



July 6, 2026

Ms. Crystal Henwood
Nova Scotia Energy Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Re: IESO Nova Scotia - Fee Recovery Mechanism Progress Update

Dear Ms. Henwood:

The Independent Energy System Operator of Nova Scotia's (IESO Nova Scotia) 2026/27 Revenue Requirement Application, submitted to the Nova Scotia Energy Board (NSEB, Board) on January 20, 2026, provided the following:

IESO Nova Scotia will develop and propose a permanent IESO Nova Scotia fee and cost recovery mechanism and assist in the development of a corresponding market participant cost recovery mechanism in 2026. IESO Nova Scotia's permanent fee and cost recovery mechanism and corresponding market participant cost recovery mechanism will be submitted for the NSEB's review and approval in Q2 2026, with the goal of NSEB approval prior to year-end 2026. IESO Nova Scotia's permanent fee application will also request recovery of IESO Nova Scotia remaining Board-approved 2025-2027 fiscal year revenue requirement, effective from the date of NSEB's approval of the permanent fee recovery mechanism, up to and including March 2027, the end of IESO Nova Scotia's 2026/2027 fiscal year.¹

Since the submission of its 2026/27 Revenue Requirement application, IESO Nova Scotia has been making good progress developing its fee recovery mechanism to replace the NSEB-approved temporary financial relief. IESO Nova Scotia engaged consultants FTI Consulting Inc. ("FTI") and Power Advisory LLC ("Power Advisory") to develop a fee recovery mechanism recommendation and fee calculation model, respectively. Progress to date includes the following:

- On May 5, 2026, FTI's report on its jurisdictional scan of ISO fee recovery mechanisms was provided to stakeholders.

¹ IESO Nova Scotia 2026/27 Revenue Requirement Application (M12663), January 20, 2026, p.41, lines 19-27. IESO Nova Scotia notes that the submission of IESO Nova Scotia's fee recovery mechanism application will likely precede any corresponding market participant ratepayer recovery mechanism applications.

- On May 13, 2026, a presentation slide-deck regarding FTI's jurisdictional report was provided to stakeholders.
- On May 14, 2026, IESO Nova Scotia held a group stakeholder engagement session to review FTI's jurisdictional findings.
- On May 26, 2026, IESO Nova Scotia responded to stakeholder feedback by email regarding FTI's jurisdictional report and presentation.
- On June 16, 2026, a presentation slide-deck regarding FTI's proposed fee recovery mechanism and analysis was provided to stakeholders.
- On June 18, 2026, IESO Nova Scotia held a group stakeholder engagement session to review FTI's proposed fee recovery mechanism and analysis.
- On June 24, 2026, IESO Nova Scotia distributed a draft form of settlement agreement to stakeholders for discussion.
- On July 2, 2026, stakeholders provided feedback on the proposed fee recovery mechanism.

In addition to the foregoing, IESO Nova Scotia has held multiple individual discussions with regulatory stakeholders and advanced the drafting of its fee recovery mechanism application. The following additional items are expected to be completed in the week of July 6, 2026:

- FTI's final fee recovery mechanism report to be provided to stakeholders.
- Power Advisory's fee calculation model to be provided to stakeholders.
- Power Advisory's indicative Cost of Service allocation modelling and rate class impacts to be provided to stakeholders.
- IESO Nova Scotia responses to stakeholder feedback to be provided to stakeholders.
- An additional stakeholder engagement session has been scheduled for July 9, 2026 to discuss all of the above.

Stakeholder feedback received July 2, 2026 has unanimously indicated that settlement agreement discussions are preferred after the submission of IESO Nova Scotia's fee recovery mechanism application, with the benefit of a full NSEB proceeding evidentiary record. Nevertheless, IESO Nova Scotia is endeavoring to narrow or address as many issues or concerns as possible in advance of the submission of its corresponding application to the Board, with the benefit of any additional stakeholder feedback received during or shortly after the July 9, 2026 stakeholder engagement session.

Accordingly, while IESO Nova Scotia's 2026/27 Revenue Requirement Application contemplated submission of its fee recovery mechanism application in Q2 2026, the additional stakeholder engagement described above, including the session scheduled for July 9, 2026, has extended the process modestly. Accordingly, IESO Nova Scotia now expects that it will submit its fee recovery mechanism application to the NSEB during the month of July 2026.

Sincerely,

A handwritten signature in blue ink, consisting of several vertical strokes followed by a large, sweeping loop.

Mark Peachey
Director, Regulatory Affairs
IESO Nova Scotia