M12663

# NOVA SCOTIA ENERGY BOARD

**IN THE MATTER OF:** **THE 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, 2027

## INFORMATION REQUESTS

**To:** **David A. Luther**
**General Counsel & Corporate Secretary**
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By email: David.Luther@ieso-ns.ca

**From:** Board Staff
Nova Scotia Energy Board

**Responses Due:** **Tuesday, March 10, 2026**

**Copies:** 1 electronic copy (PDF searchable)

**Contact Person:** **Libby McNamara, CPA, CA**
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**Issued** at Halifax, Nova Scotia, this 17th day of February, 2026.

Lisa Wallace
for Crystal Henwood, Clerk of the Board

**Request IR-1:**

Please provide the financial forecast document used to prepare the total expense forecasts.

**Request IR-2:**

On page 3 of the application the IESO Nova Scotia requests remittance of funds in March 2026 but requests it is effective January 1, 2026. On page 42 of its application, IESO Nova Scotia requests a direction from the Board requiring Nova Scotia Power to begin paying monthly payments to IESO Nova Scotia no later than April 1, 2026, "with such payments being made effective February 1, 2026."

a) Please explain the discrepancy in the dates in these two references?
b) Please explain how payments made on April 1, 2026 are effective January 1, 2026 or February 1, 2026".

**Request IR-3:**

On page 4 of its application, IESO Nova Scotia refers to its mandate under the *More Access to Energy Act*.

a) Please provide a detailed workplan of IESO Nova Scotia's planned activities in the period covered by this revenue requirement application.
b) Please highlight specific activities in the workplan aimed at the achievement of each of the objects set out in clauses 9(a) to (t) of the statute. Please provide a separate response for activities (if any) relating to each object.
c) In respect of ss. 10 and 11 of the *More Access to Energy Act*:
    i. Please detail any work done for the IRP before October 24, 2025.
    ii. Please indicate what work was underway for the IRP on October 24, 2025.
    iii. Please provide the terms of reference developed for the IRP or indicate when it is expected to be completed.
    iv. Please provide a timeline for the completion of the IRP, including any planned studies or milestones planned to be included in the process.
    v. Please identify any planned procurements under s. 10(2), and the timing of these procurements.

**Request IR-4:**

Please provide IESO Nova Scotia's number of full-time equivalent employees, as of December 31, 2025, March 31, 2026, and March 31, 2027, broken down by position. Please include an organization chart.

**Request IR-5:**

In its application Matter M12412, dated August 5, 2025, IESO Nova Scotia advised that Phase I of the transition of the system operator functions from NS Power was expected to occur in Q4 2025. On page 4 of the present application, IESO Nova Scotia notes that Phase I has not yet been achieved, but significant progress has been made.

a) Please outline the steps in Phase I described in NSEB IR-1 (M12412) that were completed by December 31, 2025, with the completion date.
b) Please outline the steps for Phase I that have not been completed and the expected timeframe for completing each of these steps.
c) Please explain the reasons for the delay.

**Request IR-6:**

In its application Matter M12412, dated August 5, 2025, IESO Nova Scotia advised that Phase II of the transition of the system operator functions from NS Power was expected to occur in Q2 2027. On page 4 of the present application, IESO Nova Scotia notes that the "aspirational" timeline for Phase II is Q2 of 2027 but that it intends to complete work in the first half of 2026 "to define the physical and technical changes required to implement Phase II with estimated costs and timelines."

a) What does "aspirational" mean in this context?
b) Please explain if IESO Nova Scotia's expectations for the completion date for Phase II have changed since what was expected on August 5, 2025 (Matter M12412), versus the "aspirational" completion date in the present application filed January 21, 2025. If there is any difference, what is the reason for the change in expectations?
c) When was the RFP for the work "to define the physical and technical changes required to implement Phase II with estimated costs and timelines" issued, when was the contract awarded and to whom?
d) Please indicate when in 2026 the deliverable plan, appropriate target date and budget will be available to be filed with the Board.

**Request IR-7:**

On page 6 of the application, IESO Nova Scotia notes that actual expenditures for fiscal year 2025/2026 are materially tracking against its proposed 2025/2026 Revenue Requirement. Please provide a breakdown of 2025/2026 actual expenses to date compared to the proposed revenue requirement in Matter M12412 and provide reasons for variances in any component of the revenue requirement greater than +/-10%.

**Request IR-8:**

Please provide details of the established process for ensuring compliance with NERC and NPCC reliability standards related to Phase I, and the plan to effectively transfer ultimate responsibility for the same to IESO Nova Scotia.

**Request IR-9:**

On page 8 of the application, IESO Nova Scotia said it has targeted late 2026 for the completion of its inaugural IRP; however, on page 31 of the application, it says its IRP consultant is expected to complete their review of "the current NS Power processes for Integrated Resource Planning" by March 31, 2026.

a) Please confirm or explain otherwise, that, at this time, the IRP consultant is simply advising IESO Nova Scotia how to conduct an IRP process based on what Nova Scotia Power has done before.

b) Please confirm whether the core staff members from NS Power who conducted the last IRP study have been transferred to the IESO.

c) If confirmed, please explain why it was necessary to engage consultant services to advise on the process for conducting an IRP analysis.

**Request IR-10:**

On page 8 of its application, IESO Nova Scotia states it will incur capital-related costs and expects to incur costs associated with future energy resource procurement.

a) Please describe the nature of the capital-related costs expected to be incurred, and estimate in which fiscal year(s) they are expected to be incurred.

b) Given that IESO Nova Scotia's objective in s. 9(m) of the *More Access to Energy Act* contemplates the conduct of competitive procurements for energy resources, s. 10(b) directs IESO Nova Scotia to carry out competitive procurements of energy resources, and s. 30 provides for the recovery of costs for energy resource supply contracts and administrative costs, please confirm that IESO Nova Scotia does not expect to build and own energy resources. If not confirmed, what is IESO Nova Scotia's authority for doing so?

c) Please explain whether IESO Nova Scotia intends to recover the costs of energy resource supply contracts through its revenue requirement approved under s. 29 or separately under s. 30? If it intends to embed these costs in its revenue requirement under s. 29, please explain how cost of service differences between transmission related operating costs and energy resource costs will be able to be properly allocated to NS Power's various rate classes.

d) Please explain what is meant by the statement, "The regulatory pathways for NSEB review and approval of these additional cost categories will be assessed in further detail in 2026."

**Request IR-11:**

Regarding Table 3 on page 12 of the application:

a) Please provide a breakdown of the 23 full-time equivalent employees included in the $4.34 million compensation amount, broken down by position and indicating which positions are currently filled, which are vacant and which are new positions that will be added during the test period.

b) Does the $4.34 million administrative cost include compensation for any executives? If so, please elaborate.

c) For any new positions included in the compensation amount, please confirm that IESO Nova Scotia has assumed that all new positions will start on April 1, 2026, and the justification for this assumption.

d) Please identify any of the 23 FTEs that were included in the revenue requirement for the period ending March 31, 2026, that have not been hired as of the date of the response to this information request. Please explain why.

e) Please indicate whether employees and/or executives are eligible for bonus or incentive payments, and if so, the processes and metrics used to determine entitlements to bonuses and incentives.

f) Please explain the basis for the $100,000 to recruit 2 or 3 employees if there is turnover and for contract negotiations with prospective employees. Is there any market data to support that level of turnover?

g) Please elaborate on the costs associated with contract negotiations for prospective employees.

**Request IR-12:**

Regarding Table 3 on page 15 of the application, please provide a version adding a column for actual 2025/2026 to date and the 2025/2026 annualized amount based on the 2025/2026 budget and not adjusted based on "the most recent assumptions on the number of employees and salaries as currently planned by the end of 2025/2026."

**Request IR-13:**

Regarding Table 5 on page 18 of the application, please provide a version adding a column for actual 2025/2026 to date.

**Request IR-14:**

Regarding Table 6 on page 19 of the application, please provide a version adding a column for actual 2025/2026 to date.

**Request IR-15:**

Regarding Table 8 on page 20 of the application, please provide a version adding a column for actual 2025/2026 to date.

**Request IR-16:**

Regarding Exhibit B-2, page 21, "In addition, IESO Nova Scotia has plans to commence a subsequent procurement for additional capacity additions and/or storage beginning in the second half of 2026/2027 as defined by the IRP and consistent with the Clean Power Plan" and page 22, "These costs are associated with managing an annual RFP process for new capacity, completing the RFP process that commenced in 2025/26, and starting a new procurement process for additional capacity and/or storage resources in 2026/2027".

a) Confirm, or explain otherwise, that the timing for any additional RFP work associated with capacity beyond the first 300 MW of fast acting capacity will not begin until after the results of the IRP to be conducted in 2026 are available.

b) Confirm which Clean Power Plan update vintage NS IESO is currently using in consideration of future capacity contracting RFPs.

**Request IR-17:**

Regarding Table 10 on page 23 of the application, please provide a version adding a column for actual 2025/2026 to date.

**Request IR-18:**

Regarding the IT application software in Table 11 on page 24 (the portion related to system planning functions), is it IESO Nova Scotia's understanding that this software expense will no longer be required for NS Power? Or will this be a cost incurred by both entities? Please identify the software.

**Request IR-19:**

Regarding Table 12 on page 26 of the application, please provide a version adding a column for actual 2025/2026 to date.

**Request IR-20:**

Regarding Table 14 on page 29 of the application, please provide a version adding a column for actual 2025/2026 to date.

**Request IR-21:**

Regarding Table 15 on page 30 of the application:

a) Please provide a breakdown of the 21 full-time equivalent employees included in the $3.71 million salaries and wages amount, broken down by position and indicating which positions are currently filled, which are vacant and which are new positions that will be added during the test period.

b) Were former NS Power employees transferred at their former compensation levels or were adjustments made to those compensation levels? Please elaborate.

c) For any new positions included in the salaries and wages amount, please confirm that IESO Nova Scotia has assumed that all new positions will start on April 1, 2026, and the justification for this assumption.

d) Please identify any of the 21 FTEs that were included in the revenue requirement for the period ending March 31, 2026, that have not been hired as of the date of the response to this information request. Please explain why.

e) Please indicate the processes and metrics used to determine entitlements to bonuses and incentives for employees and indicate whether any executive compensation is included in this operational category.

f) With respect to the third-party recoveries:

   I. How are these amounts determined or forecast?

II. What is the likelihood that costs will be incurred that are not able to be recovered from prospective generators?

**Request IR-22:**

Regarding Table 16 on page 32 of the application, please provide a version adding a column for actual 2025/2026 to date and the 2025/2026 annualized amount based on the 2025/2026 budget and not adjusted based on “the most recent assumptions on the number of employees and salaries as currently planned by the end of 2025/2026.”

**Request IR-23:**

Regarding the Phase II readiness assurance consultant costs on page 34, has IESO Nova Scotia done any preliminary work to find consultants qualified for this work? Please explain the preliminary work. If not, what is the forecast based on?

**Request IR-24:**

Regarding Table 2 on page 36 of the application, please provide a version adding a column for actual 2025/2026 to date.

**Request IR-25:**

On page 37 of its application, IESO Nova Scotia states: “IESO Nova Scotia’s 2025/2026 revenue requirement application (currently before the NSEB under M12412) requested approval of an OM&A deferral and variance account referred to as the Net OM&A Deferral and Variance Account. The rationale for the initial request for the Net OM&A Deferral and Variance Account still exists, and IESO Nova Scotia is requesting continuation of the Net OM&A Deferral and Variance Account for 2026/2027 and in perpetuity for the purpose of tracking and deferring any variance from the approved revenue requirement.

a) Please explain the rationale for the initial request, why it still exists, and why it will exist in perpetuity.
b) Please explain the basis for a single deferral and variance account that would address operating, capital and resource procurement costs, given that these costs may not be allocated in the same way amongst Nova Scotia Power’s various rate classes.

**Request IR-26:**

What is the current balance of the Net OM&A Deferral and Variance Account? How and when is it proposed to be reviewed and recovered?

**Request IR-27:**

The application in Matter M12412 described a Provincial grant of $2.68 million to cover transition costs. IESO Nova Scotia projected to use $1.23 million of that amount to pay for transition costs in fiscal 2025/2026. It also forecast to apply the balance of $1.44 million against the "Ongoing OM&A costs".

a) How much of the Provincial grant of $2.68 million is expected to be applied to transition costs as of March 31, 2026?

b) What amount of the Provincial grant for transition expenses was used to offset costs that would otherwise have gone into the Net OM&A Deferral and Variance Account?

**Request IR-28:**

On pages 38 and 39 of its application, IESO Nova Scotia provides a "simplified calculation for the Net Revenue Requirement Deferral and Variance Mechanism":

a) Will IESO Nova Scotia be preparing an administration manual detailing the policies and procedures applicable to its proposed deferral and variance account (and if so when)?

b) Please explain if interest or financing costs will be associated with balances in the deferral and variance account, and if so, how that mechanism will work.

c) Please describe the monthly and quarterly reporting that IESO Nova Scotia will provide for this account.

d) Please describe whether and how the deferral and variance account will include interim adjustments if balances begin to accumulate to significant levels between annual adjustments.

e) Please explain how any variances would be reviewed and approved, and how IESO Nova Scotia will manage any disallowances if they occur.

f) Please confirm or explain otherwise, that the proposed Net Revenue Requirement Deferral and Variance Mechanism will transfer 100% of the risk relating to budgeting under or over-estimation to customers.

g) Please confirm or explain otherwise, that the costs proposed to be included in the Net Revenue Requirement Deferral and Variance Mechanism are costs that, when they were the responsibility of Nova Scotia Power, were not subject to any adjustment mechanism (outside of resource procurement costs that would have been included in Nova Scotia Power's Fuel Adjustment Mechanism).

h) How does IESO Nova Scotia propose to ensure the accuracy of its budgets to minimize volatility in its proposed Net Revenue Requirement Deferral and Variance Mechanism and mitigate potential intergenerational equity concerns?

i) Since IESO Nova Scotia does not propose to be at risk for any expenses that run over-budget, please describe in detail the cost containment strategies and processes it intends to implement and the transparency and reporting it will provide around these processes.

j) Please confirm, or clarify otherwise, that the overall result of the IESO's two sample scenarios would be either a regulatory asset or liability of $10. If not confirmed, please explain how the variances will be recorded for accounting purposes.

**Request IR-29:**

IESO notes that the monthly payments are "exclusive of applicable taxes". While the Board understands that HST may be payable by ratepayers as it is now, it is not clear why the monthly payments by Nova Scotia Power, which simply represents the collection of costs by Nova Scotia Power from its customers on behalf of IESO Nova Scotia, would be subject to taxes. Please explain the basis for this statement and whether Nova Scotia Power's customers are being exposed to higher tax costs as a result of the arrangements between Nova Scotia Power and IESO Nova Scotia.

**Request IR-30:**

Please explain how the Monthly Assessment amount of $950,000 was determined (given that even the recovery of that amount over 14 months is less than the proposed 2026/2027 revenue requirement) and the impact of accumulating deferrals if IESO Nova Scotia does not apply for a permanent fee and cost recovery mechanism in time for it to be approved by March 31, 2027.

**Request IR-31:**

a) Given that none of the costs associated with the proposed Monthly Assessment would have flowed through Nova Scotia Power's Fuel Adjustment Mechanism, and would have been allocated to customers on a different basis than FAM costs, please explain why it is appropriate to use the FAM for these costs (given that Nova Scotia's weighted average cost of capital applies to the FAM's balance) and the impact of cost of service cost allocation differences on Nova Scotia Power's various rate classes in doing so.

b) How will the interim relief balance be treated or reconciled once a cost recovery mechanism is approved?
c) Can the IESO Nova Scotia confirm that NS Power's intention is to not recover any of these costs from its customers until such time as a cost recovery mechanism is approved for the IESO Nova Scotia?

**Request IR-32:**

In Matter M12412, IESO Nova Scotia proposed to defer the approval of a rate recovery mechanism until its application for the period April 1, 2026, to March 31, 2027 (see NSEB IR-3 in M12412). Given the need for certainty amongst all parties about IESO Nova Scotia's charges to Nova Scotia Power's ratepayers, IESO Nova Scotia's need for a stable source of revenue, and the fact that IESO Nova Scotia projects it will be unable to meet its planned and forecasted financial liabilities as they become due in or about May 2026, please explain in detail why IESO Nova Scotia did not do as it had indicated it would and apply for a permanent fee and recovery mechanism in this proceeding.

**Request IR-33:**

Please identify the additional costs included in the 2026/2027 revenue requirement associated with IESO Nova Scotia's proposed permanent fee recovery mechanism application later in 2026 that would not have been necessary (including but not limited to regulatory costs and financing costs) if the request for a permanent fee recovery mechanism had been included in this application.