NOVA SCOTIA ENERGY BOARD

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

and

IN THE MATTER OF an application by the Nova Scotia Independent Energy System Operator ("IESO Nova Scotia") for an Order or Orders made pursuant to Section 29 of the Act for the review of its proposed expenditure and revenue requirements and the fees it proposes to charge for the fiscal year between April 1, 2026 and March 31, 2027.

NOTICE OF APPLICATION

IESO Nova Scotia is a not-for-profit corporation established on October 24, 2024 under the Act and has a statutory mandate that includes, among other aspects, maintaining the adequacy and reliability of the bulk power system and facilitating the operation of a competitive electricity market in Nova Scotia. It is submitting this 2026/2027 Revenue Requirement Application for the Nova Scotia Energy Board's (NSEB, Board) review and approval in accordance with Section 29 of the Act.

IESO Nova Scotia's mandate is central to the Act's stated purpose; to implement these purposes, the Act mandates IESO Nova Scotia to certain enumerated objects, and to carry out certain activities. Certain of these stated objects are still not yet in force at the time of this Application. Accordingly, IESO Nova Scotia has pursued a phased transition of the system operator functions from NS Power to IESO Nova Scotia, commencing with energy procurement, system planning and generation interconnection functions (Phase I), followed by the transition of the energy dispatch operations and related functions (Phase II). IESO Nova Scotia has worked to implement and transition certain operational aspects from Nova Scotia Power Inc. (NS Power), in particular system planning, generation interconnection procedures, and resource procurement. Notable work completed to date includes the following:

- In October and November 2025 the CEO hired a senior leadership team.

- Applicable roles were transitioned from NS Power to IESO Nova Scotia on December 1, 2025.

- Commencement of IESO Nova Scotia's inaugural Integrated Resource Planning process (IRP) asking interested parties to register to be part of the process, and secured a consultant to assist in gathering feedback from stakeholders, bring best practices, and support IESO Nova Scotia in creating the process for the 2026 IRP.

- A request for expressions of interest was issued for the development of 300MW of fast-acting generation in Pictou County, Nova Scotia, and commenced landowner and stakeholder consultation to support this work.

- Many stakeholder meetings have been completed to share IESO Nova Scotia's plans and receive feedback from stakeholders.

Phase II involves the transfer of real-time dispatch operations. IESO Nova Scotia has engaged a third-party expert consultant selected through an RFP process to support the delivery of this work in the first half of 2026. This work is expected to define the physical and technical changes required to implement Phase II with the estimated cost and timelines. The current aspirational timeline for Phase II implementation is Q2 of the 2027 calendar year.

<u>Revenue Requirement Application for the 2026/2027 Fiscal Year</u>

IESO Nova Scotia is seeking the NSEB's approval for its ongoing operational, maintenance and administrative costs budget for the fiscal year in question, in the amount of $13.08M (Ongoing OM&A), as well as transitional costs related to the Phase II transition of operations from NS Power to IESO Nova Scotia in the amount of $1.77M (Transitional Costs), for a total of $14.85M (Total OM&A Costs).

Given that IESO Nova Scotia is a relatively new organization, it has very limited historical organizational and operational data. Additionally, at the time this Application will be submitted, IESO Nova Scotia's 2025/2026 revenue requirement will still be before the NSEB for review and pending approval (M12412). As a result, there may be circumstances that may not be readily foreseeable that have not formed the basis of its financial forecasting for budgeting purposes.

Immediate Temporary Financial Relief Request

IESO Nova Scotia is seeking immediate NSEB approval of temporary financial relief by way of fees charged to and collected from NS Power in the amount of Nine Hundred Fifty Thousand dollars ($950,000) per month, effective February 1, 2026. IESO Nova Scotia requests NSEB approval of the recovery of these fees no later than February 27, 2026. IESO Nova Scotia is also requesting NSEB approval of NS Power's recording, deferral and recovery of associated costs through its Fuel Adjustment Mechanism.

Net Revenue Requirement Deferral and Variance Mechanism

IESO Nova Scotia proposes to track variances between forecasted and actual revenue requirement as a balance via the Net Revenue Requirement Deferral and Variance Mechanism, referred to in the 2025/2026 Revenue Requirement Application as the Net OM&A Deferral and Variance Account, and is seeking NSEB approval of the same.

Orders Sought

On the basis of the foregoing, IESO Nova Scotia hereby applies to the NSEB for Orders, on or before February 27, 2026:

1) Directing NS Power to begin paying, no later than April 1, 2026, monthly payments to IESO Nova Scotia in the amount of Nine Hundred Fifty Thousand dollars ($950,000) per month, exclusive of applicable taxes, with such payments being made effective February 1, 2026 (the "**Monthly Assessment**").

2) Confirming that such Monthly Assessment shall continue until the earlier of:

   (a) March 31, 2027, or

   (b) the effective date of a Board-approved permanent fee recovery mechanism.

3) Authorizing NS Power to record, defer and recover such Monthly Assessment through its FAM, with the Monthly Assessment being approved as a prudent cost of NS Power.

IESO Nova Scotia further applies to the NSEB for approval of the following as described in this Application:

1) A total revenue requirement of $14.85M for the 2026-2027 fiscal year reflecting both its Ongoing OM&A Costs and Transitional Costs;

2) A Net Revenue Requirement Deferral and Variance Mechanism, referred to in the 2025/2026 Revenue Requirement Application as the Net OM&A Deferral and Variance Account, to track IESO Nova Scotia's actual costs compared to its Board-approved revenue requirement budget on an ongoing basis.

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

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

IESO Nova Scotia requests that the NSEB proceed by way of an in-person hearing.

Dated at Halifax, Nova Scotia, this 20th day of January 2026.

Independent Energy System Operator of Nova Scotia

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Johnny Johnston, President and CEO
IESO Nova Scotia