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January 15, 2026

Via Secure File Transfer

Crystal Henwood, Clerk of the Board
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Dear Ms. Henwood:

Re: M12412 – IESO-NS - Proposed Expenditure and Revenue Requirement

These are the submissions of the Consumer Advocate in this matter.

The newly created Independent Energy System Operator for Nova Scotia ("IESO-NS") has filed an application with the Board seeking approval of its initial revenue requirement for a single test year, ending on March 31, 2026.

IESO-NS has requested approval of a total revenue requirement of just over $6.75 million dollars with a net OM&A cost to ratepayers of $5.3 million dollars, with the remainder funded by the Province.

The application also requests approval of a deferral account for the OM&A costs to be recovered from ratepayers as part of a future application IESO-NS plans to make in the latter part of the 2026 fiscal year.

The Consumer Advocate is not opposed to the request from IESO-NS for its revenue requirement or for the establishment of a deferral account. However, any approvals from the Board should be accompanied by clear guidelines that reflect the concerns and observations of Board Consultant Doane Grant Thornton in the Report submitted as Exhibit N-10 in this proceeding.

As it states in its Application, IESO-NS is a “newly constituted organization” which is “in the early stages of setting up its internal capabilities to perform its executive, administrative, and occupational functions” (Exhibit N-1 – Application of IESO-NS, page 1, lines 14-15).

The findings of Doane Grant Thornton confirm that description.

The Board Consultant has put forward a number of recommendations to guide the actions of IESO-NS as it matures as an organization:

- In the future, applications for funding approval should include documentation supporting the accuracy of financial models and assumptions employed by the Utility.

- IESO-NS needs clearly established cost management controls for monitoring expenditures. It should follow prudent review and approval requirements that promote efficient and transparent expenditures.

- IESO-NS should, as a priority, develop accounting policies that meet accounting standards and it should do this before it recovers any OM&A amounts in the next test year application.

- IESO-NS should put specific guidelines in place for deferral accounts that incorporate regulatory requirements and principles.

The Board should direct IESO-NS to follow the recommendations of Doane Grant Thornton and to report back to the Board on the actions it has taken in response to the Report.

It is important that, from the beginning, the activities of IESO-NS are undertaken in an efficient and transparent manner that protects the interests of ratepayers.

We thank you for the opportunity to make these brief submissions.

Yours truly,

PINK LARKIN

David Roberts,
Consumer Advocate