Please refer to: Michael Murphy
Email: mmurphy@pinklarkin.com
Assistant: Alissa Whalen
Assistant's email: awhalen@pinklarkin.com

February 12, 2026

VIA WEB PORTAL

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: M12663 - IESO Nova Scotia - 2026/2027 Revenue Requirement and Fees Application

Please accept the following submissions on behalf of the Consumer Advocate regarding the above-noted matter, and in particular the request of the Nova Scotia Independent Energy System Operation ("IESO NS") for immediate temporary financial relief.

Overview

The Consumer Advocate opposes IESO NS's request for immediate temporary financial relief, on the basis that (a) the request is not supported by sufficient evidence; and (b) the request to receive payment through the FAM is not appropriate. Our more detailed comments follow below.

Background

On January 20, 2026, IESO NS filed its 2026-2027 Revenue Application, seeking review and approval from the Nova Scotia Energy Board ("NSEB") for its ongoing operational, maintenance and administrative costs budget for 2026/2027, in the amount of $13.08M, as well as transitional and operational planning costs related to the Phase II transition of the energy dispatch operations and related functions to IESO NS in the amount of $1.77M, for a total cost of $14.85M. This Application was filed at a time when IESO NS's application for approval of its 2025-2026 Revenue Requirement Application (M12412) remains pending.

In Exhibit D-1 of the Application, IESO NS states that while the present Application and the pending 2025-2026 application remain pending, IESO NS has not yet collected any fees related to its revenue requirement. The utility further notes the following:

> In response, over the past months, IESO Nova Scotia has approached both commercial lenders and the Province of Nova Scotia, for financing to enable it to meet its liabilities as they become due, in advance of recovery of its Board-approved revenue requirement. It has become known to IESO Nova Scotia that (a) commercial lenders are not prepared to loan IESO Nova Scotia funds in absence of revenue or an approved revenue requirement, and (b) the Province was prepared to loan IESO Nova Scotia the total of Ten (10) Million dollars in the form of a line of credit.
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> While IESO Nova Scotia now has access to and is utilizing the Province's Ten (10) Million dollar line of credit, it projects that it will become unable to meet its liabilities as they become due in May 2026.

Given these issues, IESO NS submits that it will require an approved $950,000 in revenue each month to ensure it meets its liabilities as they become due. Accordingly, IESO NS asks that the Board direct NS Power to pay $950,000 per month, effective February 1, 2026, “until the earlier of either (a) March 31, 2027, or (b) such date when the Board approves a subsequent permanent fee and cost recovery mechanism.” IESO advises that NS Power has consented to this arrangement, provided that NS Power “is able to record, defer, and recover the Monthly Assessment through its Fuel Adjustment Mechanism (FAM), with the Monthly Assessment being approved as a prudent cost of NS Power by way of this application.” IESO NS further proposes the creation of a permanent fee and cost recovery mechanism, the details of which will be determined through a subsequent application, but which would be intended to address any over- or under-recoveries.

Submissions

As noted above, the Consumer Advocate opposes IESO NS’s request.

First, IESO NS’s application provides only scant detail to justify this request. Specifically, IESO NS relies upon a one-page affidavit from Michael McFeters (Director, Finance). The affidavit states that Mr. McFeters has reviewed various financial documents, and can confirm, based on his analysis, that IESO NS “will be unable to meet its planned and forecasted financial liabilities as they become due in or about May 2026.”

Respectfully, the Consumer Advocate submits that the information provided is simply not sufficient for the Board to make a proper determination as to whether (a) IESO NS will be unable to meet its “planned and forecasted liabilities” as they become due, or (b) if so, whether some other steps short of being paid through the FAM may be feasible to address the shortfall.

For example, IESO NS acknowledges that it has received a $10 million line of credit (the "LOC") from the Province to fund its operations, yet still "projects that it will become unable to meet its liabilities as they become due in May 2026." Apart from this bald assertion, IESO NS provides no other explanation as to why these funds could not be used to support IESO NS's operations until May 2026 (at least, if not longer). Nor is it possible to ascertain exactly what financial planning IESO NS has done around this issue.

IESO NS also 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." It is unclear, from the information provided, how this has become known, or what other options may be available to IESO NS to otherwise address this issue.

IESO NS then calculates that a "minimum" of $950,000 per month is needed to ensure it meets its obligations, but does not provide any information to support this calculation. On the facts of the request, the Consumer Advocate simply has no way to ascertain whether this figure is accurate or appropriate in any meaningful way. The Consumer Advocate is left to speculate as to whether this proposed monthly minimum could potentially be decreased, based on IESO NS's operational requirements.

Even if IESO NS had provided further and better particulars to support this request for temporary relief, the Consumer Advocate is concerned about the appropriateness of IESO NS receiving payment from NS Power through the FAM. While the FAM applies to many customer groups, including residential customers, it does not apply to all. However, all customer groups will be served by IESO NS, and accordingly some of the costs attributable to non-FAM customers will effectively be paid by FAM customers. If such costs are eventually recovered by NS Power through the FAM, the Consumer Advocate would expect WACC to apply to such costs, to NS Power's benefit. In addition, this exceptional request would also require the Board to deem any such payments through this mechanism to be prudent. Such a presumptive finding would inappropriately limit the Board's ability to review the payments through the usual FAM Audit process, and would also limit recourse for ratepayers in the future.

For all of these reasons, the Consumer Advocate is opposed to IESO NS's request, and would ask that the Board decline to grant the relief requested.

Yours Truly,

PINK LARKIN

Michael Murphy, on behalf of the
Consumer Advocate
MTM/aw