

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: *The More Access to Energy Act* (the “MAEA”)

IN THE MATTER OF: An Application by the Independent Energy System Operator of
Nova Scotia (“IESO Nova Scotia”) made pursuant to Section
29 of the MAEA for the review of its Fee Recovery Mechanism.

INFORMATION REQUESTS

To: Independent Energy System Operator of Nova Scotia (“IESO-NS”)

From: The Industrial Group

Responses Due: September 22, 2026

Contact Person Nancy G. Rubin, K.C.
 Brienne 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 1st day of September, 2026.

Request IR-1:

Reference: Application, Section 2, p.9, lines 15-16 states it “has assisted LSEs with
information indicating hypothetical cost recovery scenarios, as part of its stakeholder
engagement process.”

Please produce all hypothetical cost recovery scenarios, analyses, models, or other information
referred to in Section 2 of the Application that IESO-NS shared during the stakeholder
engagement process, or has but did not share, including any illustrative allocation of the proposed
fee across NSPI's customer classes (residential, commercial, and industrial).

1 **Request IR-2:**

2 **Reference:** Application, Section 3.2, p. 12, lines 13-15.

3 *In future years, IESO Nova Scotia proposes to apply for approval of its fees*
4 *as part of its revenue requirement applications using the Proposed*
5 *Mechanism – in that way, Step 1 of the fee-setting process would be*
6 *combined with the remaining steps of that process.*

7 Please explain how the fee recovery mechanism and related charge would operate if the Board
8 did not approve the revenue requirement application in whole and instead returned it to IESO-NS,
9 with recommendations. In your response, please include the timeline IESO-NS anticipates for
10 any iterative review and approval process.

11 **Request IR-3:**

12 **Reference:** Application, Section 3.3, p. 13, lines 1-3 and footnote 7.

13 (a) Please distinguish between “inseparable costs” and “direct costs” including
14 those associated with interconnection studies, with specific examples, and
15 their associated GL codes.

16 (b) Please confirm whether any wheeling transactions are reasonably
17 anticipated to occur across the Nova Scotia transmission system, and if so,
18 whether the energy volumes associated with such transactions are
19 included in, or excluded from, the LSE consumption volumes used to
20 calculate the base fee, true-up, and load allocation adjustment under the
21 Fee Calculation Model.

22 (c) If wheeling transactions are anticipated, can the IESO-NS confirm whether
23 all parties using the transmission system, including any entity engaged in
24 wheeling transactions across the Nova Scotia transmission system,
25 (whether or not scheduled through an LSE) will contribute to the IESO-NS
26 costs under the Proposed Mechanism? If not, please explain how this use
27 of the transmission system is being accounted for within the proposed
28 mechanism.

29

(d) Please explain how IESO-NS verifies that all direct costs associated with interconnection studies are fully “netted out” of the revenue requirement forming the basis of the fees proposed in this Application, such that customers are not paying, through the Proposed Mechanism, for costs that ought to be directly recovered from specific interconnection customers.

(e) Does “netted out” mean that they are not included as part of the s. 29 Revenue Requirement, or does it mean that there is an accounting after the fact when costs are recovered from an interconnection customer? Please explain. If the latter, why are they included in the first place?

Request IR-4:

Reference: Application, s. 3.3, p.13 Identification of Market Participants, and

Reference: Appendix 2, p. 7, footnote 5.

(a) Please confirm whether any large industrial customer in Nova Scotia is, or in the reasonably foreseeable future (e.g. within the next 5 years) may be, directly connected to the transmission system rather than served through NSPI or an MEU (as an LSE, transmission customer, market participant or otherwise).

(b) If such a customer exists or is contemplated, please explain how that customer's proportionate share of IESO-NS's revenue requirement would be recovered under the Proposed Mechanism, and whether the Proposed Mechanism would require modification to capture that load.

Request IR-5:

Reference: Application, Section 3.4, p.15, footnote 9; and Section 4, p.36, lines 6-10.

Preamble: IESO-NS notes that a Renewable to Retail (RtR) Licensed Retail Supplier is expected to begin providing electricity to customers in December 2026, and that this entity is considered an LSE for the purpose of applying IESO-NS fees, but that IESO-NS is not proposing to apply fees to this entity prospectively at this time.

(a) Please confirm whether, and how, the existing LSEs (including NSPI) will be credited or otherwise adjusted once the RtR supplier becomes operational and is added as a fee-paying LSE, including whether any retroactive load allocation adjustment would apply to the period between the RtR supplier's commercial operation date and the date it begins paying IESO-NS fees, and the carrying costs applicable to any such retroactive adjustment.

(b) Please confirm what proportion of total Nova Scotia load the RtR supplier is expected to represent once operational, and the estimated impact on NSPI's proportionate load share (and therefore NSPI's fee) once the RtR supplier is included in the allocation.

(c) Provide all workpapers and calculations to respond to this IR.

Request IR-6:

Reference: Application, Section 3.4, p. 16, lines 19-22.

(a) Please describe the milestones for "Phase 2 steady state operation" and outline the anticipated timing for accomplishing these milestones.

(b) Does IESO-NS commit to consulting and engaging with interested parties as part of the re-evaluation of the fee recovery mechanism?

Request IR-7:

(a) When the IESO-NS assumes ownership of the OATT and system operation/dispatch functions in Phase 2, is it anticipated that (i) the billing determinant used to allocate IESO-NS's revenue requirement to LSEs will need to switch from energy consumption (MWh) to peak load (MW), and/or (ii) the IESO-NS's fee recovery could be incorporated into the OATT or transmission revenue requirement process rather than continuing as a direct ISO-only charge?

(b) Please explain why or why not.

1 **Request IR-8:**

2 **Reference:** Application, Section 3.4, p.18, lines 1-7 and Section 4.2, p.27, lines 21-23.

3 **Preamble:** The Proposed Mechanism allocates the fixed monthly charge among LSEs
4 based on each LSE's proportionate share of annual energy consumption (MWh), rather
5 than a peak demand (MW) or other capacity-based measure.

6 (a) Did IESO-NS or its consultants analyze whether a MWh-based allocation
7 among LSEs produces a materially different result, at the LSE level, than a
8 peak-demand-based allocation would? If so, please provide that analysis.

9 (b) Please confirm that IESO-NS's main reasons to apply a fixed charge for
10 energy consumption rather than metered are the two stated benefits to
11 IESO-NS: revenue predictability and revenue stability. If not confirmed,
12 please explain otherwise.

13 (c) Please discuss the pros and cons of a fixed charge rather than a volumetric
14 approach from the perspective of the LSE's and the ultimate customers
15 who will be paying the charge.

16 (d) Please confirm that the selected allocation methodology operates solely at
17 the LSE level, based on each LSE's aggregate actual annual energy
18 consumption (MWh), and are not affected by, and do not depend on, the
19 billing methodology (e.g., peak demand/ MW or MWh) that any individual
20 LSE uses to allocate costs among its own retail customer classes.

21 (e) Please confirm whether IESO-NS has assessed whether the use of MWh
22 creates any disconnect for LSEs that bill their own customers on a demand
23 basis, such that an LSE's share of IESO-NS costs (assessed on MWh) may
24 not proportionately match how that LSE recovers those costs from the
25 customer classes actually driving that usage. Please elaborate and confirm
26 whether this may create any cross-subsidization issues into the future.

27

1 **Request IR-9:**

2 **Reference:** Application, Section 5, Figure 14, p.41; Figure 15, p.42-43.

3 **Preamble:** The Fee Calculation Model determines the remaining 2025/26 and 2026/27
4 revenue requirement fees to be collected from LSEs over the four-month period from
5 December 2026 to March 2027, following interim fee payments of \$950,000/month from
6 NSPI between February and November 2026.

7 (a) Please confirm the total amount of "Total Unrecovered Fees" to be
8 collected from NSPI over the four-month period under both True-Up Option
9 1 (\$10,366,000 before true-up) and True-Up Option 2 (\$10,056,655 with
10 true-up) and confirm the resulting average monthly fee to NSPI under each
11 option over that period.

12 (b) Did IESO-NS or Power Advisory consider alternatives to full recovery of the
13 2025/26 and 2026/27 shortfall within the four-month December 2026-
14 March 2027 period, such as spreading recovery of the accumulated
15 shortfall over a longer period (e.g., 12 or 24 months) beyond IESO-NS's
16 2026/27 fiscal year end? If so, please provide that analysis, in spreadsheet
17 format if available, with all formulae intact, including any consideration of
18 the impact on NSPI's ability to smooth the resulting cost in its own rates to
19 ratepayers.

20 **Request IR-10:**

21 **Reference:** Application, Section 4.4 (Load Allocation Adjustment), p.33, lines 4-6;
22 Appendix 2, p.19-20.

23 **Preamble:** The load allocation adjustment reconciles each LSE's forecast versus actual
24 annual load share, without affecting IESO-NS's total revenue collected.

25 (a) Please provide a worked, LSE-specific numerical example (using NSPI and
26 at least one MEU) illustrating how the load allocation adjustment would be
27 calculated and applied in a year where NSPI's actual load share differs
28 from its forecast load share by 1 percentage point, showing the resulting
29 dollar adjustment to NSPI's monthly fee.

- 1 (b) Please confirm whether IESO-NS contemplates disclosing, on an annual
2 basis, the actual versus forecast load share for each LSE (including NSPI)
3 used to calculate the load allocation adjustment, and whether that
4 information would be made available to intervenors as part of IESO-NS's
5 annual revenue requirement and fee applications.

6 **Request IR-11:**

7 **Reference: Application, Section 4.3 (Revenue Requirement True-up - Option 2), p.31-32;**
8 **Section 5, p.39, footnote 17.**

9 **Preamble: IESO-NS's preferred true-up methodology (Option 2) would see revenue**
10 **requirement variances trued up via compliance filing on a one-year lag, in advance of the**
11 **full prudency review that would otherwise occur in the next revenue requirement**
12 **application.**

- 13 (a) Please describe in detail the process, materials, and level of Board and
14 stakeholder scrutiny that IESO-NS contemplates would accompany a
15 compliance filing under True-Up Option 2, including whether Intervenors
16 would have an opportunity to review and comment on the compliance filing
17 before NSEB approval of the resulting adjustment to fees.

- 18 (b) Please confirm whether any subsequent prudency review of costs trued up
19 via a compliance filing under Option 2 would occur, and if so, when, and
20 what recourse (if any) LSEs or ratepayers would have if costs were later
21 found to be imprudent after having already been collected via the
22 compliance filing true-up.

- 23 (c) Please quantify the carrying costs (i.e., interest rate assumption and
24 methodology) that would apply to an under-recovery (and over-recovery)
25 of IESO-NS's costs under True-Up Option 1 (two-year lag) as compared to
26 True-Up Option 2 (one-year lag via compliance filing) and confirm how
27 those carrying costs are reflected in the fee amounts proposed in Figures
28 14 through 17 of the Application.