2026 **M12663**

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: **The *More Access to Energy Act***

- and -

IN THE MATTER OF: **An Application by Nova Scotia Independent Energy System Operator for approval of its proposed expenditure and revenue requirement for the test year ending March 31, 2027**

INFORMATION REQUESTS

To: Nova Scotia Independent Energy System Operator
(“IESO Nova Scotia”)

From: The Industrial Group

Responses Due: March 10, 2026

Contact Person
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Issued at Halifax, Nova Scotia, this 17th day of February 2026.

Request IR-1:

Reference: N-1, Notice of Application, Immediate Temporary Financial Relief Request, pdf p.3-4; and N-1(i) Attachment A, Affidavit of Michael McFeters pdf 45.

Please provide copies of IESO-NS’s current and historical financial records listed in paragraph 4 of Mr. McFeters’ affidavit (along with any other records, not listed) which he reviewed.

Request IR-2:

Reference: N-1(i), Exhibit D-1, pdf p.41 states that IESO-NS “*has determined that a minimum of Nine Hundred and Fifty Thousand Dollars ($950,000) revenue is needed each month to ensure it continues to meet its liabilities as they become due*.”

(a) Please provide a copy of IESO-NS's internal analysis leading to the determination that "a minimum" of $950,000 is needed monthly.

(b) Please explain the rationale for payments being required monthly, including confirmation of specific timing and amounts of liabilities coming due in the 2025/2026 fiscal year and the 2026/2027 fiscal year.

(c) Provide a weekly cash flow through to March 31, 2027, showing week-by-week opening cash, receipts (by source) disbursements (by major category), and ending cash with and without the $950,000/month. State any assumptions regarding timing of receipts.

(d) Reconcile the $950,000 figure to the FY26/27 monthly burn rate by category (administrative labour, system planning labour, IT/software, legal/regulatory, procurement, finance/interest, Phase II consulting, facilities).

(e) In providing your responses above, identify which expenses are fixed versus variable, and essential versus discretionary.

(f) Provide an analysis of timing flexibility regarding monthly expenses.

Request IR-3:

(a) Where the Monthly Assessment request is "exclusive of any applicable taxes, please show the tax treatment and confirm the total payment amount inclusive of all taxes.

(b) Please provide sensitivity analyses assuming permanent fee approval on (i) September 1, 2026; (ii) December 1, 2026; and (iii) March 1, 2027, and quantify the avoided interest in each scenario.

Request IR-4:

Reference: **N-1(i), Exhibit D-1, pdf p.41-43 proposed Monthly Assessment.**

(a) Please provide particulars of commercial lenders approached by IESO-NS, including what financing was sought, on which date, each lender's response(s), specific (verbatim) criteria to qualify for financing and steps taken by IESO-NS to meet the qualification criteria.

(b) Please provide a copy of any rejection letter(s) received from the applicable commercial lenders.

(c) Please provide a copy of the Provincial loan agreement (in confidence or with redactions, only if necessary) and a schedule showing the daily balances assumed in the interest forecast.

(d) Please provide the projected utilization of the $10 million line of credit, monthly, and specifically address how IESO-NS anticipates exhausting the entirety of that line of credit by May 2026.

(e) Please provide any formal requests made to the Province for additional financing or other support (including guarantees for commercial financing).

Request IR-5:

Reference: OIC 2025-210, July 15, 2025.

The Governor in Council on the report and recommendation of the Minister of Finance and Treasury Board and the Minister of Energy dated July 7, 2025, and pursuant to Section 27 of Schedule B of Chapter 2 of the Acts of 2024, the More Access to Energy Act and Sections 46 and 77 of Chapter 2 of the Acts of 2010, the Finance Act, is pleased to authorize the Minister of Finance and Treasury Board entering into a net debt obligation in the form of a guarantee and postponement of claim in favour of the Royal Bank of Canada, that will guarantee amounts owing to the Royal Bank of Canada by the Nova Scotia Independent Energy System Operator, up to a maximum aggregate principal amount of $170 million USD, on such terms and conditions as the Minister of Finance and Treasury Board may determine, and executing such agreements or other documents as may be required in connection with such guarantee and postponement of claim.

(a) Has the Minister of Finance and Treasury Board executed a guarantee and postponement of claim in favour of the Royal Bank of Canada? If not, was it requested by IESO-NS? If so, please provide a copy.

(b) Has IESO-NS sought financing and been refused by the Royal Bank of Canada notwithstanding the provincial guarantee? Please explain.

Request IR-6:

Reference: N-1, Notice of Application, pdf p.3-4 asked that NSPI "*begin paying, no later than April 1, 2026, monthly payments … with such payments being made* effective February 1, 2026*…*" and N-1(i) pdf p.4 requests, "*immediate remittance in March 2026, effective January 1, 2026…*".

(a) Please confirm the intended first cash transfer date and whether retroactive payments are requested for January, February and March 2026.

(b) Where IESO-NS projects it will be unable to meet its liabilities as they become due in May 2026, why is it seeking retroactive payments?

Request IR-7:

Reference: N-1, Notice of Application, pdf p.3-4 requests approval of NS Power's recording, deferral and recovery of associated costs through its Fuel Adjustment Mechanism.

(a) Please explain IESO-NS's understanding of which customer classes are allocated FAM costs and the basis for that allocation.

(b) Please compare the customer classes who are allocated the FAM with the customer classes who receive the benefit of the system operator functions under the responsibility of the IESO-NS.

(c) Does IESO-NS acknowledge the potential class allocation issues that arise if IESO-NS's non-fuel administrative costs were to flow through the FAM? If so, please discuss how the IESO-NS proposes to address this, with as much specificity as possible, including with a numeric example.

(d) If IESO-NS does not acknowledge a potential class allocation issue, please explain.

(e) Please provide all supporting reasons why the FAM is the appropriate interim vehicle versus a separate IESO-NS rider.

(f) Please provide an analysis comparing FAM rider recovery versus a separate IESO-NS rider in terms of transparency, customer class allocation, volatility and rate design principles.

(g) How does IESO-NS intend to account for and allocate NSPI's carrying costs applied to FAM balances? Please calculate the incremental costs to ratepayers from NSPI earning WACC on the Monthly Assessment amounts if the Monthly Assessment is approved retroactively as requested and continuing to March 2027.

Request IR-8:

(a) Please provide a copy of all Transfer Orders issued under the *More Access to Energy Act,* including the date of publication and effective date.

(b) Please specifically list all stated objects and activities under the *More Access to Energy Act,* which are not yet in force and the expected timeline.

Request IR-9:

Reference: N-1(i) Exhibit A-1, pdf p. 3-4, acknowledges submissions from Board consultant Doane Grant Thornton (DGT) and stakeholders regarding the 2025/2026 application, but indicates IESO-NS was unable to address corresponding comments and recommendations in advance of the submission.

(a) Please confirm the deficiencies, as referenced, relate to the lack of documentation to confirm the accuracy of the financials forecasted and confirm whether similar deficiencies exist in this Application. If not, please explain.

(b) Is IESO-NS now able to address these concerns, including providing the minimum supporting evidence for all significant assumptions in the application, as was recommended by DGT in the Matter 12412, Exhibit N-10? If not, why not? If so, please provide formal quotes, vendor proposals, and written estimates that support each cost category in the 2026/2027 revenue requirement.

(c) For any costs not supported by formal quotes, or proposals please provide all market data, correspondence from informal discussions, and methodologies used to support the estimates included in the 2026/2027 revenue requirement application.

(d) Please provide supporting documentation for the noted insurance products and expenses identified by DGT as lacking adequate support in the 2025/2026 proceeding. If not available, please explain.

Request IR-10:

Reference: N-1(i) Exhibits A-1 and B-2 in multiple places describe phase transfer and evolving scope with duplication risks while NSPI retains functions.

Have the IESO-NS and NSPI prepared a transition term sheet with milestones, decommissioning dates, data handover etc.? If so, please provide. If not, on what basis can the Board and ratepayers be confident of the transition and avoidance (or minimization) of cost duplication?

Request IR-11:

Reference: N1(i), Exhibit A-1, pdf p.4-5 and Exhibit B-3, pdf p.33-35 state that Phase II timing is "aspirational Q2 2027" and that costs are not fully scoped and may be trued up later.

(a) Please provide the IESO's staged plan for facilities, staffing, training, tools, NERC standards, with planned dates and financial dates including any maximum spending per stage.

(b) Please specify when the relative NSPI cost centres will be terminated or decommissioned relative to IESO-NS's plan.

Request IR-12:

At **N-1(i) Exhibit A-1, pdf p. 6,** IESO-NS states that actual expenditures for fiscal year 2025/2026 are "materially tracking" against its proposed 2025/2026 Revenue Requirement. Please explain this modifier quantitatively and explain any anticipated variances.

Request IR-13:

Reference: N-1(i), Exhibit A-1, pdf p. 8, lines 21-24, discusses concluding the RFP for fast-acting generation and a procurement process for additional capacity.

(a) What is the timeline for these procurements?

(b) Please discuss in detail the process to secure cost-recovery for these procurements, including ratepayer involvement. Is Board-approval of the prudence of these procurements or of these tolling agreements/power purchase agreements required? What is the anticipated timeline?

Request IR-14:

Reference: IESO-NS Public Notice, Feb 02, 2026 – [IESO Nova Scotia takes next step to secure important additional capacity for grid].

(a) Are the costs to negotiate the term sheet with NB Power "that secures Nova Scotia the option to contract 100 megawatts of fast-acting generation capacity from a new facility planned for Centre Village, New Brunswick" and enter into a final agreement (assuming it is approved by the NBEUB) reflected in this Revenue Requirement? If not, please provide particulars of the incremental costs to do so.

(b) Is this capacity subject to a Board-approval process? Please explain.

(c) On what basis will the costs to procure this additional capacity be allocated and paid?

Request IR-15:

Reference: N-1(i), Exhibit B-2, pdf p.13-15 states that 23 administration employees are assumed for the year, compensation targets the 50th percentile, and the fringe load factor is 15% (up from 14.75%).

(a) Provide the position-by-position listing for the 23 administration FTEs, including title, band, base, incentive assumptions, benefits, start date, vacancy factor.

(b) Please provide the market survey information supporting the 50th percentile placements and explain how Atlantic-Canada comparators were normalized for organization size, mandate and specialized ISO skill sets.

Request IR-16:

Reference: N-1(i), Exhibit B-2, pdf p.15-16 and p.32-33 which compares 2025/26 annualized to 2026/27 for administrative and operations categories.

(a) Please reconcile the 23 administrative and 21 technical FTEs to the organizational chart referenced in the prior proceeding (M12412) and identify any changes in role counts or scope.

(b) Please identify any roles that were expected in 2025/26 but were not transferred/hired or were re-scoped for 2026/27 and quantify the variance impact.

Request IR-17:

Reference: N-1(i), Exhibit B-2, pdf p.16-18 (Corporate Administration) notes office costs increase to ~$0.10 million and website development is now treated as capital; and N-1(i),Exhibit B-2, pdf p.25-26 moves some technology items to capital (employee hardware/software).

Please provide IESO-NS's capitalization policy governing the reclassification of technology/website spend and reconcile any operating expense to capital expense shifts between 2025/26 and 2026/27.

Request IR-18:

Reference: N-1(i), Exhibit B-2, pdf p.19-21 Budgets $1.15 million total, split $0.55 million "Regulatory Proceedings & Assessments" and $0.60 million "Legal and Compliance".

(a) Please provide a matter-by-matter breakdown of regulatory proceedings and legal & compliance. Identify whether these are internal or external resources.

(b) Identify functions historically performed by NSPI legal/regulatory that are now in IESO-NS's scope and specify the date that these costs are terminated on the NSPI side to avoid duplication.

Request IR-19:

Reference: N-1(i), Exhibit B-2, pdf p.21-23 indicates procurement OPEX is expected to be reimbursed by successful proponents but until reimbursement is received, costs are included in the budget and will be trued up via the DVM.

(a) Please file the standard RFP clauses that ensure reimbursement of these costs.

(b) Confirm the timing of reimbursement (e.g., at award, financial close, commercial operation date or otherwise) and identify what credit assurances are required from proponents to ensure reimbursement is received.

(c) In what scenarios would reimbursement not be obtained and, in such scenarios, what portion would be excluded from rate recovery versus included in the DVM?

Request IR-20:

Reference: N-1(i), Exhibit B-2, pdf p.21-24 (Procurement) and Table 10 include footnotes noting renamings/roll ups from the 2025/26 Application (e.g., “other capacity contract”; 300 MW RFP consolidation).

Please reconcile the 2025/26 category/labels to the 2026/27 categories, with dollar movements and reasons, to allow year-over-year comparisons.

Request IR-21:

Reference: N-1(i), Exhibit B-2, pdf p.23-24, Table 10, compares 2025/26 versus 2026/27 procurement costs, including a reduction in the 300 MW RFP line and addition of a new Additional Capacity Procurement of $0.48 million.

(a) Please explain the shift from 300 MW RFP expenditures to “additional capacity procurement” with a timeline showing milestones, spend to date and forecast to complete.

(b) Confirm whether any external consultant scopes continue into 2026/27 for the 300 MW RFP post-award.

Request IR-22:

Reference: N-1(i), Exhibit B-2, pdf p.24-26, Table 11, shows IT application software $0.89 million and managed IT services $0.21 million and states this is needed for Phase I and foundation for Phase II.

(a) Provide a line-inventory of software (product name, function, price, term/renewal, termination rights) and services scope.

(b) Identify which licences/services are duplicative of NSPI's during the transition.

(c) Does the IESO-NS have a plan to eliminate duplication with effective dates and expected cost step-downs at control-room cut-over? If so, please file or at minimum, describe.

(d) If Phase II slips beyond Q2 2027, which subscriptions may be deferred or paused? Please quantify monthly savings under a six-month and 12-month delay.

Request IR-23:

Reference: N-1(i), Exhibit B-2, pdf p.24-26 notes a 10-year lease for ~8,900 square feet at 1791 Barrington Street commencing January 1, 2026, and notes control-room planning costs from the prior year are complete/not included for 2026/2027.

Please confirm whether the control room will be located in this space or elsewhere. If elsewhere, what is the expected capital investment or leasing costs and what is the timing for Board review of these costs?

Request IR-24:

Reference: N-1(i), Exhibit B-2, pdf p.27-29 (Tables 13 and 14), forecast $0.58 million financing costs on a $10 million provincial operating line at prime (4.5% plus 0.5%) with an assumption that the entire $10 million is advanced for all of 2026/2027.

(a) Please confirm the actual amount drawn down on the provincial line of credit to date and the actual interest rate being charged.

(b) Provide daily balance assumptions and rate forecasts underlying the $0.58 million.

(c) Provide a draw profile aligned with actual cash needs rather than a full-year, full-draw assumption.

(d) Provide a scenario in which a temporary IESO-NS rider (or earlier permanent rider) commences on September 1, 2026, and show the reduced interest costs relative to the proposed FAM approach.

(e) Confirm whether any restricted cash or grant funds are available to offset borrowing. If so, reconcile to the FY 26/27 plan.

Request IR-25:

Reference: N-1(i), Exhibit B-2, pdf p.30-32 Budgets $1.0 million IRP consulting while adding internal planning FTEs; and Exhibit A-1, pdf p.6-8 describes IRP and consultant selection.

Please explain why $1 million in external IRP consulting remains necessary given the increased internal staffing.

Request IR-26:

Reference: N-1(i), Exhibit B-2, pdf p.30-32 (Table 15) Budgets Operations (System Planning) of $3.6 million with Salaries & Wages at $3.71 million, Third-Party Recoveries at $(1.07) million for interconnection studies and IRP Consulting at $1 million.

(a) Please provide the basis for interconnection study recoveries (i.e. labour rates, overheads, and escalation, allocated to Feasibility versus SIS) and reconcile to the $(1.07) million forecast.

(b) Provide the assumed study volumes/hours (by study type) and a sensitivity of +/- 25% volumes.

(c) Explain how and when study work formerly done by NSPI will cease or transfer to avoid double-charging.

(d) What confidence can ratepayers have that there will be no duplication effective on a specific date? e.g., is this documented? If so, please provide.

Request IR-27:

Reference: N-1(i), Exhibit B-3, pdf p.34-35 Budgets Compliance Preparedness & Assurance that $0.34 million and references NERC readiness efforts.

(a) Please provide particulars of the work and deliverables for NERC compliance consultant and Phase II readiness assurance.

(b) What, if any, overlap is there with NSPI's ongoing reliability compliance activities?

Request IR-28:

Reference: N-1(i), Exhibit B-3, pdf p.36-37, Table 2, shows PMO down from $1.29 million (annualized) to $0.57 million, SME up from $0.12 million to $0.86 million and compliance down from $0.44 million to $0.34 million.

(a) Please reconcile these changes. Identify items completed in 2025/26 versus new 2026/27 scopes.

(b) Please confirm whether any 2025/26 transitional scopes slipped into 2026/2027, quantify the carry-forward and explain why they remain "transition" versus ongoing OM&A.

Request IR-29:

Reference: N-1(i), Exhibit C-1, pdf p.37-39 proposes a permanent Net Revenue Requirement Deferral and Variance Mechanism ("DVM") with a simplified annual calculation and potential inclusion of capital and procurement categories in future.

(a) Please confirm whether IESO-NS intends to or would agree to maintain separate sub-accounts for (i) core OM&A; (ii) transitional/Phase II; (iii) Board assessment; (iv) procurement activities (net of proponent reimbursements); and (v) any capital category (if ever included). If there are other sub-accounts, please specify.

(b) Please confirm whether IESO-NS agrees to annual caps for transitional/Phase II and procurement sub-accounts and if so, propose such a cap by sub-account. If not, why not?

(c) Please confirm whether IESO-NS would agree to make DVM eligibility for transitional/Phase II sub-accounts contingent on a filed certification by both IESO-NS and NSPI that no duplicate costs were incurred beyond agreed milestones. If not, please explain.

(d) Please confirm the carrying cost rate and settlement timing and provide a template of IESO-NS's quarterly reporting with variance drivers.

(e) Please confirm that capital will not be included in the NRR-DVM absent a separate capital cost approval.

Request IR-30:

Reference: N-1(i), Exhibit C-1, pdf p.38-39 (simplified DVM calculation).

(a) Please provide a proposed quarterly DVM sub-ledger template (by sub-account).

(b) Please provide sensitivities for interest expense if the monthly assessment commences (i) later than April 1, 2026; (ii) at a reduced amount (e.g., $700,000/month).

(c) If the Board were to approve a retroactive Monthly Assessment, explain how any retroactive amount would be treated in the DVM**.**

Request IR-31:

Reference: N-1(i), Exhibit D-1, pdf pages 42-43, confirms that a permanent fee and cost recovery mechanism will be submitted for NSEB review and approval in Q2 2026:

(a) Please confirm under which provision(s) of the *More Access to Energy Act* IESO-NS will be making this application and address any additional recovery mechanism(s).

(b) What is the preliminary framework or option being considered as the permanent fee and cost recovery mechanism?

(c) Please specify who IESO-NS anticipates will be responsible for payment of the revenue requirement costs as applied for and what will be the anticipated cost allocation methodology?

Request IR-32:

Reference: N-1(i), Exhibit D-1, pdf p.42 states that any excess amounts paid by NSPI "*will be subject to reconciliation through a permanent fee recovery mechanism … credited back to NS Power through a reduction in future fees payable.*"

(a) Please explain whether it is contemplated that such credits will be returned immediately or only at the next test year. Please provide a working example, with timing.

(b) What is the proposed carrying cost applied to any over- or under-collection between collection and refund/recovery dates.