

Fee Recovery Mechanism Application
(Nova Scotia Energy Board M13007)

Nova Scotia Independent Energy System Operator (IESO Nova Scotia)
Responses to Municipal Electric Utilities (MEU) Information Requests

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Request IR - 1

Reference: Application, page 3, lines 6-9: “The proposed mechanism would replace the temporary financial relief currently in place under the Board’s February 26, 2026, Interim Order in M12663, which approved interim fees payable by Nova Scotia Power Incorporated until the earlier of March 31, 2027, or the effective date of a Board-approved replacement fee recovery mechanism.”

Reference: Application, page 4, lines 6-11: “For the period covered by this application, Power Advisory’s fee calculation model calculates the remaining 2025/26 and 2026/27 revenue requirement to be recovered from December 1, 2026 to March 31, 2027, assuming approval of IESO Nova Scotia’s 2026/27 revenue requirement as applied for, continuation of interim payments from NSPI through November 2026, and full recovery by the end of IESO Nova Scotia’s 2026/27 fiscal year, as shown in Figure 1 below based on a revenue requirement application true-up option.”

Reference: Application, page 4, lines 14-17: “IESO Nova Scotia identified an additional true-up option which incorporates prior year revenue requirement variances sooner via a compliance filing. In this application, that option allows for IESO to apply the under-spend from fiscal year 2025/26 by compliance filing, resulting in revised charges to market participants as shown in Figure 2 below.”

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Question:

- a) Please provide the forecast monthly fees for each of the market participants on account of the IESO's 2027/28 revenue requirement for April 1, 2027 to March 31, 2028 in a manner similar to Figure 1 in the Application, assuming approval of IESO's 2027/28 revenue requirement at the same amount as the 2026/27 requirement applied for and no changes to any other assumptions.
- b) Please update the calculation of the monthly fees shown in Figure 1 and Figure 2 of the Application, assuming approval of IESO Nova Scotia's 2026/27 revenue requirement as applied for, but continuation of interim payments from NSPI through March 2027 and full recovery by the end of IESO Nova Scotia's 2027/28 fiscal year.
- c) Please confirm the carrying cost that the IESO is proposing to apply to the unrecovered amounts until they are fully collected from market participants.

Response IR - 1

- a) Please see the table below, which aligns with Figure 16 of the Application.

Market Participant	Total Monthly Fee Calculation		
	Proposed Annual Fee 2026/27	# Months of Revenue Collection	Monthly Fees
NSPI	\$ 14,635,202	12	\$ 1,219,600
Berwick Electric Commission	\$ 55,504	12	\$ 4,625
Riverport Electric Light Commission	\$ 13,245	12	\$ 1,104
Town of Mahone Bay	\$ 20,336	12	\$ 1,695
Town of Antigonish	\$ 125,834	12	\$ 10,486
Total	\$ 14,850,121	12	\$ 1,237,510

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- b) The requested scenario is provided in the tables below. The monthly fees reflect a 12-month recovery period of 2025/26 and 2026/27 revenue requirements from April 2027 to March 2028 assuming NS Power has paid the interim fee until March 2027.

Figure 1 (Option 1 without true-up)

Market Participant	# Months of Revenue Collection	Monthly Fees
NSPI	12	\$ 553,554
Berwick Electric Commission	12	\$ 6,335
Riverport Electric Light Commission	12	\$ 1,512
Town of Mahone Bay	12	\$ 2,321
Town of Antigonish	12	\$ 14,361
Total	12	\$ 578,082

Figure 2 (Option 2 with true-up)

Market Participant	# Months of Revenue Collection	Monthly Fees
NSPI	12	\$ 528,034
Berwick Electric Commission	12	\$ 6,243
Riverport Electric Light Commission	12	\$ 1,490
Town of Mahone Bay	12	\$ 2,287
Town of Antigonish	12	\$ 14,154
Total	12	\$ 552,209

- c) IESO Nova Scotia's carrying cost is its line of credit rate, currently 2.32%. The dollar figure for carrying costs depends on the period of recovery including the start date and number of months of recovery. The table below provides carrying costs for the scenario described in part b). For clarity, IESO Nova Scotia is proposing to apply carrying charges

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to 2025/26 & 2026/27 revenue requirement fees if they are not recovered by March 2027,
but is not proposing to apply carrying charges to true-up balances.

Market Participant	Option 1		Option 2	
	Annual Interest	Monthly Interest	Annual Interest	Monthly Interest
NSPI	\$ 76,644	\$ 6,387	\$ 79,748	\$ 6,646
Berwick Electric Commission	\$ 877	\$ 73	\$ 943	\$ 79
Riverport Electric Light Commission	\$ 209	\$ 17	\$ 225	\$ 19
Town of Mahone Bay	\$ 321	\$ 27	\$ 345	\$ 29
Town of Antigonish	\$ 1,988	\$ 166	\$ 2,138	\$ 178
Total	\$ 80,040	\$ 6,670	\$ 83,399	\$ 6,950

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Request IR - 2

Reference: Application, page 8, lines 4-8: “The result is a fee recovery mechanism that is based broadly on the following: ... Calculated by allocating IESO Nova Scotia’s forecast revenue requirement by the forecast annual proportionate load served by each LSE in Nova Scotia.”

Reference: Application page 10, lines 20-22: “An ISO-only charge is defined as a charge that only recovers the ISO Core Costs and no other system charges (e.g. transmission or energy balancing costs).

Question:

a) Please confirm that the IESO’s proposed fee recovery mechanism incorporates load from market participants that is served by MEU-owned hydro and solar garden generating resources.

b) Please explain the rationale for including load from market participants that is served by MEU-owned hydro and solar garden generating resources as part of IESO’s proposed fee recovery mechanism.

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Response IR - 2

a)-b) Confirmed. The proposed Base Allocation and Load Allocation Adjustment of IESO Nova Scotia's revenue requirement to LSEs is based on proportional load served by each LSE. In order for the fee allocations to be as accurate, fair, and "apples-to-apples" as possible, the load allocation includes all sources of energy employed by the LSE to meet customer load. Netting out generation owned by the MEUs would result in an inaccurate representation of total load served.

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Request IR - 3

Reference: Application, page 33, lines 9-12: “A load allocation adjustment will be made each year based on each LSE’s fiscal year load served actuals. This will require LSEs to provide their actual load served data to IESO Nova Scotia within 60 days of the end of each fiscal year to complete this adjustment.”

Reference: Application, page 36, lines 8-10: “The IESO is amenable to using the most recent actual loads in place of forecast loads for the MEUs to reduce the administrative burden for the MEUs going forward.”

Questions:

Please confirm that going forward, the only information that will be required from the MEUs to IESO Nova Scotia as part of its proposed fee recovery mechanism will be the provision of actual annual load served data by May 30. If not so confirmed, please indicate what additional information is being requested.

Response IR - 3

Ideally the MEUs would provide forecast load data for IESO Nova Scotia’s applicable fiscal year for the purpose of the base allocation of fees. However, as noted in the Application, IESO Nova Scotia acknowledges that MEUs may not have sophisticated load forecasting capabilities or

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21 capacity. As such, IESO Nova Scotia is amenable to using MEUs actual load served for the most
22 recent IESO Nova Scotia fiscal year as a proxy, and will do so at the MEU's request subject to
23 NSEB approval of that approach.

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Request IR - 4

Reference: Application, page 14, Figure 4.

Reference: Application, page 47, lines 13-18: “While outside the purview of this application, this fee recovery mechanism provides freedom to the LSEs on how they collect corresponding costs from their ratepayers, as it does not prescribe nor is determinative of how LSEs allocate those costs. IESO Nova Scotia – in the interest of all ratepayers – encourages the NSEB and the LSEs to facilitate recovery of fees paid by LSEs, under the Proposed Mechanism, from ratepayers in an expedient and fair manner consistent with applicable regulatory processes.”

Questions:

Please confirm it is IESO Nova Scotia’s understanding that, under its proposed fee recovery mechanism, LSEs would not be collecting any IESO revenue requirement costs from other LSEs (in other words, the MEUs will not be subject to the collection of any of the costs allocated to NS Power).

Response IR - 4

Confirmed. Please refer to LEI IR-2 Attachment 3.