



May 15, 2026

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

Re: IESO Nova Scotia - Quarterly Report

Dear Ms. Henwood:

This report is being submitted in response to certain directions of the Nova Scotia Energy Board (NSEB, Board), to file quarterly reports, arising from the Independent Energy System Operator of Nova Scotia's (IESO Nova Scotia) 2025/2026 Revenue Requirement Application (M12412), submitted pursuant to section 29 of the *More Access to Energy Act* (MAEA).

In preparing this report, IESO Nova Scotia recognizes the value of transparency during the ongoing transition of system operator functions, to situate the Board's statutory enumerated role within the context of many other important matters involving IESO Nova Scotia.

Certain information included in this report extends beyond matters directly related to the Board's 2025/2026 revenue requirement proceeding, but is provided to assist the Board and interested stakeholders in understanding the status of the transition and related initiatives. This report, and any subsequent, will also be publicly available on IESO Nova Scotia's website at ieso-ns.ca for the benefit of all of IESO Nova Scotia's stakeholders.

Introduction

IESO Nova Scotia is a not-for-profit organization established by the MAEA on October 24, 2024, subsisting pursuant to and expressly in accordance with the MAEA.

Being a brand-new organization, it is worth reiterating that IESO Nova Scotia hired its first employee, its inaugural President & CEO, just nine months ago in August 2025. IESO Nova Scotia has an important, unique, and ambitious mandate set forth by the Government of Nova Scotia in the MAEA. By all accounts, IESO Nova Scotia is situated uniquely within the energy market and regulatory framework in the province to deliver enduring and material value for Nova Scotians in an agile and efficient manner.

As the Board may expect, IESO Nova Scotia has spent a substantial amount of its time, since its inception, focused on important foundational matters. Those matters include, to name a few: securing office space, hiring leadership and personnel, filing its revenue application(s),

acquiring the necessary IT equipment and infrastructure, establishing corporate policies, practices, and procedures, developing a fee and cost recovery mechanism, implementing elements of the MAEA relevant to Phase 1, assessing its obligations to the Board under law, procuring critical energy resources for the province, engaging with Mi'kmaw, community, industry, regulatory, and government stakeholders, establishing corporate and transition governance, assuming certain bulk power system planning and compliance functions from Nova Scotia Power Incorporated (NS Power), and transitioning system planning and interconnection employees from NS Power effective December 1, 2025.

At the time of the submission of this report, IESO Nova Scotia has a staff of 31 full-time employees, which includes those transferred from NS Power and newly hired employees, with additional hiring ongoing to support its legislated mandate and obligations. IESO Nova Scotia has been rapidly developing its operational, regulatory, and organizational capabilities to deliver the value and intended role(s) as expressly contemplated in the MAEA. IESO Nova Scotia has continued to advance these initiatives while aiming to be responsive to ongoing and active regulatory proceedings and reporting requirements, including most recently the preparation towards an oral hearing pertaining to its \$14.85M 2026/2027 revenue requirement application.

To address Nova Scotia's urgent need for new generation capacity to maintain system reliability amidst growing electricity demand, legislated renewable transition policy targets, and periodic extreme weather conditions and other peak events, IESO Nova Scotia is working tirelessly to acquire critical capacity resources, develop its inaugural Integrated Resource Plan (IRP), and establish a revenue requirement and fee recovery mechanism framework. At the same time, IESO Nova Scotia is balancing progress on these initiatives with continuing to build out a strong foundation of engagement with a broad range of stakeholders, including regulatory intervenors.

IESO Nova Scotia anticipates a number of additional filings and regulatory interactions during fiscal year 2026/2027 pursuant to the MAEA, including:

1. Filing the results of the Integrated Resource Planning exercise, pursuant to subsection 11(3) of the MAEA;
2. Submitting the Fee & Recovery Mechanism pursuant to subsection 29(1) of the MAEA;
3. Submitting IESO Nova Scotia's Annual Report to the Energy Board as set out under section 32 of the MAEA; and,
4. Submitting IESO Nova Scotia's 2027/2028 Revenue Requirement for approval pursuant to subsection 29(1) and (4) of the MAEA.

Additionally, IESO Nova Scotia expects, at this time, the following additional interactions with the Board:

1. Submitting recommendations that the Energy Board approve certain changes to the Standard Generation Interconnection Procedures ("SGIP") in which it had approved for NS Power;
2. Submitting an application for proposed expenses, pursuant to subsection 29(1) of the MAEA, in relation to the Phase II transition of real-time energy dispatch and transmission grid operations from NS Power to IESO Nova Scotia.

Below is a summary of material matters involving IESO Nova Scotia as of the date of this report.

Phase 1 Transition Status Update

The Phase 1 transition involved the transfer of system planning, generation interconnection, and energy resource procurement functions from NS Power to IESO Nova Scotia. This transition is substantially complete. Below are updates with respect to Phase 1.

PEOPLE AND ROLES

20 of the 21 Phase 1 roles transitioned from NS Power are currently filled. One position remains vacant with recruiting underway.

FACILITIES AND TECHNOLOGY

Office space has been sourced and leased at 1791 Barrington Street, Suite 1010, Halifax, Nova Scotia, with required technology and related items sourced and installed to enable employees to fulfill Phase 1 responsibilities.

COMPLIANCE

IESO Nova Scotia, in collaboration with NS Power and the Northeast Power Coordinating Council, Inc. (NPCC), has transferred responsibility for compliance with the North American Electric Reliability Corporation (NERC) and NPCC reliability standards related to Phase 1. An amendment to the related May 9, 2010 Memorandum of Understanding (MOU) was entered into between NS Power, NPCC, NERC, and IESO Nova Scotia in April 2026, which added IESO Nova Scotia as a party to the MOU, a copy of which was shared with the Board's counsel on April 10, 2026.

COLLABORATION WITH NS POWER

IESO Nova Scotia and NS Power established a Joint Transition Committee to facilitate coordination between the two organizations. The Joint Transition Committee continues to meet regularly and will continue to facilitate the coordinated transfer of responsibilities as required under the MAEA.

MATERIAL CHANGES TO TIMELINE

There are no material changes to timeline regarding the Phase 1 transition of responsibilities to IESO Nova Scotia.

Phase 2 Transition Status Update

Phase 2 involves the transfer of real-time dispatch operations, subject to the proclamation of certain provisions of the Act, which will require various technology and facility acquisitions by IESO Nova Scotia, including control centre operations.

Due to the complexity of this transition and the direct impact on real-time electricity grid operations, IESO Nova Scotia has competitively procured expert consulting services and is currently undertaking work to assess the viable options associated with implementing Phase 2

of the transition of system operator functions, as required by the MAEA. IBM has been engaged as the primary consultant for this work.

Transition planning for Phase 2 is underway, guided by the ongoing work being completed by IBM. The exact timing of the transition will depend on a number of factors, including proclamation, technology requirements, reliability and compliance readiness, and facility needs. This work is expected to define the physical, technical, and people-related changes required to implement Phase 2, along with associated cost estimates and timelines. Subject to the completion of this detailed assessment work, initial steps towards implementation of the Phase 2 transition are targeted to commence in Q2 2026/2027.

IESO Nova Scotia intends to engage the NSEB at the appropriate time, as required by the MAEA, in relation to Phase 2, as indicated above.

Other Major Initiatives

INTEGRATED RESOURCE PLAN

In Q3 2025/2026, IESO Nova Scotia began preparatory work for its inaugural IRP, including issuing a competitive solicitation to review prior IRP processes and support the development of its IRP approach, and inviting stakeholder participation, with a focus on including Mi'kmaw communities and organizations in the IRP process for the first time. Following a competitive process, Dunskey Energy + Climate Advisors was engaged and held a stakeholder engagement session on February 3, 2026, with findings published on March 31, 2026 alongside draft Terms of Reference.

A second stakeholder session on April 17, 2026, with approximately 80 participants, informed finalization of the Terms of Reference, targeted for end of May 2026. Work on assumptions and scenarios is underway, and a competitive procurement of a technical consultant to support IESO Nova Scotia's internal planning team was completed, with Dunskey Energy + Climate Advisors being selected in May 2026.

Key project milestones include completion of supporting studies in May and June 2026, early modeling insights in mid-2026, final results in Q2 2026/2027, and publication of the final IRP report in December 2026.

ENERGY PROCUREMENTS

One of IESO Nova Scotia's immediate observations as the independent energy system operator is that Nova Scotia finds itself in an urgent situation with respect to forecast system capacity. This was highlighted by the all-time new peak demand record set in January 2026 (see information provided by NS Power under M12694). Accordingly, IESO Nova Scotia is urgently advancing three key procurement initiatives to support system reliability.

On April 15, 2026, IESO Nova Scotia entered into a definitive agreement with NB Power to procure approximately 100 MW of capacity from its Renewable Integration and Grid Services (RIGS) project. A regulatory decision is expected in May 2026 from New Brunswick's energy regulator. Subject to approval, this arrangement could deliver capacity up to two years sooner

than IESO Nova Scotia's planned fast-acting generation procurement. A future application to the Board is anticipated under section 30 of the MAEA as cost recovery requirements arise.

In parallel, IESO Nova Scotia is progressing procurement of 300+ MW of fast-acting generation, aligned to the most recent Integrated Resource Plan, as required by the MAEA. This activity has been informed by a 2025 Request for Expressions of Interest (REOI) completed by IESO Nova Scotia. Draft RFP materials were released for feedback in March 2026, with stakeholders providing over 300 comments now under review. Indigenous, community, and stakeholder engagement has been a central part of this project, with meetings and information-sharing sessions with Mi'kmaw communities and organizations, County municipal officials, local residents, area businesses, and other interested groups having started in September 2025 and continuing today. Nova Scotia's Department of Environment and Climate Change issued conditional approvals on IESO Nova Scotia's Environmental Assessments in February 2026, and the projects have been determined by the Impact Assessment Agency of Canada in May 2026 to require no further assessment.

Thirdly, 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. Together, these procurement activities represent a critical component of maintaining electricity system reliability in Nova Scotia.

OTHER REGULATORY MATTERS

IESO Nova Scotia has assumed responsibility for key activities under the Standard Generation Interconnection Procedures (SGIP), including processing interconnection requests and conducting system studies. Interim roles and responsibilities will be governed by an agreement between IESO Nova Scotia and NS Power, in advance of further recommendation to the Board, by IESO Nova Scotia, for more enduring amendments to its approved form of SGIP. Stakeholder engagement is expected to begin with respect to these recommendations in Q2 2026/2027.

In parallel, IESO Nova Scotia is advancing development of an enduring fee and cost recovery mechanism, supported by FTI Consulting, through jurisdictional review and stakeholder engagement, with a final application to the NSEB targeted for end of Q2 of fiscal year 2026/2027.

IESO Nova Scotia also continues work on regulatory compliance requirements, including drafting deferral and variance mechanism guidelines and finalizing accounting policies currently under audit review by IESO Nova Scotia's competitively procured external auditor, BDO. Additionally, financial controls have also been developed and are being reviewed as part of that same ongoing external audit.

Finally, IESO Nova Scotia continues to build out its engagement of regulatory stakeholders through both formal sessions and informal conversations, and intends to continue with regular updates to stakeholders as well as initiative-specific engagements.

Conclusion

In closing, despite being in operation for only a very short period – with its first employee hired just nine months ago – IESO Nova Scotia has made substantial and measurable progress across a wide range of foundational, operational, and regulatory priorities. In this limited timeframe, IESO Nova Scotia has established core governance, advanced critical system planning and procurement initiatives, assumed key functions from NS Power, and engaged extensively with stakeholders and the Board. This volume and pace of work underscore both the scale of the mandate under the MAEA and IESO Nova Scotia's commitment to delivering meaningful value for Nova Scotians in a timely, transparent, and effective manner.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Mark Peachey', with a stylized, sweeping flourish extending from the end.

Mark Peachey
Director, Regulatory Affairs
IESO Nova Scotia