

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: THE MORE ACCESS TO ENERGY ACT

- and -

IN THE MATTER OF: AN APPLICATION by the **NOVA SCOTIA INDEPENDENT ENERGY SYSTEM OPERATOR** made pursuant to Section 29 of the More Access to Energy Act for the review of its Fee Recovery Mechanism

INFORMATION REQUESTS

To: **David A. Luther**
General Counsel & Corporate Secretary
IESO Nova Scotia
1791 Barrington Street, Suite 1010
Halifax, NS, B3J 3Y8
By email: David.Luther@ieso-ns.ca

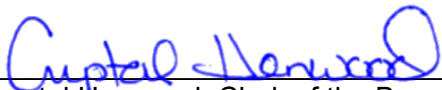
From: Board Staff
Nova Scotia Energy Board

Responses Due: **Tuesday, September 22, 2026**

Copies: 1 electronic copy (PDF searchable)

Contact Person: **Libby McNamara, CPA, CA**
Managing Director, Advisory Services
Nova Scotia Energy Board
3rd Floor, 1601 Lower Water Street
Halifax, NS B3J 3S3
Tel: 902 424 1332
Email: Libby.McNamara@novascotia.ca

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Crystal Henwood, Clerk of the Board

Request IR-1:

Please confirm that IESO intends to file its revenue requirement applications and proposed fees and charges to recover its revenue requirement by the December 31st immediately preceding the April 1st to March 31st fiscal year to which the revenue requirement and proposed fees and charges relate.

Request IR-2:

Reference: Section 3.1 Jurisdictional Research

On pg. 10, lines 21-22, it refers to other system charges as “transmission or energy balancing costs”. Please confirm that ancillary services are also included.

Request IR-3:

Reference: Section 3.3 Identification of Market Participants

On pg. 13, IESO Nova Scotia states that “...the most common type of market participant charged ISO fees was LSEs.” Please confirm that while all jurisdictions shown in Table 1, p.11, Appendix 1 show charges to load serving entities and transmission connected load, most also include charges to generation and intertie traders.

Request IR-4:

On pg. 13, there is a reference to “Transmission Owners”. Please confirm that in Nova Scotia, transmission owners will ultimately include both NSPML and Wasoqonatl Transmission Incorporated.

Request IR-5:

Reference: Section 3.3 Identification of Market Participants

In this section and footnote 8, IESO Nova Scotia notes that the Town of Lunenburg electric utility is not included as a market participant under its Proposed Mechanism because it currently takes fully bundled service from Nova Scotia Power and is not currently registered as an accredited market participant.

- a) Given that the Town of Lunenburg electric utility is defined as a “wholesale customer” under the *Electricity Act*, please explain why the identified factors warrant treating the Town of Lunenburg differently than all other municipal electric utilities in the province.
- b) Has IESO Nova Scotia discussed this aspect of its application with the Town of Lunenburg, and if so, did the Town express any concerns about this approach?

1 **Request IR-6:**

2 Reference: Footnote 9 on pg.15

3 IESO Nova Scotia notes that nothing is proposed to be charged to the Renewable to Retail
4 Licensed Retail Supplier (LRS) as part of the proposed fees, but that IESO Nova Scotia will apply
5 for adjustments to fees at the next opportunity to do so after the LRS is operational.

6 a) Given that IESO Nova Scotia is proposing a fixed monthly direct charge to load serving
7 entities, with a subsequent adjustment as between load serving entities to account for
8 variances in their percentage share of total province load from forecast to actual, please
9 explain how “any potential changes in the LRS’s commercial operation date could affect
10 necessary cash flow for IESO Nova Scotia.”

11 b) Has the load expected to be served by the LRS in 2026/2027 been assigned to NS Power
12 for purposes of fees up to March 31, 2027, under the Proposed Mechanism? If so, please
13 explain how this approach is consistent with the guiding principles for the renewable to
14 retail program set out in s. 22(2) of the Electricity Act?

15 c) Will the LRS be charged a prorated fee for the current period based on the date it becomes
16 operational?

17 d) Does IESO Nova Scotia intend to bring a separate application forward once the LRS is
18 operational or wait for the true-up process to determine the fees owing?

19 e) Has IESO Nova Scotia discussed its intended approach with the LRS, and if so, did the
20 LRS express any concerns about this approach?

21
22 **Request IR-7:**

23 Reference: Section 3.4 Set ISO Fees

24 On pg. 16 the IESO states that incorporating its fees via tariffs under the Open Access
25 Transmission Tarriff (OATT) is currently not a good fit for IESO Nova Scotia. Did IESO Nova
26 Scotia canvass interested parties on this issue during its engagement process? Did interested
27 parties agree with IESO Nova Scotia’s conclusion that the OATT tariffs are not a good fit
28 currently?

29
30 **Request IR-8:**

31 Reference: Section 3.4 Set ISO Fees

32 On pg. 16, IESO Nova Scotia says it “will reevaluate the fee recovery mechanism once it is under
33 Phase 2 steady state operation, including consideration of whether tariffs under the OATT are
34 appropriate for fee recovery when ownership of the OATT and system operation and dispatch

transfer to IESO Nova Scotia.” What is IESO Nova Scotia’s current expectation of when that steady state will occur?

Request IR-9:

Reference: Section 3.4 Set ISO Fees

On pg. 17 the IESO states:

The use of peak load (MW) aligns with current OATT practices for transmission asset cost recovery because the major cost driver for the transmission system investment is generally considered to be the (coincident) peak load. As noted, IESO Nova Scotia does not have ownership of the OATT, nor does it carry out system operation and dispatch functions at this time. Accordingly, the use of peak load as a billing determinant was not the best fit for IESO Nova Scotia at this time.

- a) Does the IESO currently believe that once it takes over system operator functions it will likely use peak-load as a billing determinant?
- b) Does the IESO currently believe that once it takes over system operator functions it will likely use a hybrid approach considering both load and peak-load?
- c) Does the IESO believe that the billing determinant for the currently identified IESO core costs will remain the same even after it takes over system operator functions?
- d) Is the IESO aware of how IRP and long-term planning costs were treated in NS Power’s cost of service previously? If so, how were they allocated between non-bundled load serving entities (LSEs) and all other customers previously?

Request IR-10:

Reference: 4.1.1. A Note on Option 2b

The IESO notes that some stakeholders opposed option 2b (a consolidated charge to NS Power). Is the IESO aware of why some stakeholders opposed option 2b?

Request IR-11:

Reference: 4.2. The Proposed Fee Recovery Mechanism

The IESO notes that the monthly fee charged to MPs will have a base allocation for that year’s revenue requirement, a true-up for the variance in the previous revenue requirement, and a true-up for the variance in actual load served.

- c) Will this be the case whether the true-ups are charges or refunds?
- d) In the case where the true-ups are refunds, why wouldn’t the IESO refund the amount in the first monthly payment?

- 1 e) If the IESO intends to refund the amount over the course of the year, will it be paying the
2 LSEs carrying costs on the amounts?
3

4 **Request IR-12:**

5 Reference: 4.2. The Proposed Fee Recovery Mechanism

6 On pg. 27, IESO Nova Scotia notes that its revenue requirement in a fiscal year will be allocated
7 to load serving entities based on their proportional forecast load. In footnote 11, it states that not
8 all load serving entities will have a “detailed” forward looking fiscal year load forecast, but given
9 “relatively stable growth seen in the province that historic actuals from the most recent calendar
10 or fiscal year would serve as a reasonable proxy, recognizing that fees will ultimately be trued up
11 based on actual loads.”

- 12 a) What level of “detail” is needed for load forecast used for the Proposed Mechanism?
13 b) Will IESO Nova Scotia be using forecasts, the most recent historic actual as a proxy, or a
14 mix of both?
15 c) How will IESO Nova Scotia manage this to minimize the magnitude of after the fact
16 adjustments due to load variances?
17

18 **Request IR-13:**

19 Reference: 4.2. The Proposed Fee Recovery Mechanism - Load Allocation Adjustment

20 IESO Nova Scotia states:

21 Given the Proposed Mechanism calculates its charges to LSEs based on their forecast
22 proportional load served to Nova Scotia customers, a load allocation adjustment each year
23 will be required in order to ensure that each LSE is paying only their proportional share as
24 accurately as possible. A load allocation adjustment will be made each year based on each
25 LSE’s fiscal year load served actuals. This will require LSEs to provide their actual load
26 served data to IESO Nova Scotia within 60 days of the end of each fiscal year to complete
27 this adjustment.
28

- 29 a) Please explain why NS Power’s fiscal year (January 1 to December 31) should be used
30 rather than its load during the period to which the costs actually relate (i.e., IESO Nova
31 Scotia’s fiscal year).
32 b) Please confirm, or explain in detail otherwise, that proceeding in this way would mean that
33 load served by NS Power between January 1 and March 31 in any given year would be
34 considered in a different fiscal year than all of the load serving entities who have fiscal
35 years matching IESO Nova Scotia’s.
36 c) Please confirm, or explain in detail otherwise, that if IESO Nova Scotia’s revenue
37 requirement changes materially year over year and/or NS Power’s consumption changes
38 materially in the January 1 to March 31 period changes materially year over year, this

could produce material differences in how IESO Nova Scotia's revenue requirement is allocated relative to what they would be if the same period is used for actual load for all market participants subject to the Proposed Mechanism.

d) Please explain how a mismatched period for determining actual load for various market participants ensures that each load serving entity is paying only their proportionate share "as accurately as possible".

e) Does the IESO have any way to verify the load data provided? Or will it have to rely on the load data provided by the LSE's without verification?

Request IR-14:

Reference: 4.2. The Proposed Fee Recovery Mechanism – Annual Filing Framework

On pg. 36, IESO Nova Scotia states that it "has used actual load in 2025 to allocate the 2025/26 revenue requirement and forecast 2026 loads to allocate the 2026/27 revenue requirement for LSEs to determine the fee allocation as a one-time measure given timing of this application."

a) Please explain what is meant by, "given the timing of this application".

b) Does "actual load in 2025" mean the load actually served by each load serving entity for April 1, 2025 to March 31, 2026? If not, please explain what it means and provide the load served by each load serving entity during that period.

c) Please explain how the "forecast 2026 loads were determined".

d) Please confirm, or explain in detail otherwise, that the forecast used to allocate the 2026/27 revenue requirement will be trued up once actual loads served during that period have been determined.

Request IR-15:

Reference: Annual Filing Framework

On pg. 36, the IESO states it is amenable to using the most recent actual loads in place of forecast loads for the MEUs to reduce administrative burden for the MEUs. Please confirm, or clarify otherwise, that the actual load from the fee year will still be used for a true-up of the MEUs fee after the fee year is complete.

Request IR-16:

Reference: Section 5 Fee Calculation and Model

On pg. 42, IESO Nova Scotia says it believes it would be reasonable, if new fees for fiscal year 2027/2028 are not approved by the Energy Board by March 31, 2027, to continue fees in

2027/2028 in the interim, based on its 2026/2027 revenue requirement with fees calculated over a 12-month period.

a) Please explain why this request is not premature, and why the Energy Board's determination in exercising its discretion under s. 29(3) of the *More Access to Energy Act* would not be better informed by the updated revenue requirement information and load forecasts expected in IESO Nova Scotia's next revenue requirement application.

b) Does the IESO's proposed process on pg. 42 differ if the filing of its application for the 2027/2028 fees is delayed beyond December 1, 2026? Please explain.

Request IR-17:

Reference: Appendix 1 – ISO Cost Recovery Mechanism Jurisdictional Scan

On pg. 6, FTI states, "A significant portion of the ISO's costs are not incremental for consumers as a result of having an ISO; rather, many of these costs arise from functions that would otherwise need to be performed by the VIU (e.g., the need for having a control centre and the staff operating it)."

a) Please provide any report, study or assessment conducted or reviewed by FTI showing the extent of incremental costs for consumers as a result of them having IESO Nova Scotia.

b) What is FTI's understanding of NS Power's need to have a control centre and staff operating it after Phase 2 of the transition to IESO Nova Scotia.

Request IR-18:

Reference: Appendix 1 – ISO Cost Recovery Mechanism Jurisdictional Scan

On pg. 12, FTI notes that most ISOs, like IESO Nova Scotia, do not operate for profit. Of the jurisdictions considered in the scan, how many apply fixed fees as proposed by IESO Nova Scotia and how many apply variable fees based on a fixed rate for energy sold in the fee recovery period (recognizing that either may be subject to adjustment to account for variances from forecast load)?

Request IR-19:

Reference: Appendix 1 – ISO Cost Recovery Mechanism Jurisdictional Scan

On pg. 17, FTI states:

Even for LSEs that are levied a usage-based charge (per MWh, which could theoretically be linearly passed through to customers), because no LSE charges the same rates to all customers, it is improbable an LSE would charge its

1 customers the same per-MWh charge to recover ISO fees that the LSE itself is
2 charged. Once the ISO charge is levied on the LSE, it is added to the LSE's own
3 revenue requirement used in its own ratemaking process (similar to NSP's GRA
4 process). Each LSE's ratemaking process is complex and results in differing
5 ratepayer tariff charges for often 10+ customer classes (residential, low income,
6 small and large commercial, street lighting, house of worship, etc.). Each customer
7 class could have their own allocation methodology that could be a mixture of fixed
8 (per-bill), usage-based (per MWh) and capacity (per MW) charges. Hence by doing
9 so, different customer classes might contribute more or less than other customer
10 classes per MWh consumed to the ISO costs (charged via the LSE).

- 11
- 12 a) If a load serving entity incurs a cost that is directly related to the amount of energy
13 consumed by a customer, why is it "improbable" that it would be linearly passed along to
14 customers through their energy rates?
- 15 b) Is FTI aware of any jurisdiction that passes along "ISO Core Costs" approved as a usage
16 based charge in a linear fashion or a pass-through rate rider?
- 17 c) As of the date of this information request, it appears that the 2026 Interim Usage Fees
18 approved for IESO Ontario by the Ontario Energy Board are \$1.4492/MWh for domestic
19 customers (see [OEB Interim Fees Order EB-2025-0302](#) and [IESO Ontario "Usage Fees"](#)
20 [Web Page](#)).
- 21 i. Are these usage fees recovered through the Wholesale Market Service Charge
22 approved by the Ontario Energy Board? Please explain.
- 23 ii. Are these usage fees recovered as a pass through to end users by distribution
24 companies in Ontario, at the same rate, from all customer classes? Please explain.
- 25

26 **Request IR-20:**

27 Reference: Appendix 2 – IESO Enduring Fee Cost Recovery Recommendation Report
28 On pdf pg. 5, FTI Consulting lays out four potential fee recovery mechanisms, the first of which is
29 a new schedule in the Open Access Transmission Tariff. If this option were utilized, would NS
30 Power pay the full amount to the IESO and then use its approved Cost of Service methodology
31 to allocate the costs as between its OATT customers and all other customers? If not, how would
32 this option be executed?

33

34 **Request IR-21:**

35 Reference: Appendix 2 – IESO Enduring Fee Cost Recovery Recommendation Report
36 The report notes three end-use customers for option 1a or 1b: NS Power, the OATT MEUs, and
37 intertie traders.

- 1 a) Does this indicate that Intertie Traders would bear some of the IESO NS core costs under
2 these options but not under the option recommended by FTI Consulting?
- 3 b) Please explain why IESO Ontario, which is associated with option 2a in the report, also
4 charges intertie traders, as noted in Table 1, p.11, Appendix 1, and would appear to be
5 the case based on the usage fee set by the Ontario Energy Board for “export customers”
6 (see [OEB Interim Fees Order EB-2025-0302](#) and [IESO Ontario "Usage Fees" Web Page](#)).
- 7 c) Starting on pg. 8, FTI Consulting states that “depending on their design and magnitude,
8 fees on intertie traders scheduling exports could lead to a reduction of the total export
9 scheduled, potentially introducing a welfare loss”. Is this FTI Consulting’s reasoning for
10 not charging intertie traders under the recommended approach?
- 11 i. If so, what is the basis for this statement? Does FTI have any data to support this
12 statement?
- 13 ii. If not, what is the reasoning?
- 14 d) Please confirm, or explain in detail otherwise, that Table 1, p.11, Appendix 1 shows that
15 the following ISOs charge intertie traders: ISO New England, the California Independent
16 System Operator, IESO Ontario and the Alberta Electricity System Operator.
- 17 e) Please explain why “welfare loss” should be a reason for not charging intertie traders in
18 Nova Scotia when it is not a sufficient concern in those other jurisdictions to warrant not
19 charging intertie traders.
- 20 f) Please provide any studies, reports or assessments conducted or reviewed by FTI on the
21 potential for “welfare loss” in Nova Scotia if intertie traders paid IESO Nova Scotia fees.
- 22 g) If option 1a or 1b were chosen, does FTI Consulting recommend that Intertie Traders are
23 charged a fee?
- 24 i. If so, what fee does it recommend?
- 25 ii. If not, please explain (if different than the answer to part c)ii above).
- 26

27 **Request IR-22:**

28 Reference: Appendix 2 – IESO Enduring Fee Cost Recovery Recommendation Report and
29 Appendix 3 – Fee Calculation Model

30 The detailed example of the direct charge for Option 2.a. in the report contemplates that an
31 allocation adjustment to resolve any over/under-forecast market participant load share would be
32 done for “Year 2” in “Year 3” stating, “In Year 3, Year 2 load per MP is known, hence the difference
33 between the forecast load share in Year 2 and actual load share for each MP can be determined.”
34 Appendix 3 states, “2026/27 Fees calculated with forecast 2026/27 energy allocations are

1 recalculated with the actual 2026/27 volumes. The difference for each LSE is included with the
2 LSE's 2027/28 Annual Fees."

3 a) For purposes of comparing the statements in Appendix 2 and Appendix 3, please confirm
4 or explain otherwise that if the "2027/28 Annual Fees" referenced in Appendix 3 are for
5 "Year 3" in Appendix 2, then "Year 2" would be 2026/27 and "Year 1" would be 2025/26.

6 b) Please confirm that an application for Year 3 (fiscal 2027/28) would be intended to be filed
7 by December 31, 2026.

8 c) Please confirm that actual load for Year 2 (fiscal 2026/27) will not be known by December
9 31, 2026, and cannot be known until after March 31, 2027.

10 d) Please explain how actual load for fiscal 2026/27 could be included in a fees application
11 for fiscal 2027/28.