurance cost of $0.05M, referenced on page 22, please provide the policy details including coverage amounts, deductibles, etc.

b) For stakeholder engagement of $0.05M, referenced on page 22, please confirm if these are one-time expenses.

Response IR – 3

a) To clarify referenced evidence, the $0.05 million estimate was informed by high-level market information and informal discussions with insurance providers regarding coverage for small to mid-sized organizations handling sensitive information. These preliminary inputs were used to develop an estimate of $0.05 million, recognizing that more robust coverage may be required once real-time operations commence. The NSIESO will go to market for formal quotes. Any variance between the forecast and actual premiums will be recorded and reconciled through the Net OM&A Deferral and Variance Account. Please refer to Response to NSEB IR-23 for further context on how cybersecurity insurance and related costs are being approached.

b) Stakeholder engagement costs of $0.05 million are not one-time expenses. These represent ongoing costs to support communications and engagement activities, such as costs related to renting space for engagement sessions, and similar costs are expected in future years.

Request IR - 4

Refer to the Application and Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection D, Governance ($0.51M), on page 23 of 36 and respond to the following:

a) Please clarify if, once the NSIESO responsibilities are fully phased-in, there are any anticipated changes in governance costs.

Response IR - 4

a) Please refer to Response to NSEB IR-18

Request IR - 5

Refer to the Application and Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection E, Legal and Regulatory ($0.81M), on pages 24-25 of 36 and respond to the following:

a) Please identity the budget portion of the forecast related to "the costs that the Nova Scotia Energy Board may order that NSIESO pay for intervening parties to participate in such proceedings"[1] and the source of these estimates.

b) Are the legal services associated with the forecast legal costs anticipated to be provided by in-house counsel or by external counsel?

Response IR - 5

a) Please see Response to DGT IR-21

b) External counsel. The NSIESO has no internal legal staff at this time.

Request IR - 6

Refer to the Application and Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection F, Procurement ($0.99M), on pages 25-26 of 36 and respond to the following:

a) Please provide rationale for the 50/50 split in capitalization and expenses for procurement and project management costs.

b) Please confirm which components of the 300 MW RFP costs apply the 20% contingency fee. Please provide rationale of 20% contingency figure.

Response IR – 6

a) Please refer to Response to NSEB IR-20 (a).

b) All components. The NSIESO considers the procurement budget to be a Class C estimate, generally corresponding to the preliminary design stage for most budgeting classifications. A contingency of 20% was thought to be appropriate, which is generally within the range of a Class C estimate.

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Request IR - 7

Refer to the Application and Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection G, Facilities and Technology ($0.87M), on pages 26-27 of 36 and respond to the following:

a) Please provide an itemization of the cybersecurity and monitoring cost of $0.18M (referenced on page 27) and confirm the relationship of costs between cybersecurity insurance costs and/or the IT and Cybersecurity Specialist costs.

b) Please explain how cybersecurity and monitoring costs are expected to be impacted once NSIESO responsibilities are fully phased in.

Response IR - 7

a) Please refer to Response to NSEB IR-23 for further detail on the cybersecurity and monitoring forecast. For clarification on the referenced evidence, the $0.18 million estimate is not further itemized at this stage. It reflects anticipated vendor services for monitoring, threat detection, incident response, and advisory support. These costs are distinct from the cybersecurity insurance costs, which is intended to transfer financial risk through insurance coverage, and from internal staffing costs, which represent internal resources to build and maintain IT & Cybersecurity organizational capability.

b) Once the NSIESO assumes operational control of the bulk power system, cybersecurity and monitoring costs are expected to increase to include expanded monitoring activities, dedicated staffing, and enhanced insurance coverage.

Request IR - 8

Refer to Exhibit N-1, the Application and Exhibit B-2 - Ongoing OM&A Cost Category Detail, subsection H, Finance ($0.16M), on pages 27-31 of 36 and respond to the following:

a) Describe why financing costs are necessary given the $2.68M in Provincial Funding?

Response IR - 8

a) Financing costs have been forecasted to bridge the gap between receipt of the Provincial Funding and future funding sources. Please see the attachment to Response to DGT-IR1 and Response to DGT-IR30.

NON-CONFIDENTIAL

Request IR - 9

Refer to the Application and Exhibit B-3 – OM&A One-Time Transition Costs, on pages 29-31 of 36 and respond to the following:

a) Please confirm when the final one-time transition costs will be reported and with what frequency?

Response IR - 9

a) One-time transition costs incurred during the 2025/26 fiscal year will be reported when the NSIESO seeks disposition of the Net OM&A Deferral and Variance Account balance. There may be additional one time transition costs that are incurred beyond the 2025/26 fiscal year that have not yet been identified.

Request IR - 10

Refer to the Application and Exhibit C-1 – Deferral and Variance Accounts, on pages 32-36 of 36 and respond to the following:

a) Table 2 on Page 10 of 36, contains language different from Table 16 on pages 32-33 of 36. It appears that the language regarding the unfunded amounts in Sub Account No. 2 in Figure 2 may be incorrectly stated, "In addition, in the event that the NSIESO incurs one-time transition costs during the test period in an amount that exceed the Provincial funding, the unfunded amounts would be reflected as a positive amount in this sub-account." (emphasis added). Please confirm if unfunded amounts in excess would be positive or negatively reflected. Please provide rationale for language departures between Figure 2 and Figure 16 related to the sub accounts.

   a) Please confirm if interest will be accrued within the deferral and variance account and if so, at what rate.

   b) Please confirm how reporting will ensure that costs included in NSPI's revenue requirement are kept distinct from those costs included in NSIESO's revenue requirement during the transition period.

Response IR - 10

a) We agree that the language as stated in the Request above was added to Table 2 but not to Table 16. A positive balance in Sub-Account 2 means that the actual costs are greater than forecasted.

b) Interest expense on the operating line of credit will not be accrued within the deferral and variance account; rather actual interest charges will be accounted for as incurred.

c) Please see Response to NSEB-IR15.

Request IR - 11

a) Is NSIESO considered an affiliate of NSPI or Emera?

b) If NSIESO and NSPI are determined to be affiliates, will a service level agreement between them be needed for NSPI to pay for services provided by NSIESO or vice versa. If needed, please provide a copy of this agreement.

Response IR – 11

a) No. The NSIESO is a not-for-profit corporation established under the *More Access to Energy Act*. It is an independent statutory entity and is not a subsidiary or affiliate of Nova Scotia Power Inc. (NSPI) or Emera Inc.

b) Since the NSIESO and NSPI are not affiliates, no affiliate service agreements are contemplated**.**