2026 **M12663**

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF:	**The *More Access to Energy Act***
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:	Doane Grant Thornton (Nova Scotia Energy Board)
From:	The Industrial Group
Responses Due:	May 12, 2026
Contact Person	Nancy G. Rubin, K.C. Brianne Rudderham Stewart McKelvey Suite 600-1741 Lower Water Street P.O. Box 997 Halifax NS B3J 2X2 Telephone: (902) 420-3200 / Fax (902) 420-1417

Issued at Halifax, Nova Scotia, this 21 day of April 2026.

ALL IRs REFERENCE N-11, EVIDENCE OF DOANE GRANT THORNTON (DGT).

Request IR-1:

Reference: DGT states repeatedly that it is “satisfied” with explanations or clarifications provided by IESO Nova Scotia, (pdf pages 5, 6, 25, 31).

(a) Please explain what analytical threshold DGT applied before concluding that it was “satisfied” with an explanation.

(b) Please confirm whether this conclusion required:

(i) evidence beyond management representations (and if so, what);

(ii) independent corroboration; or

(iii) quantitative testing of underlying assumptions.

(c) Please clarify whether “satisfied” should be interpreted as acceptance of arithmetic reasonableness only; or an opinion that costs are prudent, necessary, optimal and efficient (or otherwise).

Request IR-2:

Reference: At pdf page 6, DGT states: “*It should also be noted that 2025/2026 actuals were unaudited, however, NSEB has directed IESO Nova Scotia to include audited financial statements in future applications*”. Further, at pdf page 4, DGT states: “*Except as stated, we have not audited or otherwise attempted to verify any of the underlying information or data contained in this report*”.

(a) Did reliance on unaudited actuals constrain DGT’s ability to assess OM&A cost trends; variance explanations; and forecast reliability? Please explain your answer.

(b) Please describe any compensating procedures undertaken by DGT to mitigate this limitation.

Request IR-3:

Reference: At pdf page 11, DGT states that its procedures regarding IESO-NS’s revenue requirement calculations were “*focused on the assessment of the accuracy and reasonableness of the calculation, the reasonableness of the underlying assumptions … and the internal consistency between information included in the Application*.”

(a) Please confirm that DGT did not test or examine whether IESO-NS selected the least-cost means of achieving its objectives.

(b) Please clarify whether being satisfied a cost is “reasonable” should be distinguished from a finding that it is optimal or necessary?

(c) Does DGT maintain that its reasonableness review is analogous to a prudence review? Please explain.

(d) If not, what additional evidence and analysis would be required for DGT to opine meaningfully on prudence?

Request IR-4:

Reference: At pdf page 8, DGT states: *"At the core of GUP lies clear and transparent data access and supporting information. Therefore, to align with this principle, a more detailed forecasting process should be implemented for future applications."*

(a) Please identify the specific deficiencies in IESO-NS's forecasting processes that led DGT to recommend more detailed forecasting.

(b) Please identify any specific instances where IESO-NS did not fully meet the GUP principle of transparency, including, for example, cost breakdowns provided at a high level only, reliance on estimates, or deferral of key details to future filings.

(c) Did these deficiencies affect DGT's review and the strength of its conclusion that the overall 2026/2027 revenue requirement was reasonable for the purposes of this Application? Please explain.

(d) In DGT's view, does the absence of robust forecasting affect the risk of:

(i) material variances; and

(ii) reliance on deferral mechanisms in future years? Please explain.

Request IR-5:

Reference: At pdf pages 16-18 and 28-29, DGT repeatedly notes that IESO-NS is in an early stage of operations and transitioning into Phase II.

(a) Please explain how IESO-NS's early-stage organizational maturity affects governance risk.

(b) Please identify governance risks that may arise from rapid staff growth; reliance on consultants; and evolving mandates under Phase II.

(c) Please explain whether DGT considers existing governance arrangements sufficient to manage these risks under GUP. If not, what is required?

Request IR-6:

Reference: At pdf pages 16-17, DGT notes that compensation and staffing benchmarks relied on peer utilities and ISOs, including larger and more mature organizations.

(a) Please explain how DGT adjusted benchmarking analysis to reflect IESO-NS's size, scope, and early-stage maturity.

(b) Please identify cost categories where peer comparisons were weak or incomplete.

(c) Please clarify whether benchmarking against larger ISOs alone is sufficient to demonstrate efficiency. If not, what would be required?

Request IR-7:

Reference: At pdf pages 16-18, and 28-29 DGT notes that many administrative and technical roles remain vacant or are newly filled, while consultant use continues.

(a) Please explain whether DGT evaluated whether functions performed by consultants could be internalized at lower long-term cost.

(b) Please clarify whether DGT assessed overlap risk between internal hires and external advisors.

Request IR-8:

Reference: At pdf page 20, with respect to governance costs, DGT states that *"Given the limited changes in this cost category, we did not complete any inquiry procedures in completing our analysis."*

(a) By this statement, please clarify whether it is DGT's opinion that governance effectiveness can be meaningfully assessed based on cost stability alone.

(b) Please explain why the absence of material year-over-year dollar changes was sufficient to forego inquiry into governance costs.

(c) Please confirm whether DGT assessed:

(i) the appropriateness of governance structures;

(ii) board workload and committee structure; or

(iii) whether governance practices are evolving appropriately for a maturing ISO.

Request IR-9:

Reference: At pdf page 36–37, DGT states: *"As at the date of this report, the development of specific guidelines, policies, and controls relating to the Deferral Mechanism has not yet been completed."*

(a) Please explain how the absence of finalized guidelines, accounting policies, thresholds, and controls aligns with, or departs from, GUP principles of regulatory compliance and cost-effectiveness.

(b) Does DGT agree that continued operation of a deferral mechanism (now proposed in perpetuity) without these safeguards increases the risk of:

(i) unmanaged cost overruns;

(ii) retroactive recovery risk to ratepayers; and

(iii) diminished accountability? Please explain your answer.

(c) Please explain whether DGT considers approval of the revenue requirement and Deferral Mechanism appropriate in the absence of these foundational governance instruments.

Request IR-10:

Reference: At pdf page 38, DGT concludes: *"While the deferral of capital related costs is not uncommon for utilities across Canada, it does not appear to be standard practice for other Canadian ISOs."*

(a) Is DGT aware of the structural, regulatory or operational differences which explain why deferred capital is not uncommon for utilities but is not standard for ISOs? If so, please explain.

(b) Please explain why deferral of capital costs by an ISO may be inconsistent with GUP or standard ISO practice.

(c) Please identify any minimum conditions DGT considers necessary before capital costs could be appropriately deferred under GUP

Request IR-11:

Reference: At pdf pages 33-34, DGT highlights the Board's prior direction: *"The Board directed IESO Nova Scotia to develop specific guidelines, accounting policies and financial controls…"*

(a) Please explain whether, in DGT's opinion, IESO Nova Scotia has demonstrated sufficient progress toward implementing these governance and control measures.

(b) Please identify any governance gaps that remain unresolved as of the date of this report.

(c) Please explain the risks to ratepayers and the regulatory process if such governance controls continue to lag operational expansion.