M12663

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: ***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
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From: The Consumer Advocate

Responses Due: **March 10, 2026**

Copies: 1 electronic copy (PDF searchable)

Contact Person: **David Roberts**
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Request IR-1:

Reference: Application, p. 4, lines 9-17

> Phase II involves the transfer of real-time dispatch operations. Due to the complexity of this transition and the direct impact on real-time operations and system reliability, additional work is required to scope and plan the implementation of this phase. IESO Nova Scotia has engaged a third-party expert consultant, selected through an open and competitive solicitation 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 estimated costs and timelines. The current aspirational timeline for Phase II implementation is Q2 of the 2027 calendar year; however, work in early 2026 is required to be completed to provide a deliverable plan, appropriate target date, and budget.

(a) Please provide the name of the consultant IESO NS selected for this work, and cost details.

(b) Please provide further and better particulars regarding the open and competitive solicitation process, including the RFP and proposals received from interested parties. If IESO NS has a procurement policy, please confirm and provide a copy.

(c) Please provide a copy of the contract, and any scope of work documents, between IESO NS and the consultant.

(d) Please describe why Q2 of the 2027 calendar year is only considered an "aspirational timeline for Phase II implementation"; in answering this question, please describe any specific barriers IESO NS anticipates may interfere with its ability to implement sooner or at least on time.

Request IR-2:

Reference: Application, p. 4, lines 18-23

> As a consequence of the phased approach, IESO Nova Scotia expects its annual revenue requirement submissions to adjust commensurate with the increasing scope over the implementation period. As such, while this Application will utilize the previous revenue requirement application budget as a foundation, some of the figures used depart from the previous application assumptions as IESO Nova Scotia has updated information and assumptions as its knowledge and experience continues to grow.

(a) What "information and assumptions" has IESO NS updated? Please provide details regarding any changes/updates.

Request IR-3:

Reference: Application, p. 5, lines 14-19

> IESO Nova Scotia notes that actual expenditures for fiscal year 2025/2026 are materially tracking against its proposed 2025/2026 Revenue Requirement, and IESO Nova Scotia has no further amendments to the assumptions or costs noted in its 2025/2026 Revenue Requirement Application. Any variances of budget to actual will be captured and accounted for in the Net Revenue Requirement Deferral and Variance Mechanism.

(a) Please describe what is meant by “materially tracking” in this context.

Request IR-4:

Reference: Application, p. 8, lines 10-15

> Subject to the proclamation of certain provisions of the Act, Phase II involves the transfer of real-time dispatch operations. Detailed transition planning is commencing for Phase II, and the exact timing of the transition will depend on a number of factors, including technology requirements, regulatory compliance readiness (including reliability compliance), and space requirements. Subject to the completion of the detailed transition planning work, the Phase II transition is targeted to commence in Q2 of the 2027 calendar year.

(a) Please describe the provisions of the Act which remain to be proclaimed, and also provide details on any discussions IESO NS has had with government concerning proclamation of these provisions.

(b) Has IESO NS completed any work yet towards assessing its “technology requirements, regulatory compliance readiness (including reliability compliance), and space requirements.” If so, what is IESO NS’s current assessment of these requirements.

Request IR-5:

Reference: Application, p. 8, lines 17-26

> As a result of IESO Nova Scotia’s mandate and associated work already completed (specifically with respect to Phase I) and to be completed in the years ahead, IESO Nova Scotia has incurred and expects to incur costs beyond OM&A. Namely, IESO Nova Scotia has incurred and will incur capital-related costs and expects to incur costs associated with future energy resource procurements. Accordingly, IESO Nova Scotia’s revenue requirement and fees applications going forward will likely include for review and approval capital and energy resource procurement costs, as well as corresponding fees, assuming they have not otherwise been subject to NSEB review and approval via separate applications submitted to the Board. Any references to capital costs in this Application are not included for approval at this time. The regulatory pathways for NSEB review and approval of these additional cost categories will be assessed in further detail in 2026.

(a) What capital-related costs has IESO NS already incurred?

(b) What capital-related cost does IESO NS expect to incur (if possible, provide an estimate based on current requirements and assumptions)?

Request IR-6:

Reference: Application, Exhibit B-1

(a) With respect to the various budget items noted in Table 1, please provide a table that includes each budget item and the IESO NS's understanding of whether each budget item reflects cost savings that should occur at NS Power as a result of the transfer of responsibilities from NS Power to IESO NS.

(b) For each of the cost categories listed in Table 1 that reflect cost savings that should occur at NS Power, please confirm whether these costs are proportionate to the costs that NS Power would have otherwise incurred for performing similar work. If IESO NS's costs are greater than what NS Power would have incurred in any of the relevant categories, please describe which categories, and why.

(c) IESO NS indicates it is a "relatively newly established entity with limited historical financial or operational information" (p. 10, lines 2-3). However, IESO NS also confirms that it established a Joint Transition Committee to facilitate coordination between IESO NS and NS Power (p. 6, lines 12-13)

i. Please confirm that NS Power has historical financial and operational information pertaining to the NS Power System Operator.

ii. Please confirm whether NS Power has made this information available to IESO NS, whether through the Joint Transition Committee or otherwise.

iii. If the answer to ii. above is No, please explain why not. If the answer to ii. above is Yes, please explain the extent to which IESO NS has relied upon this information; and if IESO NS has not relied upon this information, please explain why not.

(d) With respect to all cost categories noted in the Application, to what extent have IESO NS and NS Power discussed the minimization of costs in the transition of the system operator role to IESO NS? In answering this question, please address the following topics, which should be considered as illustrative:

i. Lease arrangements and use of facilities (including, for example, whether IESO NS and NS Power discussed the possibility of IESO NS leasing space at any properties owned by NS Power)

ii. Employee compensation (including, for example, whether NS Power shared compensation details with IESO NS for any employees transitioning to IESO NS, and, whether NS Power is open to permitting IESO NS to participate in its benefits and/or pension plans)

iii. Historical financial and operational information (including, for example, any information pertaining to each category of OM&A costs)

iv. Transition of software licences

v. Transition of office resources and equipment

In addition to the above, please also address any other topics that have been discussed between NS Power and IESO NS with respect to cost minimization.

Request IR-7:

Reference: Application, Exhibit B-2

(a) IESO NS indicates that for the purposes of preparing its budget, it has "assumed that the 23 employees responsible for functional management and administrative matters are fully employed during the 26/27 fiscal year." Please confirm whether all of these positions are currently filled; if any are vacant, please describe which ones, and provide a timeline as to when they are expected to be filled. If the positions will not all be filled for the entire duration of the 26/27 fiscal year, then please confirm whether the budget takes that into account.

(b) Of the 23 Administrative positions, please describe which would be considered "new" roles compared to NS Power's complement of employees who had fulfilled a similar function.

(c) Did IESO NS rely upon any expert consultants when establishing compensation for the non-CEO roles? (p. 13, line 13). If so, please provide details of the work performed by the consultant(s). If not, please explain why not.

(d) Please explain how IESO NS came up with the "fringe rate" of 15%. In answering this question, please also provide the "updated budget information from IESO Nova Scotia's benefits provider."

(e) On what basis does IESO NS say that cost of living increases will give rise to an "overall 3% increase in the Administration Salaries compared to those in the 2025/2026 Revenue Requirement Application"?

(f) On what basis did IESO NS assess the potential turnover rate of "2-3 employees"?

(g) Regarding Table 4:

i. Please describe any planned stakeholder engagements in the 26/27 fiscal year, and address how this cost was assessed.

ii. Please describe the process IESO NS used to procure web hosting services, and confirm that IESO NS selected the least cost option.

iii. Please provide further and better particulars regarding the "Office Costs" (i.e. what are the specific "office administrative fees and resources").

(h) Please provide a breakdown of the governance costs noted at pages 18-19.

(i) With respect to Table 11, the budget includes the costs of purchase or licensing of software.

i. Please provide a list of the major software purchases or licenses.

ii. For each item listed in part (a), please state whether the software was transferred from NS Power. For software that was not transferred from NS Power, please state to the best of your knowledge the status of the same software at NS Power (e.g., active use, license cancelled, etc.).

iii. Please state whether any specialized hardware is required to operate the software discussed above. If so, please also explain whether the hardware was transferred from NS Power and the status of that same hardware at NS Power.

(j) In Section H, IESO NS indicates it expects 21 roles to transition from NS Power to IESO NS (p. 30). Please confirm whether any of these positions are currently filled; if any roles are vacant, please describe which ones, and provide a timeline as to when they are expected to be filled. If the positions will not all be filled for the entire duration of the 26/27 fiscal year, then please confirm whether the budget takes that into account.

Request IR-8:

Reference: Application, Exhibit B-3

(a) If much of the work to stand up IESO NS's HR systems, processes, and policies was completed in 2025/2026, please provide further details regarding any work that remains to be done, and provide a breakdown in comparison to the work that was already completed.

(b) Please describe what work is expected to be completed within the category of "change management," and also justify how the cost was assessed.

(c) Please describe the "significant ongoing project work for IESO Nova Scotia in 2026/2027."

(d) Please describe what IESO NS means when it says "significant uncertainty remains around the exact scope of Phase II and all the work that will be required."

Request IR-9:

Reference: Application, Exhibit C-1

If the Board approves IESO NS's requested Net Revenue Requirement Deferral and Variance Mechanism, does IESO NS agree that any costs that exceed an approved budget in any given year will remain subject to a prudence review? In the event such costs are deemed imprudent, what would be the appropriate mechanism to address any disallowances?

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.