M12412

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF:	**MORE ACCESS TO ENERGY ACT**
	- and -
IN THE MATTER OF:	**AN APPLICATION** by the **NOVA SCOTIA INDEPENDENT ENERGY SYSTEM OPERATOR** for approval of its proposed expenditure and revenue requirement for the test year ending March 31, 2026

INFORMATION REQUESTS

To:	**Jason T. Cooke, K.C** Burchell Wickwire Bryson LLP 1900-1801 Hollis Street Halifax NS B3J 3N4 By email: jcooke@bwbllp.ca
From:	Board Staff Nova Scotia Energy Board
Responses Due:	**October 7, 2025**
Copies:	1 electronic copy (PDF searchable)
Contact Person:	**Libby McNamara** Nova Scotia Energy Board 3rd Floor, 1601 Lower Water Street Halifax, NS B3J 3S3 Tel: 902 424 1332 **Email:** Libby.McNamara@novascotia.ca

Issued at Halifax, Nova Scotia, this 12th day of September 2025.

Crystal Henwood

Crystal Henwood, Clerk of the Board

Request IR-1:

Reference: Exhibit N-1(i), p. 1 of 36

The NSIESO outlines the transition of system planning, transmission interconnection, energy and capacity procurement functions and real time dispatch operations from NS Power in two phases. Please provide a more detailed transition timeline or Gannt chart if one has been created.

Request IR-2:

Reference: Exhibit N-1(i), p. 2 of 36

The NSIESO notes that it does not have historical organizational experience and operational data.

a) Has the NSIESO reached out to NS Power to obtain information regarding its organizational experience and operational data?

b) Has the NSIESO reached out to any other independent electricity system operators to obtain information regarding organizational experience and operational data?

c) If the answers to part a and/or b are no, why not?

d) If the answers to a and/or b are yes, how has this information informed the current application?

Request IR-3:

Reference: Exhibit N-1(i), p. 2 of 36

The NSIESO states "It is the NSIESO's proposal to defer the approval of a rate recovery mechanism until its application for the period April 1, 2026 to March 31, 2027." However, in its Notice of Application (Exhibit N-1), it states: "The NSIESO proposes to recover the actual net ongoing OM&A amount recorded as a balance in the Net OM&A Deferral and Variance Account subject to a prudence review, as part of a future application no later than the 2027-2028 test year application made in the latter part of the 2026 fiscal year."

a) Please confirm, or explain otherwise, that the NSIESO only intends to recover its 2026-2027 revenue requirement under the rate recovery mechanism that will be proposed in its application for the period April 1, 2027, to March 31, 2028.

b) Does the NSIESO intend to recover the NET OM&A Deferral and Variance Account over a single or multi-year period?

c) Please explain why the NSIESO intends to continue to defer the recovery of its 2025-2026 revenue requirement through the next fiscal year. If the concern is that final OM&A costs may not be known with 100% certainty on April 1, 2026, please explain why the NSIESO did not consider beginning the recovery of these costs at that time (most of which will actually be known by then) subject to an adjustment to account for any variance between the remaining forecast and actual expenses at that time.

Request IR-4:

Reference: Exhibit N-1(i), p. 2-3 of 36

The NSIESO notes that its proposed “NET OM&A Deferral and Variance Account” will serve three specified functions. Please confirm that the underlying intent is to establish a deferral account for all costs the NSIESO actually incurs in fiscal year 2025-2026, net of any surplus funds remaining from its Provincial grant for one-time transition costs.

Request IR-5:

Reference: Exhibit N-1(i), pp. 4-5 of 36

a) The NSIESO identifies the objectives it is mandated to further under the *More Access to Energy Act*. For each object, please identify any actions the NSIESO intends to take to further the object during fiscal 2025-2026.
b) Please provide a copy of the “organizational workplan” referenced on p. 13 of 36 of Exhibit N-1(i).
c) Does the NSIESO intend to develop and include business plans with its annual revenue requirement applications?

Request IR-6:

Reference: Exhibit N-1(i), p. 7 of 36

The NSIESO states: “…because the NSIESO does not yet have an approved mechanism to recover rates from customers, the NSIESO is not seeking approval for any such fee as part of this application…” Please explain why the NSIESO did not seek approval for any mechanism to recover rates from customers in this proceeding.

Request IR-7:

Reference: Exhibit N-1(i), p. 8 of 36, lines 1-6

a) Please confirm the status of the Transition Committee which includes representatives from the NSIESO and NS Power.
b) Please list the membership of the Transition Committee.
c) Please provide the Terms of Reference of the Transition Committee.
d) If no Terms of Reference have been prepared, is it anticipated they will be prepared?

Request IR-8:

Reference: Exhibit N-1(i), p. 8 of 36, lines 10-12

Have estimated forecasts been prepared for the annual expenditure and revenue requirement in each of the NSIESO's second and third fiscal years? If so, please provide the forecast amounts.

Request IR-9:

Reference: Exhibit N-1(i), p. 8 of 36

The NSIESO notes that one of the key transition activities that has been completed or is underway is initiating stakeholder engagement.

a) Have Indigenous communities been included in any engagement activities?
b) Have the system operators in other Maritime provinces been included in engagement activities?
c) Has the Northeast Power Coordinating Council, Inc. (NPCC) been included in engagement activities?
d) What engagement activities have already been undertaken and what is planned?
e) If engagement activities have already taken place, what feedback has the NSIESO received from these engagement activities?

Request IR-10:

Reference: Exhibit N-1(i), p. 10 of 36

a) Why are the costs being bifurcated into two accounts, one for the approved amount and one for the variance, rather than recording all costs in one account and comparing the total costs to the approved amount? (similar to how a utility would show total costs compared to budget in an annual statement)
b) Given that the NSIESO proposes to recover its actual OM&A expenses, but it is not proposing any actual recovery in rates during the test period, please explain why it chose to structure the accumulation of actual OM&A costs in a deferral account using a variance mechanism. Is there any accounting or other benefit to this approach?
c) Have accounting policies been prepared? If so, please provide such accounting policies. If not, is it anticipated such policies will be prepared?

Request IR-11:

Reference: Exhibit N-1(i), p. 13 of 36

The NSIESO notes that any one-time transition costs during the test period exceeding the Provincial funding will be recorded as a shortfall in the Net OM&A Deferral and Variance Account, to be recovered in a future application, subject to a prudence review.

a) Please describe the nature and scope of the contemplated prudence review.

b) Is it expected that the review would consider the prudence of all the actual costs incurred by the NSIESO, notwithstanding the approval of any revenue requirement in this proceeding?

c) Have the estimated one-time transition costs changed from the $1.23 million projected in the application? If so, please provide the updated amount.

d) Are one-time transition costs (except the ones listed in the present application) expected after the period ending March 31, 2026? If so, please describe and provide the estimated amount of such costs.

Request IR-12:

Reference: Exhibit N-1(i), p. 14 of 36

The NSIESO states it "…has requested the approval of the total forecast Ongoing OM&A costs of $6.75M and the approval of the recording of the Net Ongoing OM&A approved amount of $5.31 [million] in the deferral account proposed".

a) Is the NSIESO intending to record a deferral of $5.31 million immediately upon approval or will OM&A costs be deferred when they are actually incurred?

b) If the NSIESO intends to record an immediate deferral, please explain why it is appropriate to recover OM&A costs that have not actually been incurred.

c) Please identify all financing and carrying costs associated with outstanding balances in the Net OM&A Deferral and Variance Account.

Request IR-13:

Reference: Exhibit N-1(i), p. 14 of 36

a) The NSIESO states: "For the purpose of preparing its expenditure forecast, the NSIESO has assumed a start date of September 1, 2025, for the CEO, and October 1, 2025, for the balance of the employees." The Board notes that the CEO was appointed in or about mid-August. Please indicate whether the NSIESO is on track to onboard the balance of the employees by October 1, 2025, and indicate the financial impacts of any known deviations from this schedule.

b) Assuming the full complement of FTEs budgeted in the application, please provide an organizational chart of the employees as of March 31, 2026.

Request IR-14:

Reference: Exhibit N-1(i), p. 18 of 36

The NSIESO notes that forecast compensation in the Administration Salaries and Wages cost category was established on the basis of several assumptions.

a) Please provide the compensation assumed in the revenue requirement for each of the positions identified in Table 6 of the application, broken down by base salary, bonuses and fringe load factors.

b) Please identify any other compensation or benefits assumed in the revenue requirement for these employees.

c) Please identify the “similar roles at peer organizations” reviewed for the purposes of these assumptions.

d) Please provide all market studies or comparators used to establish the 50^{th} percentile for base salary and potential for annual performance bonus.

Request IR-15:

Reference: Exhibit N-1(i), p. 19 of 36

The NSIESO notes it is forecasting $1.61 million in expenses as the portion of NS Power operational costs that will be transitioned to the NSIESO during the test period and states: “Given that the costs under this category are to pay for functions that are currently carried out by NSPI, these costs have already been approved by the Utility and Review Board and are recovered in NSPI’s rates. Therefore, upon transfer, these costs do not reflect an incremental cost to customers because they represent a currently funded and continuing function.”

a) Since these costs are already recovered in NS Power’s rates, please explain how customers paying them again to the NSIESO as part of its revenue requirement for 2025-2026 is not an incremental cost to customers.

b) Please explain why the costs already included in NS Power’s rates for these expenses is not also being transferred to the NSIESO.

c) Please explain how likely it is at this point that these employees will be transferred from NS Power to the NSIESO by October 1, 2025.

Request IR-16:

Reference: Exhibit N-1(i), p. 20 of 36

In the listing of positions transitioning from NS Power there do not appear to be any positions related to emergency preparedness and planning.

a) Will these positions be moved over with the commencement of the system dispatch function?

b) Is the NSIESO doing anything in advance of that time to create its own emergency response plans or will it acquire and rely on NS Power's emergency response plans?

Request IR-17:

Reference: Exhibit N-1(i), p. 21 of 36

a) Please break down the total consulting fees into those related to the Integrated Resource Plan and each individual pre-integrated resource plan study (listed by study or modelling exercise).

b) Will the NSIESO commence its first IRP exercise by October 24, 2025? If so, please describe the planned activities respecting the NSIESO's first IRP from October 2025 to March 31, 2026.

c) When does the NSIESO expect to complete its first IRP?

d) Please describe how the coordination of NS Power's Evergreen IRP and the NSIESO's first IRP is expected to occur.

Request IR-18:

Reference: Exhibit N-1(i), p. 23 of 36

Please provide the following as assumed in the NSIESO's requested revenue requirement for 2025-2026:

a) a director's annual retainer;

b) a director's entitlement to meeting fees and the number of meetings assumed;

c) anticipated committees and fees for each committee chair;

d) special projects assumed and associated per diems;

e) annual caps for each director;

f) assumed expenses broken down by category.

Request IR-19:

Reference: Exhibit N-1(i), p. 24 of 36

The NSIESO indicates that the regulatory applications include this revenue requirement application and "could include an application for approval of one of more capital applications". Please identify all regulatory applications assumed in the proposed revenue requirement, including the amount and timeline assumed for each.

Request IR-20:

Reference: Exhibit N-1(i), pp. 25-26 of 36

Under procurement and project management, the NSIESO states:

"The costs under this cost category represent 50% of the total costs pertaining to these activities, as the NSIESO proposes to capitalize the other 50% of these costs as part of a subsequent application for approval of a capital project to support and address schedule risks with the RFP."

a) How was the 50% capitalization rate chosen?
b) Please elaborate on the "capital project to support and address schedule risks with the RFP".
c) Please provide a copy of any capitalization policy proposed by the NSIESO, or indicate whether and when such a policy may be developed.

Request IR-21:

Reference: Exhibit N-1(i), p. 26 of 36

The NSIESO states:

"To reduce costs with respect to document development, these costs also include $62,500 to acquire the right to use procurement documents developed by New Brunswick Power in respect of its recent Single Cycle Combustion Turbine procurement RFP."

a) Has the NSIESO consulted with any experts to determine if the procurement documents used for the Single Cycle Combustion Turbine procurement are adequate for the purposes of the NSIESO's planned procurements?
b) Did the NSIESO consider looking for procurement documents more closely aligned with procuring energy production instead of a capital asset?

Request IR-22:

Reference: Exhibit N-1(i), pp. 27 of 36

With respect to the ‘Technology Needs Assessment and Business Case”, “Office Lease”, and “Control Centre Planning”, wouldn’t these be better classified as one-time transition costs? If not, please explain.

Request IR-23:

Reference: Exhibit N-1(i), pp. 27 of 36

With respect to Cybersecurity and Monitoring:

a) How were the vendors chosen to obtain quotes?
b) Has the NSIESO sought any guidance or feedback on any of the vendors from other system operators or utilities?
c) Please outline the NSIESO’s understanding of its responsibilities relating to the North American Electric Reliability Corporation (NERC) reliability standards, including the cybersecurity requirements under NERC’s critical infrastructure protection standards, which have been adopted by the Board for application in Nova Scotia.

Request IR-24:

Reference: Exhibit N-1(i), pp. 27 of 36

With respect to Control Centre Planning:

a) Is there an option to purchase NS Power’s control center from it to reduce relocation costs?
b) Has the NSIESO conducted a study or analysis of its options relating to a control centre? If so, please provide the report or analysis. If not, why not?

Request IR-25:

Reference: Exhibit N-1(i), pp. 29 of 36

Will the one-time transition costs be accounted for in separate accounts from the ongoing OM&A costs?