Request IR - 10

Reference: Application, Exhibit D-1

(a) With respect to IESO NS's justification for interim relief:

i. Please provide further and better particulars to support IESO NS's claim that even with a $10M line of credit, IESO NS will be "unable to meet its liabilities as they become due in May 2026."

ii. IESO NS states that it "has become known to IESO Nova Scotia that … commercial lenders are not prepared to loan IESO Nova Scotia funds in advance of revenue or an approved revenue requirement." Please describe how this became known to IESO NS, and also whether IESO NS has considered any other options.

iii. Please provide further information to support IESO NS's claim that it will cost a "minimum" of $950,000 per month to ensure it meets its obligations.

iv. Please confirm whether IESO NS and NS Power discussed options for cost recovery other than through charges to the FAM, and if so, (a) advise what options were discussed and (b) why those options were not considered acceptable to either IESO NS or NS Power.

Response IR - 10

(a) Please note that the NSEB approved IESO Nova Scotia's request for temporary financial relief by letter on February 25, 2026.

i. Please refer to pages 4-7 of IESO Nova Scotia's rebuttal submission of February 19, 2026. For additional particulars of why the IESO projected it would be unable to meet its liabilities by May 2026 even with the Provincial Line of Credit, please refer to the table below for expenditures to which the Provincial Line of Credit were projected to be applied to at the time of filing up to April 2026:

Categories of Spend	Jan-26	Feb-26	Mar-26	Apr-26
Employees (Administration)	($135,355)	($301,001)	($258,000)	($414,854)
Corporate Administrative	($60,443)	($75,833)	($30,000)	($30,000)
Governance	$0	($447,000)	($49,833)	($44,333)
Legal and Regulatory	($25,000)	($200,000)	($25,000)	($25,000)
Procurement	($316,753)	($735,288)	($419,232)	($520,032)
Facilities and Technology	($918,786)	($142,432)	($228,319)	($235,638)
Finance	($100)	($100)	($100)	($100)
Transition and Operational Planning	($224,231)	($239,831)	($198,691)	($185,932)
Operations (System Planning)	($270,433)	($549,346)	($549,346)	($588,067)
Total spend	($1,951,101)	($2,690,831)	($1,758,521)	($2,043,957)

As can be seen, the top three expenditures were as follows:

- Employees (Administration) and Operations (System Planning) (approximately $3.07M)
- Procurement (approximately $1.99M)
- Facilities & Technology (approximately $1.53M)

Delaying these significant cost categories to potentially manage liabilities due was not an option for the reasons set-out below.

Employees (Administration) and Operations (System Planning) pertain mostly to staff salaries in all areas of the IESO, including those transferred from NS Power under the Operations category. Expenditures related to salaries were necessary in order to staff the IESO to carry-out its responsibilities as part of Phase I, and could not be delayed. Delay in staffing would effectively delay all work to be completed by the IESO even at this early stage. That work includes beginning work on the inaugural IRP, conducting system studies and processing of interconnection requests, procuring energy resources, and managing various regulatory and legal processes/initiatives.

Procurement activities, as noted in the application, include both operational and capital costs associated with the procurement of additional capacity. In particular, the RFP for 300MW of fast acting generation, which is in accordance with the Province's Clean Power Plan and necessary to achieve the Provincial targets of 80% renewable energy and the phase-out of coal fired generation. The Powering the Economy Act tabled in the NS legislature in February 2026 establishes that the "IESO shall comply with the renewable electricity targets set out in the regulations or in directives from the Minister" by way of amendments to the Electricity Act. Delay of this work is not possible as the

IESO must expedite procurement of system resources to achieve renewable energy targets.

Facilities and Technology, as noted in the application, include both operational and capital costs related to the IESO's office lease and various IT costs. The office lease was required to establish the IESO's official space to house its employees. The various IT costs relate to application software, services, and IT hardware (capital), and were required to provide IESO staff with the minimum level of modern workplace technology in order to complete their various responsibilities. Delay of these costs are not possible.

Notwithstanding, the IESO has planned its other work and associated expenditures for the remainder of the 2026/27 fiscal year such that some of that work and costs can be delayed to accommodate the minimal cashflow from NS Power temporary fees. (As noted in the "Calculation of the $950,000 monthly fee" section of our rebuttal, IESO Nova Scotia's request for financial relief was "the lowest possible monthly fee to sustain operations".) In particular, while the IESO is continuing to advance work related to the Phase II transition, the IESO has judiciously planned and managed for that work and associated expenditures to be loaded towards the back-end of fiscal year

2026/27 to align as closely as possible with the NSEB's potential approval of an IESO permanent fee recovery mechanism.

ii. Please refer to page 5 of IESO Nova Scotia's rebuttal submission of February 19, 2026.

iii. Please refer to IG IR-1 Attachment 5. Please also refer to pages 4-7 of IESO Nova Scotia's rebuttal submission of February 19, 2026.

iv. No other options for NS Power's cost recovery were discussed, as no other options were immediately available. The IESO worked collaboratively with NS Power to achieve NS Power's consent to the temporary fees, which was contingent on proposing an available cost recording and deferral mechanism. The FAM, as described in the IESO's rebuttal, and as described by NS Power during the IESO's application pre-submission stakeholder session, was chosen primarily as it was a pre-existing NS Power mechanism to record and defer costs, notwithstanding the novel nature of recording and deferring the IESO's costs through the FAM. Whatever the case may be, the NSEB did not approve the FAM for NS Power's cost recording and deferral in its Decision letter of February 25, 2026 regarding the IESO's request for temporary financial relief. Please also refer to DGT IR-6.