

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: THE PUBLIC UTILITIES 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
Nova Scotia Independent Energy System Operator
(IESO Nova Scotia)
1791 Barrington Street, Unit 1010
Halifax, NS B3J 3K9

From:

London Economics International LLC

Responses Due:

September 22, 2026

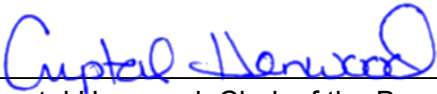
Copies:

1 electronic copy (PDF searchable)

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Issued at Halifax, Nova Scotia, this 1st day of September, 2026.



Crystal Henwood, Clerk of the Board

Request IR-1:

Reference: IESO Nova Scotia fee recovery mechanism application (page 4 of 48)

Independent Energy System Operator of Nova Scotia (“IESO Nova Scotia”) states the following:
“At this stage, IESO Nova Scotia is responsible for system planning, energy resource procurement, and interconnection functions, but does not yet have operational control of the grid or ownership of the Open Access Transmission Tariff (“OATT”).”

Please provide the costs/revenue requirement allocated to each of IESO Nova Scotia’s core activities, i.e., system planning, energy resource procurement, interconnection, and other relevant functions. Please separate the direct allocation of costs to these activities, and the indirect/overhead costs.

Request IR-2:

Reference: IESO Nova Scotia – Fee Recovery Mechanism Progress Update (letter dated July 6, 2026)

IESO Nova Scotia states the following:

“...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.*
- 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.”

Please provide copies of the following documents:

- a) Feedback received from stakeholders in the group stakeholder engagement session (May 14, 2026);
- b) IESO Nova Scotia’s response to stakeholder feedback by email (May 26, 2026);
- c) Feedback received from stakeholders in the group stakeholder engagement session (June 18, 2026);
- d) Draft form of settlement agreement distributed to stakeholders for discussion (June 24, 2026); and
- e) Stakeholder feedback received on the proposed fee recovery mechanism (July 2, 2026).

Request IR-3:

Reference: IESO Nova Scotia fee recovery mechanism application (page 13 of 48)

IESO Nova Scotia states the following: *“The only IESO Nova Scotia costs identified as being a potential ‘direct cost’ benefitting an easily identifiable beneficiary are the third-party recoveries for general interconnection study procedures (i.e. conducting interconnection studies for interconnection customers). However, as noted in IESO Nova Scotia’s 2026/2027 Revenue Requirement Application (M12663), these direct costs associated with interconnection study procedures are netted out from the overall revenue requirement via third-party cost recovery, and are therefore not included as part of the proposed fees to be recovered from market participants.”*

Reference: IESO Nova Scotia fee recovery mechanism application (page 21 of 48)

IESO Nova Scotia identifies direct costs as ~7% of the revenue requirement (with interconnection costs as one example of direct costs), and inseparable core costs as ~93% of the revenue requirement.

- a) Please provide the detailed list of all direct cost components and their associated costs/revenue requirement (broken down to the most granular level of detail available).
- b) Please clarify the recovery mechanism for direct cost components other than interconnection fees. Specifically, are such costs recovered directly from the relevant LSEs when they are incurred (similar to interconnection fees), or are they included in the fees proposed in this application?

- 1 c) Please provide the list of all inseparable core cost components and their associated
2 costs/revenue requirement (broken down to the most granular level of detail available).
- 3 d) For each inseparable core cost component, please explain why it was classified as an
4 inseparable cost. Components sharing a common rationale may be grouped into like
5 categories for the purposes of this explanation.

6 **Request IR-4:**

7 For the following data requests, please provide the data in MS Excel format for 2024 (actual),
8 2025 (actual), 2026 (actual and forecasts), and 2027 (January to March forecasts):

- 9 a) Hourly load (in MWh), reported separately for each Nova Scotia LSE. If hourly data is not
10 available, please provide the most granular breakdown available.
- 11 b) Monthly coincident and non-coincident peak load (in MW), reported separately for each
12 Nova Scotia LSE.
- 13 c) Monthly Nova Scotia exports (in MWh), reported separately for each export jurisdiction.
- 14 d) Monthly electricity volumes wheeled through Nova Scotia Power's transmission grid. This
15 request is not limited to LSE load; please include volumes for all entities using the
16 transmission grid, including exports and LSEs not considered for cost allocation (if any).

17 **Request IR-5:**

18 Reference: IESO Nova Scotia fee recovery mechanism application (page 23 of 48)

19 IESO Nova Scotia states the following: "...IESO Nova Scotia will reevaluate its fee recovery
20 mechanism once it is under Phase 2 steady state operation, including consideration of whether
21 tariffs under the OATT are more appropriate for fee recovery when ownership of the OATT and
22 system operation and dispatch responsibilities transfer to IESO Nova Scotia."

- 23 a) Does IESO Nova Scotia anticipate filing a separate fee recovery mechanism application,
24 potentially proposing a different recovery mechanism, upon reaching Phase 2 steady state
25 operation?
- 26 b) If no to (a), does IESO Nova Scotia anticipate addressing this matter within its annual
27 revenue requirement application(s)?

1 **Request IR-6:**

2 Reference: Appendix 1 – Jurisdictional scan (PDF page 22)

3 Most of AEMO's participant charges are recovered from load through a 50% consumption-based
4 charge (per MWh) and a 50% fixed charge per connection point, and from generation through a
5 50% metered energy charge (per MWh) and a 50% capacity charge (per MW).

6 If known, please explain the rationale for AEMO's use of an even 50:50 division between the
7 variable and fixed components of these charges.

8 **Request IR-7:**

9 Reference: Appendix 2 – IESO enduring fee recovery mechanism (page 32 of 48)

10 FTI Consulting ("FTI") states the following: *"A charge applied to exports increases the marginal*
11 *cost of exporting electricity. As a result, some trades that would otherwise be economically*
12 *efficient may no longer occur, reducing total export volumes. Because the cost of providing ISO*
13 *services is fixed regardless of export volumes, any reduction in exports would simply shift*
14 *recovery of the revenue requirement to other market participants, creating a potential welfare loss*
15 *through a distortion of efficient trading patterns."*

16 a) Please confirm if the quoted passage above is the underlying reason for IESO Nova Scotia
17 not proposing allocating IESO Nova Scotia's revenue requirement to exports.

18 b) If not confirmed, please elaborate on the rationale for not proposing a methodology that
19 allocates fees to exports (both at this time and going forward if/when exports increase
20 substantially).

21 **Request IR-8:**

22 Reference: Appendix 3 – IESO Nova Scotia fee calculation model

23 The fee calculation model does not include carrying charges. Is this because the carrying charges
24 associated with the true-up of the 2025-26 revenue requirement are treated as "financing costs",
25 which are already included within the 2026-27 revenue requirement?

26 a) If yes, please provide the calculation of carrying cost associated with the 2025-26 true-up,
27 in MS Excel format.

- 1 b) If no, please explain the rationale for carrying costs not being considered in the fee
2 calculation model.
- 3 c) What is the estimated carrying cost (in basis points) for an under-recovery or over-
4 recovery of IESO Nova Scotia's revenue requirement in 2026-27?
- 5 d) Please describe the methodology used to calculate carrying costs. Please provide the
6 basis for determining the carrying cost rate and the compounding frequency.

7 **Request IR-9:**

8 Reference: Appendix 1 – Jurisdictional scan (PDF page 25)

9 FTI Consulting ("FTI") states the following: *"As comparisons to Nova Scotia's power system being*
10 *composed primarily (currently, almost entirely) of a VIU, we have included several grids with large*
11 *incumbent structures. The CAISO and ISO-NE have large, privately-owned VIUs that are part of*
12 *the geographical area they operate."*

- 13 a) Please identify each VIU within ISO-NE on which FTI relied in characterizing ISO-NE as
14 a grid with "large, privately-owned VIUs".
- 15 b) NYISO is a single-state ISO of a scale broadly similar to ISO-NE, which recovers its costs
16 through an ISO-only charge. Please explain why NYISO's cost recovery mechanism was
17 not reviewed.

18 **Request IR-10:**

19 Reference: Appendix 1 – Jurisdictional scan (PDF page 27, Table 6)

20 Table 6 indicates that IESO Nova Scotia serves approximately 1 million people, with 5,200 km of
21 transmission, 3 GW of installed capacity, 2 GW of peak load, 11 TWh of total energy consumption,
22 and Phase 1 operating costs of US\$10 million. The smallest comparator in the benchmarking
23 group, the AESO, is reported at 5 million people served, 26,000 km of transmission, 23 GW of
24 installed capacity, 12 GW of peak load, 63 TWh of total energy consumption, and operating costs
25 of US\$113 million. Every other comparator is materially larger, with operating costs ranging from
26 US\$206 million to US\$476 million.

- 27 a) Please explain what role, if any, the size of a market plays in determining whether a given
28 ISO is an appropriate comparator for the purpose of designing IESO Nova Scotia's fee
29 recovery mechanism.

- 1 b) Please explain whether, and if so how, the differences in scale set out in Table 6 affect
- 2 the transferability of each comparator's charge structure to IESO Nova Scotia.