David Luther
General Counsel & Corporate Secretary
IESO Nova Scotia

1791 Barrington Street, Suite 1010
Halifax, NS B3J 3Y8

(902) 333-1001
david.luther@ieso-ns.ca

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February 23, 2026

VIA ELECTRONIC SUBMISSION

Ms. Crystal Henwood
Regulatory Affairs Officer/Clerk
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 - Nova Scotia Independent Energy System Operator (IESO Nova Scotia) 2026/2027 Revenue Requirement and Fees Application – Temporary Financial Relief

I write in respect of the above noted matter concerning the Nova Scotia Independent Energy System Operator ("**IESO Nova Scotia**") and its 2026/2027 Revenue Requirement and Fees Application (the "**Application**") submitted to the Nova Scotia Energy Board (the "**Board**") on January 20, 2026.

IESO Nova Scotia acknowledges receipt of the recent letters filed on February 20, 2026, by (a) the Consumer Advocate, (b) the Industrial Group, and (c) the Small Business Advocate (collectively, the "**Parties**") regarding the Board's hearing process established for the request for temporary financial relief and appreciates the Board's invitation to respond.

At the outset, IESO Nova Scotia reiterates that it is committed to supporting a transparent, efficient, and fair regulatory process, and to assisting both the Board and all intervenors. In filing its rebuttal submission on February 19, 2026 (the "**Rebuttal**"), IESO Nova Scotia endeavoured to address the concerns raised by intervenors and to provide fulsome and accurate information concerning its current circumstances and positions. In its effort to thoroughly address those concerns, IESO Nova Scotia elaborated on both the information provided in the Application and positions related to the immediate temporary financial relief request, in the normal course of Board regulatory proceedings. IESO Nova Scotia appreciates that the information it provided may give rise to additional questions from the Parties.

Given these circumstances, IESO Nova Scotia considers it reasonable that the Parties may have additional questions arising from the Rebuttal, particularly as the due date for intervenor information requests ("**IRs**") was before its filing. Accordingly, should the Board consider it appropriate, IESO Nova Scotia is amenable to the Board permitting additional IRs from all parties. For procedural efficiency, those IRs should be reasonably limited to matters arising directly from the Rebuttal.

Notwithstanding the above, and as outlined in the Rebuttal, the financial circumstances underlying IESO Nova Scotia's request for immediate temporary financial relief remain clear, urgent, and exceptional. While IESO Nova Scotia appreciates that its stated projected inability to meet its liabilities as they come due, in May 2026, may suggest that additional time is available, prudent business practice requires that an organization begin winding down operations well in advance of a liquidity cliff to ensure sufficient remaining funds are available to satisfy certain forecasted, statutory and other legal liabilities.

Absent immediate temporary financial relief from the Board on February 27, 2026, IESO Nova Scotia will be required to begin commencing activities and refocusing its work towards potential insolvency. IESO Nova Scotia respectfully submits that such a process and outcome would be undesirable for all stakeholders and contrary to the public interest.

IESO Nova Scotia also notes that the concerns raised by intervenors will still be fully canvassed and addressed - through existing IRs, any additional IRs permitted by the Board, and the further evidentiary steps already established in the proceeding - even if the Board issues immediate temporary financial relief. IESO Nova Scotia notes that the Industrial Group's above-noted letter listed several IRs from the Parties already submitted and specifically related to the interim financial relief request and the proposed Fuel Adjustment Mechanism treatment, with responses from IESO Nova Scotia due on March 10, 2026. Moreover, the Board's proceeding includes further evidence from the Parties on March 31, 2026 with an IESO Nova Scotia rebuttal on May 26, 2026.

IESO Nova Scotia fully expects that the Board will continue its deliberations on the Application, notwithstanding its determination of the requested immediate temporary financial relief. That said, IESO Nova Scotia believes it is within the Board's discretion to amend any temporary order for financial relief, as may be determined prudent and appropriate in light of the evidence that emerges as the proceeding continues.

For these reasons, and the reasons stated in its Application and Rebuttal, IESO Nova Scotia reiterates its request that the Board grant immediate temporary financial relief, as set out in the Application, by February 27, 2026.

Any Board order issued pursuant to temporary financial relief remains strictly temporary in nature. As noted in IESO Nova Scotia's Application and Rebuttal, a permanent cost recovery mechanism is expected to be submitted to the Board in Q2 2026, which will fully address or supersede any concerns regarding the current immediate temporary financial relief being sought, to the extent those issues are not already fully addressed in this proceeding. Any issues related to the associated temporary cost recovery mechanism may also be canvassed and reconciled to the permanent cost recovery mechanism as part of the future permanent cost recovery mechanism proceeding.

We thank the Board for its consideration and remain available to provide any further information it may require.

Yours very truly,

David Luther