



2025-26 Annual Report



Building a Strong Foundation for
Nova Scotia's Energy Future.



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IESO Nova Scotia respectfully acknowledges that its work takes place in Mi'kma'ki, the ancestral and traditional territory of the Mi'kmaq People, covered by the Peace and Friendship Treaties. The ongoing relationship of the Mi'kmaq with these lands and waters is recognized and honoured.

INTRODUCING IESO NOVA SCOTIA

IESO Nova Scotia is the province’s new, not-for-profit independent energy system operator, established under the Government of Nova Scotia’s *More Access to Energy Act* to take on responsibility from Nova Scotia Power for long-term electricity system planning, the procurement of new electricity resources, and the operation of the transmission grid.

Our mandate is to deliver a secure supply of electricity and enable the province’s ambitious renewable energy transition at the best possible cost to Nova Scotians.



Long-Term Electricity System Planning

Looking years into the future to determine how much electricity Nova Scotia will need and what infrastructure and resources will be required to keep power reliable, cost-effective, and aligned with provincial clean energy goals.

Procuring New Electricity Resources

Running competitive processes to find and select the projects that can deliver our future energy needs at the best cost for customers.

Operating the Transmission Grid

Operating the high-voltage grid and managing the flow of electricity across the province in a reliable, independent, and cost-effective way.



Independent

We operate independently of governments, utilities, and power producers, and our activities are overseen by our independent Board of Directors, as well as by the provincial energy regulator, the Nova Scotia Energy Board.



Not-For-Profit

We are a not-for-profit organization, meaning we have no shareholder or dividend requirements. Our costs are funded and trued up through customers’ electricity bills, and our decisions are driven by Nova Scotians’ needs, not by profits.



Transparent

We are transparent in our work to create a competitive energy system, that allows us to keep the power supply reliable as demand on the grid grows, accelerate the transition to renewable energy, and secure the most cost-effective electricity possible for Nova Scotians.

Our role as an independent system operator is exceptionally important at a time where Nova Scotia's electricity system is undergoing an unprecedented transformation and, at the same time, energy affordability has never been more top of mind for customers.

Demand for power is expected to continue growing with increased electrification and economic development, the coal-fired generation the province has relied on for decades is being phased out in the

coming years, and the grid is on its way to reaching 80% renewable electricity. Even more important, however, are Nova Scotians' needs: access to electricity that is available when it is needed — whether to heat classrooms, keep hospital operating rooms running, or power local businesses — at the lowest possible cost.

By operating independently, transparently, and with a not-for-profit mandate, IESO Nova Scotia is uniquely positioned to ensure decisions about the future of the electricity system are made with a singular focus on the public interest, as laid out in the *More Access to Energy Act*.



The Role of an Independent Energy System Operator

Around the world, electricity systems are becoming more complex. Demand for electricity is growing, aging infrastructure must be replaced, new technologies are emerging, and jurisdictions are working to reduce emissions while maintaining energy supply reliability and customer affordability.

In response, many jurisdictions, including Ontario, Alberta, most U.S. states, and many international markets, have adopted an independent energy system operator (IESO, often also referred to as Independent System Operators or ISOs, or as Regional Transmission Organizations or RTOs) model to serve as neutral stewards of the electricity system. The IESO concept is that of an independent, skilled, not-for-profit, and comparatively small organization identifying necessary energy system investments on the basis of greatest value to customers, not on the basis of commercial interest. The IESO role includes providing unbiased advice to policy makers, helping make challenging decisions and trade-offs with the public interest in mind, and operating as a neutral party to facilitate commercial and competitive arrangements for the broader benefit of customers. IESOs oversee critical system functions, including planning for future energy needs, securing new electricity resources, and directing the operation of the power grid.

Generally, independent system operators are independent of government bodies that set energy policy and of organizations that generate, distribute, or sell electricity, allowing them to make decisions based on what is best for the electricity system and the customers it serves, rather than the interests of any single market participant.

Delivering Value for Nova Scotians

Everything we do is guided by one objective: delivering value for Nova Scotians. That value begins with reliability.

Electricity powers nearly every aspect of modern life. It keeps hospitals operating, enables learning in schools and universities, supports businesses and industry, and powers the kitchen stoves, heat pumps, and electronic devices Nova Scotians rely on every day.

Behind every medical procedure, report card, manufacturing job, and hot meal is an electricity system that must work, every hour of every day. Ensuring there is enough electricity available when Nova Scotians need it is our most fundamental responsibility.

Just as vital, however, is electricity that is as cost-effective as possible for customers — so delivering value

also means harnessing the benefits of competition. Competitive procurement processes attract new developers to our province’s electricity market. By opening opportunities to a broad range of market participants, we can secure the best possible price for the resources Nova Scotia needs.

Finally, delivering value means providing independent analysis and decision-making.

As an organization that is independent of governments, utilities, and power producers, and one not driven by a need to make a profit, IESO Nova Scotia takes an objective, transparent, and evidence-based approach to identifying the solutions that best balance reliability, affordability, and sustainability.

Who We Are, How We Work

IESO Nova Scotia was created at a pivotal moment for our province's electricity system. The decisions made today will shape how Nova Scotians power their daily lives for decades to come. That responsibility requires more than technical expertise. It requires a team committed to serving the public interest with transparency, integrity, and purpose. As a new organization in its first year of operation, it was critical that, in 2025-26, we began to build the organizational architecture that advances our priorities and the culture that enables us to fulfill our mandate. This has included developing our Strategic Pillars, which lay out where we will be most focused in our foundational years, and our Guiding Behaviours, which serve as a guide for the actions and decisions of our entire team.

Our Strategic Pillars

IESO Nova Scotia was created with a clear mandate established in the *More Access to Energy Act*:

- Increase competition and innovation in Nova Scotia's energy sector
- Advance competitive procurement of new energy resources
- Ensure a safe, secure, reliable, and economical energy supply
- Support the province's environmental and emissions-reduction objectives
- Support transparent and coordinated system planning
- Successfully transition system operator responsibilities to an independent organization

These legislated objectives provide the foundation for our organizational strategy and define the outcomes we are expected to achieve on behalf of Nova Scotians.

The structure that supports this critical work is formed by five strategic pillars that focus our efforts and help ensure we are delivering on our mandate in a disciplined and purposeful way.

Completing the Creation of IESO Nova Scotia

As a new organization, one of our most important priorities is completing the transition to a fully independent energy system operator. This includes building the system operations, planning, engineering, and organizational capabilities required to effectively carry out our responsibilities under the *More Access to Energy Act* and serve Nova Scotians for decades to come.

Maintaining System Reliability and Adequacy

Reliable electricity underpins Nova Scotia's economy and quality of life. Through system planning, reliability studies, standards development, resource procurement, compliance activities, and regional collaboration, we work to ensure there is sufficient electricity available to meet the needs of customers today and into the future.

Delivering a Cost-Effective Energy Transition

Nova Scotia's transition to cleaner electricity must also be executed as cost-effectively as possible for customers. Through prudent planning, competitive procurements, demand-side integration, and thoughtful pacing of investments, we seek to support provincial energy objectives while carefully managing costs and creating long-term benefits for Nova Scotians.

Creating Transparent System and Market Access

Transparency and competition are central to the independent system operator model. We are working to establish clear, fair, and transparent processes for electricity system planning, interconnections, procurements, and future market mechanisms. By creating greater access to information and opportunities for participation, we can encourage innovation, support investment, and improve outcomes for customers.

Building Trust and Stakeholder Confidence

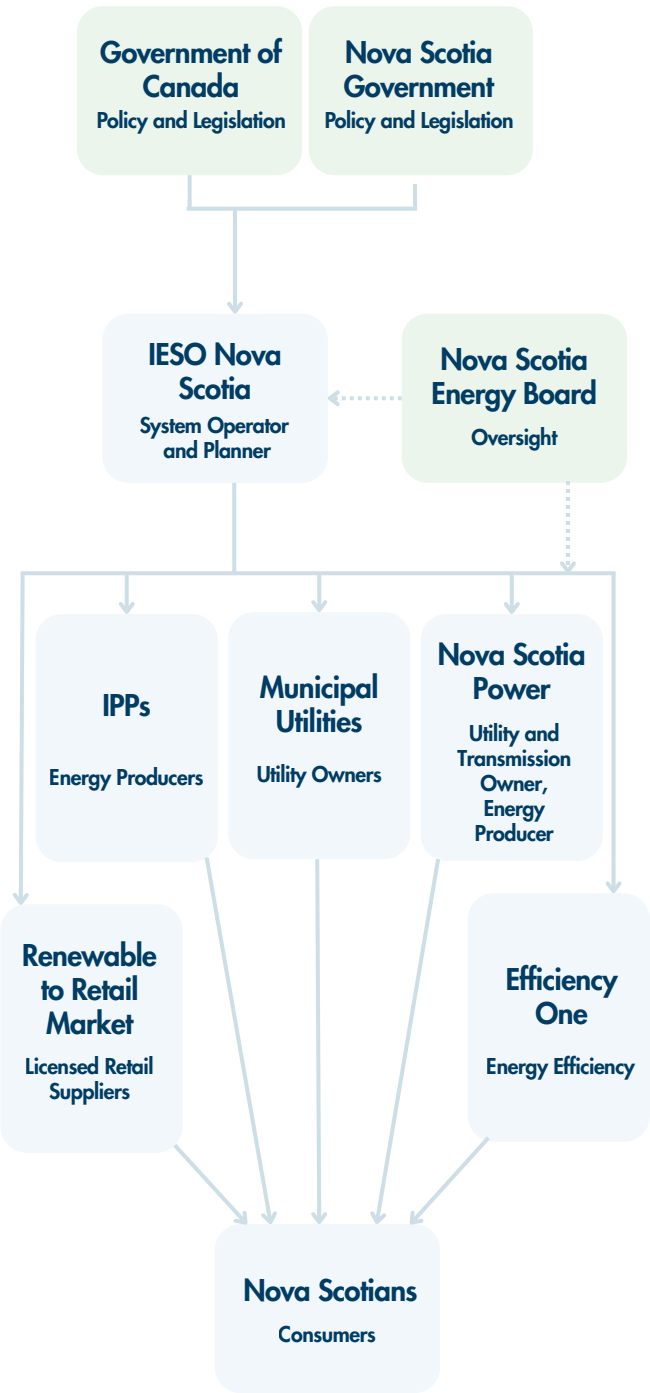
As an independent organization operating in the public interest, trust is essential to our ability to deliver the best possible outcomes for Nova Scotians. We are committed to meaningful engagement, open communication, transparent decision-making, and demonstrating the impact of our work through evidence-based analysis and insights. Building confidence among customers, Mi'kmaw communities and organizations, governments, industry participants, and other stakeholders is fundamental to achieving our mandate.

Our Guiding Behaviours

- **Transparent** — We are independent by design. We share information transparently, make decisions in the open, and hold ourselves accountable. Our actions are guided by a commitment to earning and maintaining people's trust.
- **Intentional** — What we do matters and we get it done. We act with intent, balance priorities, and make tough decisions to deliver results that provide long-term benefits for Nova Scotians.
- **Collaborative** — We prioritize people and relationships. We engage early, listen actively, and work respectfully. We show up as a collaborative partner, recognizing that diverse perspectives lead to better outcomes.
- **Curious** — We embrace the opportunity to learn and adapt. We look to identify new possibilities and innovative solutions within a continuously evolving energy system with courage and curiosity.

Roles in Nova Scotia's Electricity System

Nova Scotia's electricity system relies on several organizations working together, each with a distinct role. Together, these organizations help ensure Nova Scotians have access to reliable, affordable, and sustainable electricity.



Federal and Provincial Government

Policy and Legislation

Government sets energy, emissions, and electricity system policy, including the legislation that governs the electricity sector and IESO Nova Scotia's mandate.

IESO Nova Scotia

System Operator and Planner

IESO Nova Scotia is responsible for planning and operating Nova Scotia's electricity system to meet the province's future energy needs at the best possible cost to power customers. It identifies long-term system needs, procures new energy resources, connects new projects to the grid, and will oversee real-time grid operations.

Nova Scotia Energy Board (NSEB)

Regulatory Oversight

The regulator oversees electricity system operators and utilities, including approving rates and budgets. They also enforce reliability standards and monitor system performance.

Nova Scotia Power

Utility and Transmission Owner, Energy Producer

Nova Scotia Power owns, operates, and maintains most of the province's electricity transmission and distribution systems, which deliver power to homes and businesses across Nova Scotia, and manages customer connection and billing. It also generates electricity from a mix of energy sources.

Municipal Utilities

Utility Owners

Municipal utilities own, operate, and maintain local electricity distribution systems in the communities they serve. They deliver power to homes and businesses and manage customer connections and billing.

Independent Power Producers (IPPs)

Energy Producers

Independent power producers develop, own, and operate electricity generation facilities that supply power to Nova Scotia's grid. These include wind, solar, battery storage, and other energy companies that invest in and build new electricity resources.

EfficiencyOne

Utility Owners

EfficiencyOne helps deliver on Nova Scotia's clean energy and affordability goals by designing and administering energy efficiency and demand-side management programs that help to reduce electricity consumption and peak demand.

Renewable to Retail Market

Licensed Retail Suppliers

The Renewable to Retail program (RtR), overseen by the Nova Scotia Energy Board, allows eligible customers to purchase renewable electricity from licensed suppliers while relying on Nova Scotia Power to deliver it through the provincial grid.

MESSAGE FROM THE CHAIR OF THE BOARD



"This past year marked a transformational moment for Nova Scotia's electricity sector with the launch of IESO Nova Scotia and the beginning of our work as the province's independent system operator."

Douglas Reid
Chair of the Board, IESO Nova Scotia

The establishment of an independent energy system operator represents a significant evolution in how our electricity system is planned and managed. By separating system operations and key planning functions from electricity generation and distribution interests, Nova Scotians benefit from greater transparency, stronger accountability, enhanced competition in the market, and increased confidence that decisions are being made in the public interest.

As Chair of the Board, I am proud of what was accomplished during this foundational year. Establishing a new organization while supporting a reliable and evolving electricity system required focus, discipline, and a strong commitment to public service. Before the appointment of our inaugural President and CEO in August, and the subsequent arrival of the leadership team in the fall, the Board played a direct role in guiding the organization through its earliest stages. Together, we worked to establish the governance framework, organizational structure, policies, and operational foundations necessary to support IESO Nova Scotia's mandate and future success. With the

management team now in place, the Board's role has quickly moved to one of governance and strategic oversight.

From the beginning, the Board understood the responsibility entrusted to us. Reliable electricity is essential to the economic prosperity, health, and quality of life of Nova Scotians. Our role is to help ensure the province has a secure supply of electricity, support the transition to a cleaner and more sustainable energy future, and advance solutions that help keep power costs as affordable as possible for customers. These objectives are interconnected, and achieving them requires careful planning, prudent oversight, and a steadfast commitment to the public interest.

Strong governance is fundamental to building public confidence. From the outset, the Board has been committed to ensuring that IESO Nova Scotia operates with independence, transparency, and a singular focus on creating value for the people of our province. These principles guide organizational decisions and help ensure that customers, market participants, governments, Mi'kmaq communities

and organizations, and all other stakeholders can trust the important planning and procurement processes that shape Nova Scotia's electricity system.

This year also required action. IESO Nova Scotia advanced two critical initiatives needed to support system reliability and the province's energy transition: the procurement process for 300 to 600 megawatts of fast-acting generation capacity proposed for Pictou County, and an agreement to secure 100 megawatts of firm generation capacity from a new fast-acting facility being developed by NB Power. These projects represent important steps toward strengthening reliability while supporting the evolving needs of the electricity system.

Transparent and independent decision-making and responsible stewardship are not ends in themselves. They are the means by which we help ensure that investments are carefully evaluated, risks are appropriately managed, and decisions are made in a manner that serves the interests of Nova Scotians.

Equally important is the transparency provided by the reviews conducted by the Nova Scotia Energy Board, which helps ensure key activities remain subject to appropriate public scrutiny and accountability.

Together, independent governance and regulatory transparency create a framework that supports informed decision-making, public trust, and long-term value for customers.

While much has been accomplished, this is only the beginning. With a talented leadership team now in place and a strong organizational foundation established, IESO Nova Scotia is well positioned to meet the opportunities and challenges ahead. On behalf of the Board, I would like to thank our employees, as well as the partners, stakeholders, Mi'kmaq communities and organizations, and government officials that supported our work during this formative year.

We look forward to continuing our work to earn the trust of Nova Scotians and help build an electricity system that is reliable, transparent, affordable, and prepared for the future.

A handwritten signature in black ink, appearing to read 'Douglas Reid', followed by a stylized flourish.

Douglas Reid
Chair of the Board
IESO Nova Scotia

MESSAGE FROM THE PRESIDENT AND CEO



"IESO Nova Scotia, the Board, and our stakeholders are all working toward the same goal: reliably providing critical energy to Nova Scotians in the most affordable way possible."

Johnny Johnston

President and Chief Executive Officer, IESO Nova Scotia

Energizing Nova Scotia

A year ago, I arrived in Nova Scotia to take on a role unlike any other in my career: building a new organization from the ground up while helping shape the future of the province's electricity system.

There was no established organization, no office, and no employees. There was, however, a clear and ambitious mandate: to help Nova Scotia transition away from coal and toward 80% renewable electricity while maintaining reliability and delivering the best possible value for Nova Scotians. There was also a committed Board of Directors that had already rolled up its sleeves to begin laying the foundation.

The challenge before Nova Scotia is significant. The province already faces a tight balance between electricity supply and customer demand. At the same time, approximately 1,200 megawatts of firm coal-fired generation is to be phased out, electricity demand is expected to continue to grow, and we must integrate unprecedented levels of weather-dependent renewable generation. All of

this is occurring at a time when many Nova Scotian households and businesses are facing real affordability pressures.

It is against this backdrop that IESO Nova Scotia was created under the *More Access to Energy Act* as the province's independent, not-for-profit energy system operator.

One of our foundational activities was defining our purpose: Energizing Nova Scotia: Delivering a secure energy transition at the best possible cost for Nova Scotians.

We chose "Energizing Nova Scotia" deliberately. It speaks to our role in keeping the lights on, the critical role electricity plays in enabling Nova Scotia's economic growth, and our broader responsibility to help inform and advance energy conversations in the province.

Looking back on our first year, we have a lot to be proud of as we made progress on each of these areas. Our successes included building a new organization, assuming responsibility for

provincial electricity system planning and transmission interconnection, advancing critical reliability initiatives, and laying the groundwork for the next phase of Nova Scotia's energy transition.

Building While Delivering

Our first year required us to do two things simultaneously: build an organization capable of serving Nova Scotians for decades to come and begin delivering on the province's most urgent electricity priorities.

We established a functional office, implemented fit-for-purpose governance, financial controls, and operating systems, and built a highly capable team. In December 2025, we assumed responsibility from Nova Scotia Power for provincial system planning and the transmission interconnection process, an important milestone in the evolution of Nova Scotia's electricity sector.

We also spent considerable time listening and building relationships with Mi'kmaw communities, industrial customers, governments of all levels, community representatives, and project developers. Through these conversations, one message emerged consistently: reliability must remain foundational as Nova Scotia transforms its electricity system. That feedback has shaped much of our early work and decision-making. During 2025-26, we delivered on several key reliability priorities, including:

- Securing 100 megawatts of firm capacity from New Brunswick, providing additional reliability more quickly and cost-effectively than developing an equivalent new resource within Nova Scotia.

- Completing the necessary pre-work to launch a competitive procurement for at least 300 megawatts of fast-acting generation in July 2026. These are critical resources that will maintain electricity supply reliability as coal retires, and significantly reduce the province's emissions by providing the responsiveness and flexibility to enable greater levels of renewable generation on our grid.
- Launching Nova Scotia's inaugural independent Integrated Resource Plan (IRP) — the long-term electricity system roadmap that guides future energy procurements. We started by engaging stakeholders on opportunities to enhance this important process, and at the time of the completion of this report, our detailed analysis is ongoing as we work toward its publication in 2026-27.

Finally, we have been preparing for the next phase of our mandate: assuming responsibility for the independent real-time operation of Nova Scotia's transmission system from Nova Scotia Power.

First-Year Funding and Financial Performance

In our first year, to fund all of this critical work, IESO Nova Scotia secured \$2.7 million in provincial start-up funding, and \$5.3 million in annual revenue requirement approved by the Nova Scotia Energy Board (NSEB) for ultimate recovery from electricity customers.

I am pleased to report that our total operational spending for the year was \$0.3 million less than the total \$5.3 million budget approved by the NSEB in our 2025-26 revenue requirement. **As a not-for-profit, funds approved that are not spent return to customers through future adjustments.**

During the year, we secured interim financing and established a NSEB-approved interim fee mechanism to support our 2026-27 operations and filed our 2026-27 revenue requirement. Since our 2025-26 year-end, we have also filed for approval with the NSEB for an enduring fee mechanism to provide a sustainable and transparent funding framework for the years ahead.

While IESO Nova Scotia represents only a very small share of the overall cost of electricity, we recognize that ultimately our costs are borne by customers. We therefore remain firmly focused on disciplined cost management and delivering demonstrable value for every dollar we spend.

Looking Ahead

Nova Scotia has an extraordinary opportunity to build one of North America's cleanest and most innovative electricity systems. Realizing that opportunity will require thoughtful planning, disciplined execution, and sustained industry-wide collaboration.

If IESO Nova Scotia's year one was about laying the foundation, year two is about delivery.

We plan to complete the Integrated Resource Plan, progress critical capacity procurements including battery storage, and continue to make progress

toward the transition of real-time grid operations, all while continuing to mature our organization, expand and strengthen a broad range of important relationships, and further engage and educate on the transition ahead.

Building a new organization while helping lead the most significant transformation of Nova Scotia's electricity system in generations is no small undertaking. I am incredibly proud of what we have accomplished in our first year. None of it would have been possible without the leadership and support of our Board and the dedication, expertise, and commitment of our employees. I am deeply grateful to both.

I could not be more optimistic about Nova Scotia's energy future, or more excited about the role IESO Nova Scotia can play in helping achieve it.

A handwritten signature in black ink, appearing to read 'Johnny Johnston', with a stylized, flowing script.

Johnny Johnston
President and CEO
IESO Nova Scotia

2025-26 YEAR IN REVIEW

All that has been accomplished in IESO Nova Scotia's inaugural year was driven by a singular objective: deliver value for the province and its people. That goal powered our entire organization — from our Board of Directors to leadership to every member of our small-but-mighty team — to accomplish a remarkable amount on behalf of Nova Scotians.

While 2025-26 marked our first year of operations, it was far more than a year of just organizational start-up. In a few short months, IESO Nova Scotia established foundational capabilities, launched major long-term planning and capacity procurement initiatives, assumed key electricity system responsibilities from Nova Scotia Power, began building critical stakeholder relationships across the province, and made significant progress on its mandate to deliver a secure supply of electricity and enable the renewable energy transition at the best possible cost for Nova Scotians.

Building an Organization to Deliver Value for Nova Scotians

IESO Nova Scotia was created by provincial legislation to manage the province's electricity system — from long-term planning to new resource procurement to operating the grid in real time — independently of governments, utilities, and power producers, and in the best interests of Nova Scotians.

Achieving that objective requires more than creating a new organization. It requires building the capabilities, expertise, and governance structures necessary to deliver real value for the province.

IESO Nova Scotia's Board of Directors was appointed in February 2025, and our organization's first employee, President and CEO Johnny Johnston, was hired in August 2025. From that point forward, we have moved rapidly to establish the foundations required to execute on our legislated responsibilities.

Throughout the 2025-26 fiscal year, IESO Nova Scotia:

- Established foundational governance, financial, and administrative systems
- Secured office space and operational infrastructure
- Developed organizational policies, controls, and accountability frameworks
- Recruited key leadership and technical personnel
- Built internal capabilities in planning, procurement, stakeholder engagement, regulatory affairs, finance, and corporate services

By the end of our inaugural year of operations, IESO Nova Scotia had grown to 28 employees, with recruitment continuing for additional critical positions to be filled in our second year. Our organization is lean, with every role focused on delivering a secure supply of electricity and enabling the renewable energy transition at the best possible cost for Nova Scotians.

The pace of growth through the 2025-26 fiscal year reflected the urgency of our mandate: Nova Scotia's balance of electricity supply and demand is tight today — and with demand only continuing to grow, and ambitious clean energy targets to phase out coal, which still provides nearly 40% of the province's electricity supply, over the next few years — there is no time to lose.

Building organizational capability quickly in 2025-26 was essential to enable a smooth transfer of responsibility for the planning, resourcing, and operation of Nova Scotia's electricity grid in a way that keeps it reliable and as cost-effective as possible for customers in the years ahead, even as we navigate one of the largest transformations the energy system has ever seen.

Building Trust Through Engagement and Transparency

At the centre of our electricity system, and the way we make decisions about it, are Nova Scotians.

Ultimately, the system is designed, built, and operated for the people of this province. To allow them to run their businesses. To enable life-saving medical care in our hospitals. To keep the lights and the heat on in Nova Scotians' homes, schools, and workplaces.

Decisions about the future of our electricity system affect communities across our province, and require collaboration with governments, regulators, Mi'kmaw communities and organizations, utilities and independent power producers, customers, and other stakeholders.

From our earliest days, IESO Nova Scotia has prioritized relationship-building, transparent information-sharing, and open dialogue.

Throughout 2025-26, our team met with well over 100 different community, Mi'kmaw, industry, and regulatory stakeholders, many of them multiple times, and with many more individual Nova Scotians, through everything from boardroom meetings to community office hours to open houses to structured engagement sessions.

These include, but are not limited to:

- Mi'kmaw communities and organizations
- Municipal, provincial, and federal government representatives
- Customer and consumer representatives
- Independent power producers
- Industry associations
- Utilities and regional partners

IESO Nova Scotia also convened six dedicated sessions with regulatory stakeholders in its first year in operation, to share updates on organizational development and emerging initiatives.

These conversations help inform our work while also growing stakeholders’ understanding around Nova Scotia's energy challenges and opportunities.

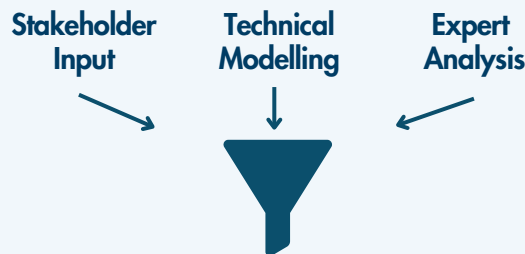
As a new organization operating in a rapidly changing environment, building trust is essential to our ability to deliver on our mandate for the people of our province. The relationships we started to build during our first year will help shape IESO Nova Scotia’s planning, procurement, and operational decisions in the years ahead.

Launching IESO Nova Scotia's First Integrated Resource Plan



Integrated Resource Planning

- Planning for future electricity demand and varying scenarios
- Determining the right mix of energy sources to reliably & cost-effectively meet demand
- Advancing Nova Scotia’s transition off coal and onto predominantly renewable energy
- Guiding procurement by identifying when and where to build new generation, transmission, and energy storage resources



Energy systems all over the world rely on regular and robust long-term planning to ensure their grids have adequate electricity supply to meet current and future demand, adhere to government policy and regulatory requirements, and can serve customers reliably across a broad range of operating conditions — from low-wind days that don’t generate enough renewable energy to serve the full system load, to periods of peak power consumption, to instances where generation or transmission facilities are down for maintenance.

Here in our province, that long-term planning process is called the Integrated Resource Plan (IRP), and the responsibility for leading it is one of the key functions transferred from Nova Scotia Power to IESO Nova Scotia.

The IRP is critical to guide our province’s development of the right mix of electricity resources to deliver a secure supply of electricity and enable the renewable energy transition at the best possible cost for customers, both now and into the future. It looks at how the entire electricity system works together and identifies what investments, upgrades, and changes will be needed over time, analyzing these decisions through many lenses, including cost, emissions intensity, efficiency, and infrastructure resilience. Through expert analysis, stakeholder input, and technical modelling, it creates a roadmap for a reliable, low-carbon, cost-effective power grid for the next 20 to 30 years.

IESO Nova Scotia kicked off its inaugural IRP in October 2025. The planning process was launched with a review of existing planning approaches and a commitment to extensive stakeholder engagement, with a particular focus on ensuring transparency and establishing confidence in the process from the outset.

The Integrated Resource Plan will ultimately guide future procurements and investment decisions, helping Nova Scotia navigate a period of significant transformation that includes:

- Continuing to prioritize a reliable electricity supply to meet Nova Scotians' needs in the most cost-effective way possible
- Meeting the province's growing electricity demand from population increases, economic development, and the electrification of homes, businesses, and transportation
- Phasing out coal-fired generation and reaching 80% renewable electricity in the province over the next few years

By initiating this work in our first year, IESO Nova Scotia laid the groundwork for a data-driven and independent approach to long-term energy planning.

Strengthening Reliability Through Regional Cooperation

Resource adequacy — or ensuring there is enough electricity supply to meet Nova Scotians' needs on any given day — remains one of the most pressing challenges facing Nova Scotia's electricity system. On an average day, when the weather is mild and generation facilities are all available as intended, supply and demand in the province are well balanced. If, however, on a very cold or very hot day when the wind isn't blowing, power consumption spikes as Nova Scotians' homes, businesses, schools, and critical facilities like hospitals try to manage indoor temperatures, and that balance becomes a lot tighter. Our province has seen a number of days like this over the past 12 months.

The North American Electric Reliability Corporation, the international power system regulatory authority responsible for overseeing electricity reliability across North America, further and independently reinforced the urgency of these challenges in its most recent long-term resource adequacy assessment. In its 2026 State of Reliability Report, the Maritimes region, including Nova Scotia, is the only region on the continent to be identified as having elevated reliability risks.



Nova Scotia's tight electricity margin was underscored during the January 24-26, 2026 cold snap that brought the province dangerously close to requiring rolling power outages. On a typical day, Nova Scotia has access to imported electricity from Newfoundland and Labrador Hydro (NL Hydro) through the Maritime Link, which is an important component of our energy mix that can help to keep the lights and the heat on for Nova Scotians. However, during the early part of this multi-day cold snap, NL Hydro temporarily lost generation from a key hydroelectric generating facility, meaning that province was experiencing its own urgent shortfall. While NL Hydro worked to restore its facility, Nova Scotia was able to share critically needed power with its neighbour to help them avoid outages. As conditions changed and Newfoundland and Labrador's supply situation improved, while temperatures further dropped in Nova Scotia and outage risks spiked, power flows were able to be reversed, allowing Nova Scotia to meet its record demand with the help of imported electricity from Newfoundland and Labrador. This regional collaboration, supported by critical interprovincial transmission infrastructure, enabled both provinces to navigate the demanding conditions without widespread outages.

Nova Scotia is taking all the right actions to meet this moment, but it is important that they continue to be advanced with purpose. Since coming into existence, IESO Nova Scotia has been moving quickly to secure

additional resources to address these challenges. One of our most significant accomplishments toward this in 2025-26 was reaching an agreement with New Brunswick Power to access 100 megawatts of fast-acting capacity from New Brunswick's Renewables Integration Grid Security (RIGS) facility due to come online in 2028.

This agreement delivers access to urgently needed firm, or on-demand, power on the fastest timeline and at the best cost possible by leveraging work done over the last few years by our neighbours in New Brunswick, highlighting how regional collaboration can create real value for the electricity system and the customers who rely on it.

Procuring Resources to Enable the Energy Transition

Nova Scotia has an ambition to be a world leader in renewable — particularly wind — energy. With some of the strongest onshore and offshore winds on the planet capable of generating clean, cost-effective power that doesn't require fuel imported from other jurisdictions, it's easy to understand why. To harness this resource, Nova Scotia is building out a wind generation fleet that is one of the most ambitious globally for the size of our electricity system. This is a key part of what will allow us to go from 45% renewable electricity today to 80% in just a handful of years, with significant potential in the future for further growth of renewable energy supply at home, or the development of exports to energy markets beyond Nova Scotia.

This transition, though, requires more than just building additional wind farms. If our province is going to rely predominantly on renewable energy, which, due to the nature of wind and sun conditions, isn't constant or guaranteed, we need to be smart and strategic about what resources we use to serve as a balance or backup in those moments when renewable generation isn't enough to meet the needs of Nova Scotians' homes, businesses, hospitals, and schools — because not having enough electricity supply to keep their lights on is not an option.

Analysis has shown that the most cost-effective way to meet this need for Nova Scotia today is a mix of battery storage, converting some existing coal-fired power plants to other fuels, and adding new fast-acting natural gas-fired facilities.

IESO Nova Scotia is working to deliver all of these, but fast-acting generation equipment has the longest lead times. That's why, starting in early 2025, one of our first actions was to begin advancing work to secure these new facilities our province needs to maintain a reliable supply of electricity to the grid we all depend on.

Fast-acting generators are the flexible, responsive resource the system needs to allow Nova Scotia to maximize our use of the clean energy our renewable resources produce, while being able to quickly kick in when renewable generation drops and ramp back down as soon as they're no longer needed. They are the most cost-effective way to keep our electricity supply reliable for Nova Scotians.

In the fall of 2025, IESO Nova Scotia issued a Request for Expressions of Interest for developers to build, own, and operate one or two 300-megawatt fast-acting generation facilities in Pictou County. After receiving several expressions of interest through this process, our team began preparing to launch a competitive procurement.

Critical to this work has been extensive engagement, starting in September 2025, with municipal officials, Mi'kmaw communities and organizations, local residents, industry participants, and other stakeholders to gather feedback on the proposed facilities, from environmental concerns to technical questions to project benefits, that has meaningfully informed the mandatory requirements of any proponent seeking to submit a proposal. This engagement has taken many forms, including sit-down meetings at kitchen tables and council chambers, informational open houses, community liaison committees, informal drop-in office hours and structured engagement sessions.

We have also highlighted opportunities for interested stakeholders to give feedback on our provincial Environmental Assessment, our submission to the Impact Assessment Agency of Canada, draft versions of our procurement documents, and other important project steps.

IESO Nova Scotia has set numerous mandatory requirements in the fast-acting generation RFP that proponents must meet, including local community and Mi'kmaw economic development benefits, using low-water-use emission control technology, and designing facilities to be able to transition to non-fossil fuels when they become economically available. Only proposals that meet all of these requirements will be considered. Eligible proposals will then be evaluated based on cost-effectiveness and value to the system through detailed technical analysis and modelling, to determine the most efficient option for customers.

To support this critical work to secure urgently needed firm, or on-demand, power generation resources, IESO Nova Scotia has also announced that, in October 2026, we will launch our next procurement process, initiating a competitive, technology-neutral process for on-demand power that could include energy storage technology, such as grid-scale batteries, or other on-demand generation technologies. On-demand power capacity is critical to ensuring electricity is available whenever it is needed, including during periods when wind generation is low, which can occur for days at a time. The combination of the Integrated Resource Plan (IRP) and information from these two procurement processes will mean that IESO Nova Scotia is best placed to secure the most cost-effective mix of resources that meet our reliability needs on behalf of customers.

The progress made in IESO Nova Scotia's first year of operations — before being fully stood up or staffed — toward securing the resources the province needs to maintain a reliable, cost-effective, low-carbon electricity system demonstrates the deep commitment of our team to delivering value for Nova Scotians.

Successfully Transitioning New Responsibilities

On December 1, 2025, IESO Nova Scotia assumed the first of its mandated responsibilities with the successful transition of 21 system planning employees from Nova Scotia Power.

The transition represented a significant milestone in the implementation of Nova Scotia's independent system operator model.

Responsibilities transferred included:

- Transmission planning activities
- Executing the province's Integrated Resource Plan process
- Management of interconnection processes
- The procurement of new electricity system resources

Successfully executing this transition required extensive preparation to set up the workspaces, technology, and internal processes needed to enable this team to hit the ground running with their critical work for Nova Scotia's electricity system.

This milestone marked the first major operational transfer under the *More Access to Energy Act* and established the foundation for the next phase of IESO Nova Scotia's mandate: real-time operation of the grid.

In the latter part of 2025-26 and continuing into 2026-27, our team advanced planning for this next major phase of the transition, which represents a transformational step for the organization and the province's electricity sector. This work focused on organizational readiness and identifying the systems and capabilities required to successfully and cost-effectively transfer grid operation responsibilities to IESO Nova Scotia, and deliver the associated benefits to customers.

Once implemented, the expanded mandate will enable IESO Nova Scotia to provide independent oversight of real-time system operations while supporting efficient dispatch of electricity resources across the system.

This change will enhance transparency and increase independence in how the grid is operated, and continue to enable the system to be run and resources to be deployed as efficiently as possible through a period of substantial transition, creating long-term benefits for electricity customers across the province.

Establishing the Financial Framework to Deliver the Mandate

Finally, as a brand-new organization, IESO Nova Scotia undertook considerable work to build the financial and regulatory foundations needed to deliver on our mandate.

In August 2025, our first-ever revenue requirement application was filed with the Nova Scotia Energy Board with an operating budget of \$5.3 million to support critical organizational startup activities and four months of 2025-26 operations, through to the end of March 2026. Our inaugural revenue requirement application was fully approved in February 2026.

In January 2026, IESO Nova Scotia filed its second revenue requirement application for the 2026-27 fiscal year — our first full year of operations — for \$14.9 million. This proceeding is ongoing at the time of completing this annual report, and the outcome will be included in next year's report. In the January filing, we also asked for approval of an interim funding mechanism to provide necessary cashflow to support operations while an enduring solution was developed, filed, and approved. The interim funding mechanism was approved by the Nova Scotia Energy Board in February 2026, and is set to continue through the fiscal year 2026-27 or until an enduring mechanism is approved.

In parallel with these applications, we have initiated relationship-building and engagement efforts with regulatory stakeholders and developed an enduring fee recovery mechanism that will support our organization's long-term operations with a transparent and predictable method of covering the costs of independent energy system operations for the province. This proposed mechanism was filed with the Nova Scotia Energy Board after the end of the 2025-26 fiscal year, in July 2026, and the outcome will be included in IESO Nova Scotia's 2026-27 annual report, as the accompanying proceeding is ongoing at the time of completing this 2025-26 report.

Together, these efforts established a strong foundation for responsible financial stewardship.

In just ten months, IESO Nova Scotia moved from concept to action. We established a new organization, assumed major electricity system responsibilities, launched critical planning and procurement initiatives, built important stakeholder relationships, and took meaningful steps to address some of Nova Scotia's most pressing energy challenges.

While much work remains ahead, our first year demonstrated what can be achieved through focused leadership, collaboration, and a clear commitment to the public interest. We remain dedicated to delivering on our mandate and building an energy system that serves Nova Scotians today and for generations to come.

CASE STUDY: Strengthening the Foundation for Nova Scotia's Energy Future



Ensuring electricity is available, as cost-effectively as possible, for Nova Scotians when they need it depends on good planning. In its first year of operation, IESO Nova Scotia took an important step toward strengthening the province's energy future by examining how long-term electricity system planning is conducted and identifying opportunities to make it even better.

As Nova Scotia works toward delivering on ambitious clean energy targets and coal phase-out commitments, reliably meeting growing electricity demand, and supporting increased regional integration, effective planning has never been more important. Recognizing this, IESO Nova Scotia commissioned an independent review of the province's most recent Integrated Resource Planning (IRP) cycle to ensure future planning processes are transparent, robust, and aligned with the needs of electricity customers.

Building on a Strong Foundation

The review, conducted by Dunskey Energy + Climate Advisors, assessed the Nova Scotia's 2020-25 IRP process across three areas: governance and

stakeholder engagement, analytical methods, and planning outcomes. The assessment included engagement with more than 60 stakeholders, a comparison with leading jurisdictions across North America and Australia, and an extensive review of planning documents.

The findings confirmed that Nova Scotia's previous IRP established a strong foundation and broadly aligned with industry best practices. Stakeholders recognized the process for its transparency, technical rigor, and meaningful engagement. The review found that planning assumptions were generally credible, modelling tools were industry-standard, and the resulting action plans helped guide important energy decisions during a period of significant change.

Importantly, the assessment also highlighted areas where the planning process could evolve to better serve Nova Scotians.

Creating Value Through Independent Review

For IESO Nova Scotia, commissioning the review was about more than evaluating past work. It was about creating long-term value for electricity customers by ensuring future investment decisions are informed by the strongest possible planning framework.

The review identified opportunities to simplify and improve planning scenarios, strengthen the representation of emerging technologies such as energy storage and offshore wind, enhance public engagement, and create clearer pathways for translating planning outcomes into system actions.

Several recommendations focused on improving clarity and predictability. For example, stakeholders expressed support for establishing a regular planning cadence, publishing clearer update triggers, and creating a more defined process for selecting and communicating preferred planning pathways. These improvements will help ensure future plans remain actionable and responsive in a rapidly changing energy landscape.

Setting the Stage for IESO Nova Scotia's Inaugural IRP

The assessment provides a roadmap for IESO Nova Scotia as it prepares to lead Nova Scotia's next IRP.

Priority actions identified for the inaugural IESO Nova Scotia plan include releasing clear terms of reference, building on the organization's existing initiative to engage Mi'kmaq communities and organizations in the province's long-term energy system planning, updating resource cost assumptions, refining demand-side management and distributed energy resource analysis, improving

transmission planning, and publishing a clear action plan that identifies preferred pathways and key system signposts.

The recommendations strike an important balance: preserve what worked well in the previous planning cycle while introducing targeted improvements that reflect IESO Nova Scotia's new responsibilities as an independent system planner.

Delivering Benefits for Customers

Long-term electricity planning can seem technical, but its impact is tangible. Better planning helps ensure that new infrastructure investments are made at the right time, that emerging technologies are evaluated fairly, and that Nova Scotia's three key priorities for its energy system — reliability, affordability, and environmental objectives — are considered together.

By undertaking this review in its first year, IESO Nova Scotia demonstrated its commitment to evidence-based decision-making, stakeholder collaboration, and continuous improvement. The work provides a stronger foundation for future planning decisions and helps ensure that Nova Scotia's electricity system evolves in a way that delivers value for customers while supporting the province's clean energy ambitions.

As Nova Scotia's independent system operator, IESO Nova Scotia is helping build a planning framework that is more transparent, more inclusive, and better equipped to guide the province through one of the most significant energy transitions in its history. Through this work, the organization is laying the groundwork for a reliable, cost-effective, and clean electricity system for decades to come.

CASE STUDY: Finding a Well-Suited Workspace for IESO Nova Scotia



Finding suitable office space is never easy — particularly for a new organization working to become operational quickly and cost-effectively on behalf of electricity customers.

IESO Nova Scotia began searching for premises in June 2025, with the goal of having that space operational by December 1. The timeline was ambitious, and Halifax’s constrained office market added to the challenge. According to Colliers, Halifax had the lowest office vacancy rate among the major Canadian markets at the time.

The search revealed two significant obstacles. Few available spaces were large enough to meet the organization’s needs, and those that were suitable would have required extensive renovations. The work could have extended well into 2026 and, in some cases, was estimated to cost several million dollars to complete and furnish.

A Timely Opportunity

As fall arrived and our deadline approached, the team began developing temporary alternatives. These would have been more expensive and less

effective operationally but would have supported the planned transition from Nova Scotia Power in December.

Then, through relationships established during IESO Nova Scotia’s start-up, the team learned that space had just become available in TD Tower.

It was also the right size, in good condition and already configured with meeting rooms. Much of the required office furniture had been left in place and could be reused. Working with its real estate advisors, IESO Nova Scotia negotiated and signed a lease at the end of October, leaving just one month to prepare the office.

Getting Ready

November was an exceptionally busy month. Carpets were cleaned, walls were painted and the required IT infrastructure was installed.

To create the collaborative environment needed for different types of work, some existing offices were converted into meeting and shared working spaces. All employees, including the CEO, work in an

open-plan environment designed to reinforce transparency, information sharing and collaboration. Additional furniture, storage and fittings were sourced cost-effectively from a well-known Swedish company to complete the space. This was all completed in parallel with hiring a leadership team, putting in place HR systems and processes, implementing a financial system and reporting, and supporting ongoing regulatory processes.

Opening the Doors

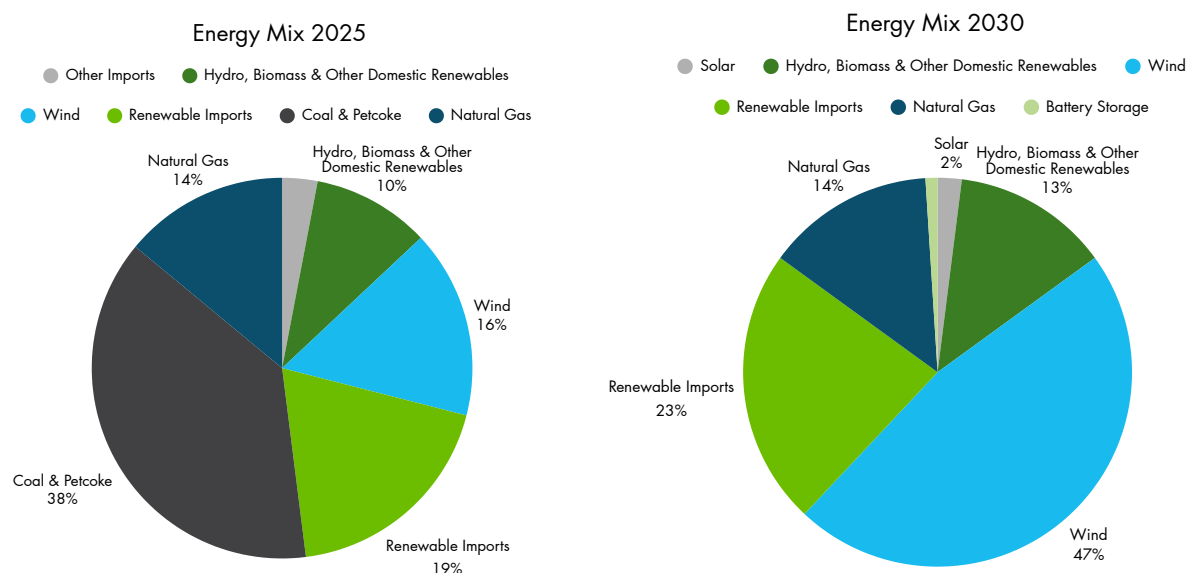
On December 1, 2025, approximately 25 employees walked through the doors and got to work. The office continues to evolve as the organization grows, but provides IESO Nova Scotia with a functional and collaborative workplace as the team balances business requirements, a demanding implementation schedule and the need to manage costs for customers.



WHAT COMES NEXT

IESO Nova Scotia's first year was focused on establishing an effective and capable organization, assuming critical electricity system planning and procurement responsibilities, and laying the groundwork for many important initiatives ahead. In 2026-27, our focus shifts from building the foundation to delivering on it.

Nova Scotia's electricity system is in a period of significant transformation. Electricity demand is anticipated to continue to grow while the grid transitions from 45% renewable electricity today to 80% renewable electricity and phases out coal entirely in the coming years.



Working to meet these objectives while maintaining a reliable supply of electricity and managing costs for customers will require thoughtful planning, disciplined execution, and continued collaboration with all levels of government, regulators, Mi'kmaw communities and organizations, electricity market participants, and other stakeholders. Over the coming year, IESO Nova Scotia will advance several critical priorities that will help shape the future of the province's electricity system.

Completing Nova Scotia's First Independent Integrated Resource Plan

A critical deliverable for our team in the months ahead will be the completion of Nova Scotia's first independently run Integrated Resource Plan (IRP).

The IRP will provide a long-term roadmap for the electricity system, identifying the mix of resources and infrastructure needed to reliably meet future demand while aligning with provincial and federal clean energy policy and delivering the best possible value for customers. The plan will guide future procurements, investment decisions, and system development activities to prepare the system to remain resilient in Nova Scotia's changing energy landscape.

Securing the Resources Nova Scotia Needs for A Clean, Cost-Effective Grid

As coal-fired generation is retired and renewable electricity forms the largest share of the province's energy mix, additional resources will be needed to maintain system reliability.

In 2026-27, IESO Nova Scotia expects to use the combination of its Integrated Resource Plan, current fast-acting generation RFP, and technology-neutral RFQ, which will be launched in October 2026, to identify the most cost-effective mix of resources to meet its near-term on-demand, or capacity, reliability requirements and move forward with awarding contracts through competitive procurement processes. These resources will play an important role in maintaining a secure supply of electricity for Nova Scotians, while enabling more renewable generation to be added to the grid. Energy storage is a critical component of the province's electricity system, helping capture renewable energy when it is abundantly available and deploy it when customers need it most.

Together, these procurements will continue the build-out of the balanced portfolio of resources required to support supply reliability, a cost-effective system for customers, and the province's clean energy objectives.

Preparing for Independent System Operations

In 2026-27, IESO Nova Scotia plans to make material progress preparing for the next major phase of its mandate: assuming responsibility for the real-time operation of the province's high voltage electricity grid from Nova Scotia Power.

This work includes developing the systems, processes, facilities, and expertise required to independently perform critical system operation functions, including ensuring electricity supply and demand remain balanced second-to-second, determining which resources run and when, and directing the operation of the high-voltage transmission system that moves power across the province from where it is generated to where it is needed.

The transition will represent a significant milestone in the evolution of Nova Scotia's electricity sector. Independent system operations will enhance transparency, strengthen accountability, support greater competition, and help ensure the system is run as efficiently and cost-effectively as possible. The plans are still being finalized, but at this stage it is anticipated that this transition will happen in 2027-28.

Building Relationships, Trust, and Understanding

As a new organization, IESO Nova Scotia will continue investing in relationships with Mi'kmaw communities and organizations, governments at all levels, industry participants, and Nova Scotians from across the province.

We will continue expanding opportunities for participation in our planning and decision-making processes, strengthening stakeholder engagement, and increasing public understanding of the opportunities and challenges facing Nova Scotia's electricity system. These efforts will help ensure decisions are informed by diverse perspectives and build confidence in the independent role IESO Nova Scotia plays on behalf of Nova Scotians.

Delivering on Our Mandate

The work ahead is both ambitious and important. The coming year will be a critical one for IESO Nova Scotia as we advance the plans, procurements, and system changes that will help us deliver on our mandate to provide a secure supply of electricity and enable the renewable energy transition at the best possible cost for Nova Scotians.

In our work on long-term energy system planning, procuring the critical new resources our system needs, preparing for independent management of the electricity grid, and continuing to build trust through transparency and engagement, we will remain focused on creating lasting value for the people and communities we serve.

MANAGEMENT FINANCIAL OVERVIEW (UNAUDITED)

As an independent system operator, IESO Nova Scotia, like our counterparts around the world, has been set up to be funded ultimately by electricity customers. IESO Nova Scotia is expected to submit an annual revenue requirement and proposed fees to recover that revenue requirement from users of the transmission system (like Nova Scotia Power and municipally-owned utilities) to the Nova Scotia Energy Board (NSEB) for approval before the end of the calendar year preceding our next fiscal year. Once approved, the users of the transmission system would pay their fees to IESO Nova Scotia and then, as appropriate, pass those costs onto their customers as part of their electricity charges.

The process differed somewhat in 2025-26 because it was IESO Nova Scotia's first year of operation. First, it was not possible to file in advance of our fiscal year, as no Board members or employees were yet in place. Additionally, IESO Nova Scotia received provincial grants of \$2.675 million in March 2025 to help cover startup costs, which were not included within our inaugural application. Finally, in order to enable us to submit our 2025-26 application as early as possible to the NSEB to provide visibility on our costs, IESO Nova Scotia did not include a proposed fee recovery mechanism with that initial application, as more time was required to develop an approach and proactively share information with regulatory stakeholders. An interim fee approach was filed and approved by the NSEB in January 2026, alongside our 2026-27 revenue requirement application, and an enduring fee mechanism was filed in July 2026.

In August 2025, IESO Nova Scotia filed our 2025-26 revenue requirement application with the Nova Scotia Energy Board (NSEB), requesting approval of a total net spend of \$5.307 million to undertake our mandate on behalf of Nova Scotian electricity customers. For the period ending March 31, 2026, IESO Nova Scotia's net adjusted expenses totaled \$4.963 million, when presented in a format consistent with the NSEB filing. This represents a surplus of \$0.344 million versus our plan, or roughly 4% of the total planned \$8.519 million spend for the year. This total planned spend included the \$5.307 million from the revenue application, \$2.675 million from provincial grants to support our start-up, and estimated interconnection work of \$0.538 million. As a not-for-profit entity, this \$0.344 million surplus will be to the benefit of customers, and will be addressed as part of IESO Nova Scotia's next revenue requirement application.



IESO Nova Scotia has completed and included in this annual report its first set of audited financial statements for the period ended March 31, 2026. They were prepared in accordance with International Financial Reporting Standards (IFRS) and were approved by our Board of Directors on August 11, 2026.

Table 1 below reconciles total expenses of \$8.217 million in the financial statements to adjusted net expenses of \$4.963 million, the amount used for comparison against the approved revenue requirement request. The primary adjustment is to first remove expenses equal to the other revenue streams of government grants (\$2.675 million), actual revenues from interconnection work (\$0.421 million) and bank interest (\$0.052 million) which were not included in the filed revenue application because these revenues were used first before allocating expenses to be passed on to customers. The secondary, and much smaller, adjustment is for certain IFRS accounting treatment that differed from the presentation in the revenue application (\$0.106 million).

Table 1:

Total 2025-26 expenses per IFRS financial statements	\$8.217
Less: Revenues netted against expenses ¹	(3.148)
Less: IFRS adjustments ²	(0.106)
Net adjusted 2025-26 expenses - revenue application basis (A)	\$4.963
Approved 2025-26 revenue requirement (B)	\$5.307
Difference: Adjusted expenses less approved revenue requirement: over/(under) (A – B)	(\$0.344)

¹Revenues netted against expenses consist of: Government grants received in 2025-26 (\$2.675 million) plus interconnection revenues and interest revenue earned in 2025-26 (\$0.473 million). This presentation is consistent with the IESO Nova Scotia expense and revenue application filed with the NSEB.

²IFRS adjustments are (1) to convert the accounting treatment of the long-term office lease to a cash basis (\$0.021 million) and (2) to remove amortization charges that relate to assets not included on the revenue application (\$0.085 million).

IESO Nova Scotia's full 2025-26 revenue requirement of \$5.307 million was approved by the Nova Scotia Energy Board in February 2026. As discussed above, a proposed fee recovery mechanism was not included along with that application.

Although IESO Nova Scotia finished the 2025-26 fiscal year with a small surplus, as compared to our approved budget, our 2025-26 financial statements, included in the section that follows, report a deficit of \$3.169 million.

This is because, without an approved fee recovery mechanism yet in place, a substantial portion of the NSEB-approved 2025-26 revenue requirement was not yet eligible to be recognized under IFRS accounting standards. This timing difference between when expenses were incurred and when the related revenue could be recorded means that the approved revenue requirement could not be immediately recognized in the 2025-26 financial statements.

While IESO Nova Scotia worked to develop an enduring fee recovery mechanism over the course of the winter and spring of 2026, an interim approach was developed to support the organization's ongoing work to deliver on its mandate until the enduring solution could be submitted to and approved by the NSEB. The proposed interim fee and recovery mechanism was approved by the NSEB in February 2026, enabling IESO

Nova Scotia to receive \$0.95 million per month from February 2026, or \$1.9 million in 2025-26. This has been recorded as Rate recovery revenue in the following financial statements.

The \$3.04 million revenue shortfall from 2025-26 is being collected through the interim fee in fiscal year 2026-27, and will be reported in the 2026-27 fiscal period.

IESO Nova Scotia's 2026-27 revenue requirement application, which proposes a budget of for \$14.9 million of funding for our first full year of operations, and our proposed enduring fee recovery mechanism were before the NSEB at the time of publishing this annual report. Looking forward, IESO Nova Scotia intends to file its 2027-28 revenue requirement application, including proposed expenses and related fees, before the end of the 2026 calendar year.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Nova Scotia Independent Energy System Operator

Opinion

We have audited the financial statements of The Nova Scotia Independent Energy System Operator (the "IESO Nova Scotia"), which comprise the statement of financial position as at March 31, 2026, the statements of comprehensive income and cash flows for the period then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the IESO Nova Scotia as at March 31, 2026, and its financial performance and cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the IESO Nova Scotia in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the IESO Nova Scotia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the IESO Nova Scotia or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the IESO Nova Scotia's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IESO Nova Scotia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the IESO Nova Scotia's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the IESO Nova Scotia to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants
Halifax, Nova Scotia
August 12, 2026

AUDITED FINANCIAL STATEMENTS

Statement of Financial Position

March 31, 2026
(in thousands of dollars)

	2026
Assets	
Current	
Cash	\$ 695
Accounts receivable (Note 6)	2,262
Unbilled revenue (Note 7)	421
Prepaid expense (Note 8)	333
	3,711
Long-term prepaid expenses (Note 8)	144
Property, plant and equipment (Note 9)	2,285
Intangible assets (Note 10)	378
Right-of-use asset (Note 11)	2,615
	\$ 9,133
Liabilities and Net Assets	
Current liabilities	
Accounts payable, accrued and other liabilities (Note 12)	\$ 3,360
Current portion of lease liability (Note 13)	192
Deferred revenue	45
	3,597
Line of credit (Note 14)	6,031
Long-term portion of lease liability (Note 13)	2,674
	12,302
Net Deficit	(3,169)
	\$ 9,133
Commitments (Note 19)	
Contingent liability (Note 20)	
Subsequent event (Note 21)	

Approved on behalf of the Board:



Douglas Reid, Chair of the Board of Directors



Maureen Higgins, Chair of the Audit Committee

The accompanying notes are an integral part of these financial statements.

IESO NOVA SCOTIA

Statement of Comprehensive Loss and Deficit

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

	2026
Revenue	
Provincial funding	\$ 2,675
Rate recovery	1,900
Interconnection study revenue	421
Interest and other	52
	5,048
Expenses	
Employee compensation (Note 17)	2,040
Operations	1,750
Procurement	1,045
Consulting and professional fees	945
Legal and regulatory	920
Technology	572
Governance	572
Amortization (Notes 9, 10, and 11)	152
General and administrative	144
Interest and bank charges	77
	8,217
Net comprehensive loss and deficit	\$ (3,169)

The accompanying notes are an integral part of these financial statements

IESO NOVA SCOTIA

Statement of Cash Flows

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

	2026
Comprehensive loss	\$ (3,169)
Operating activities	
Amortization Expense	152
Interest accrual	31
Change in long-term prepaids	(144)
	(3,130)
Change in non-cash working capital balances	
Accounts receivable	(2,262)
Prepaid expenses	(333)
Unbilled revenue	(421)
Accounts payable, accrued and other liabilities	3,360
Deferred revenue	45
	(2,741)
Investing activities	
Purchase of property, plant and equipment	(2,350)
Additions to intangible assets	(3,98)
Financing activities	
Proceeds fromline of credit	6,000
Right-of-use-asset cash allowance, net	230
Principal portion paid on lease liability	(46)
	6,184
Increase in cash	695
Cash, beginning of period	—
Cash, end of period	\$ 695

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

Period from February 18, 2025 to March 31, 2026 (in thousands of dollars)

1. Reporting entity and nature of operations

The Nova Scotia Independent Energy System Operator ("IESO Nova Scotia" or "the Organization"), is located at 1791 Barrington Street, Halifax, Nova Scotia, and is a statutory corporation established on October 24, 2024, under the enactment of the More Access to Energy Act, as part of Nova Scotia's Energy Reform (2024) Act, with operations commencing on February 18, 2025. There were no transactions prior to February 18, 2025. The legislation establishes IESO Nova Scotia as a new provincial energy system operator, whereby all electricity system operator functions will be transferred from Nova Scotia Power Inc (NSPI) to IESO Nova Scotia. IESO Nova Scotia submits its annual proposed expenditure and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the Nova Scotia Energy Board (the "NSEB") for review and approval. On February 25, 2026, the NSEB issued their decision approving IESO Nova Scotia's revenue requirement for fiscal 2026 in the amount of \$5,307 and a request for temporary financial relief effective February 1, 2026.

Under the More Access to Energy Act, the business and affairs of IESO Nova Scotia must be carried on without the purpose of gain, and any revenues must be used by IESO Nova Scotia for the purpose of carrying out its objects. Accordingly, IESO Nova Scotia has no equity and these financial statements contain no Statement of Changes in Equity. The Organization is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes provided certain requirements of the Income Tax Act are met.

2. Basis of financial statement preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards). These financial statements were approved and authorized for issue by the Board of Directors on August 11, 2026.

(b) Basis of measurement

IESO Nova Scotia's financial statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

(c) Functional and presentation currency

IESO Nova Scotia's functional and presentation currency is Canadian dollars. All financial information is presented in Canadian dollars and has been rounded to the nearest thousand.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

3. Material accounting policies

The financial statements have been prepared within the framework of the accounting policies summarized below.

a) Revenue recognition

In its inaugural period, IESO Nova Scotia's revenue is derived from the Province of Nova Scotia government grants, rate recovery revenue and interconnection revenues.

IESO Nova Scotia recognizes government grants as revenue on a gross basis, rather than netted against related expenditures, to present transparently the extent of government support and the full cost of operations. Grant revenue is recognized in income on a systematic basis over the periods in which IESO Nova Scotia recognizes the related costs that the grants are intended to compensate. Where grant conditions require specific activities or the incurrence of eligible costs, revenue is recognized as those conditions are satisfied.

Rate recovery revenue, as approved by the Nova Scotia Energy Board, is recognized when enforceable terms are established with identified payments terms, and is recognized each month as the performance obligation is satisfied. On February 25, 2026, the Nova Scotia Energy Board approved IESO Nova Scotia's request for interim temporary financial relief (the Interim Fees). Rate recovery revenue includes Interim Fees received from Nova Scotia Power as a short-term mechanism in place as IESO Nova Scotia is required to meet milestones, until the formal revenue recovery mechanism is established.

Interconnection fees are recognized as the interconnection studies are progressed, reducing deferred revenue from the interconnection customer.

Interest and other revenue are recognized on the accrual basis as the revenue is earned. Interest income is recognized as it accrues in profit or loss, using an effective interest method.

Revenues are measured at the fair value of the consideration received or receivable.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

3. Material accounting policies (continued)

b) Financial Instruments

IESO Nova Scotia classifies financial assets and financial liabilities according to their characteristics and management's choices and intentions. All financial instruments are initially recorded at fair value plus directly attributable transaction costs and subsequently measured based on classification described below.

Financial instruments are classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). IESO Nova Scotia does not have any financial assets or financial liabilities classified as either FVOCI or FVTPL.

The classification of financial assets is determined by both:

- IESO Nova Scotia's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

IESO Nova Scotia's financial instruments are comprised of the following:

Financial instrument	Classification
Cash	Amortized cost
Receivables	Amortized cost
Accounts payable, accrued liabilities and provisions	Amortized cost
Line of credit	Amortized cost

i. Financial assets

Financial assets measured at amortized cost are assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the financial assets are measured at amortized cost using the effective interest rate method over the terms of the related debt, less any impairment cost.

IESO Nova Scotia derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that are created or retained by IESO Nova Scotia is recognized as a separate asset or liability.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

3. Material accounting policies (continued)

b) Financial Instruments (continued)

ii. Financial liabilities

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method. Direct and indirect costs that are attributable to the issuance of other financial liabilities are presented as a reduction from the carry amount of the related debt and are amortized using the effective interest method over the term of the debt. These financial liabilities are deemed to have been issued at prevailing market rates at the date of advance; accordingly, no adjustment for fair value has been made.

IESO Nova Scotia derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

c) Cash

Cash includes cash on hand and balances with banks.

d) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization. Cost includes the purchase price, plus any additional costs directly attributable to the development of the asset and preparing the asset for its intended use.

Maintenance and repair costs that do not enhance or extend the useful life of the asset are expensed as incurred.

Amortization is calculated on a straight-line basis over the estimated useful life of the asset, reflecting the expected period of economic benefit. The expected useful life, amortization method and residual value of the asset are reviewed annually, with any changes accounted for on a prospective basis. Amortization periods for intangible assets are shown in the table below.

Asset	Rate
Perpetual Software	5 Years

Intangible assets are retired when they are fully amortized and derecognized when no future benefits are expected to arise from their use.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

3. Material accounting policies (continued)

e) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated amortization and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to working conditions for its intended use, the cost of dismantling and removing the items, and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. When funds are temporarily invested pending their expenditure on qualifying assets, any such interest earned on such funds is deducted from the borrowing costs incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within profit or loss.

ii. Repairs and maintenance

Repairs and maintenance costs are charged to expenses as incurred, except when these repairs significantly extend the life of the asset or result in an improvement in operating costs. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

iii. Amortization of property, plant & equipment

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

Amortization commences in the year an asset is put in use. Amortization methods, useful lives and residual values are reviewed annually, with any changes accounted for on a prospective basis. The estimated useful lives for the current periods are as follows:

Asset	Rate
Furniture and fixtures	10 Years
Computer Hardware	3 - 5 Years

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

3. Material accounting policies (continued)

f) Impairment

i. Financial assets (including receivables)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to IESO Nova Scotia on terms that IESO Nova Scotia would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for security.

An impairment loss in respect of a financial asset measured at amortized cost is calculated using the 'expected credit loss' model. IESO Nova Scotia makes use of the simplified approach in accounting for receivables and records the loss allowance as a lifetime expected credit loss as the receivables do not have a significant financing component. There are expected shortfalls in contractual cash flows, considering the potential default at any point during the life of the financial instrument. IESO Nova Scotia uses external indicators and forward-looking information to calculate the expected credit loss. Receivables are written off when there is no reasonable expectation of recovery. During the year, IESO Nova Scotia did not recognize an allowance for expected credit losses. Losses are recognized in profit or loss and reflected in an allowance account against receivables.

Interest on an impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non - financial assets (including receivables)

The carrying amount of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment, if any.

The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

An impairment loss is recognized if the carrying amount of the asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

3. Material accounting policies (continued)

ii. Non - financial assets (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

g) Leases

For any new contracts entered into, the Organization considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Organization assesses whether the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified as being identified at the time the asset is made available to the Organization;
- the Organization has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Organization has the right to direct the use of the identified asset throughout the period of use. The Organization assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

i. Measurement and recognition of leases

At lease commencement date, the Organization recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Organization, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

ii. Right of Use Asset

The Organization amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Organization also assesses the right-of-use asset for impairment when such indicators exist.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

3. Material accounting policies (continued)

g) Leases (continued)

iii. Lease Liabilities

At the commencement date, the Organization measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Organization's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the substance of fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Organization has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

h) Employee Benefits

A liability is recognized as a present legal or constructive obligation to pay an amount as a result of past service provided by employees and the amount can be reliably estimated. Short-term employee benefits, including salaries and wages, banked overtime, termination benefits and paid annual leave are measured on an undiscounted basis and are recognized as an expense as the related service is provided.

The cost of pension benefits earned by employees is expensed as incurred.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

4. Future adoption of new accounting standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of IESO Nova Scotia's financial statements and could have an impact on IESO Nova Scotia are disclosed below. IESO Nova Scotia intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 20 - Regulatory Assets and Regulatory Liabilities

In May 2026, the IASB issued IFRS 20. The purpose of the standard is to provide information about the effects of regulatory income, regulatory expenses, regulatory assets and regulatory liabilities on an entity's financial performance and financial position. IFRS 20 is effective for reporting periods beginning on or after January 1, 2029, with earlier application permitted. IESO Nova Scotia is assessing whether its regulatory arrangements give rise to regulatory assets or regulatory liabilities within the scope of IFRS 20 where a difference in timing exists that creates balances relevant to users of the financial statements. The Organization is also assessing whether to apply IFRS 20 before its mandatory effective date, including for the annual reporting period ending March 31, 2027. If the Organization applies IFRS 20, it will apply the Standard to all regulatory assets and regulatory liabilities retrospectively in accordance with IAS 8, with adjusted comparative information presented for March 31, 2026. Accordingly, adoption of IFRS 20 may affect the Organization's current reported loss for March 31, 2026 and other comparative amounts.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1. While several sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the Statement of Profit and Loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements and the notes. Narrow scope amendments have been made to IAS 7 Statement of Cash Flows, and some requirements previously included within IAS 1 have been moved to IAS 8, which has been renamed IAS 8 Basis of Preparation of Financial Statements. These new requirements are expected to impact all reporting entities. IFRS 18 and all consequential amendments are effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required. IESO Nova Scotia is assessing the impact of the amendments to its financial statements.

5. Use of estimates and judgements

The preparation of the financial statements requires the organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

5. Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognized in the period in which the estimate was revised and any future periods affected. The following judgments and estimates are those deemed by management to be material to IESO Nova Scotia's financial statements:

Judgements

i. Impairment of assets

Judgment is required in the review of impairment indicators on long-lived assets and right-of-use assets annually or whenever events or changes in circumstances may indicate a possible impairment.

ii. Rate recovery revenue

Significant judgement has been applied in determining the timing and amount of rate recovery revenue recognized under IFRS 15, Revenue from Contracts with Customers. In making this determination, management considered the Nova Scotia Energy Board's February 25, 2026 decision approving IESO Nova Scotia's request for interim temporary financial relief, including whether the decision provided sufficient evidence that the Organization had an enforceable right to consideration for performance completed to date. Management also considered the extent to which the amounts recognized may be subject to future regulatory review, adjustment, or final approval.

Estimates

i. Revenue recognition

The measurement of costs incurred to be billed as interconnection revenue is partly determined through estimating an appropriate allocation of overhead costs.

ii. Useful lives

The useful life of right-of-use assets, intangible assets and property, plant and equipment are estimated by IESO Nova Scotia management based on current information, expected future usage and potential for technological obsolescence.

iii. Impairment of assets

IESO Nova Scotia reviews impairment indicators on long-lived assets and right-of-use assets annually or whenever events or changes in circumstances may indicate a possible impairment.

iv. Borrowing rate

The determination of the incremental borrowing rate used to measure lease liabilities (Note 14).

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

6. Accounts receivable

		2026
Interim temporary financial relief	\$	2,166
HST receivable		96
	\$	2,262

Interim temporary financial relief includes the rate recovery revenue that took the form of Interim Fees. \$950 is to be paid monthly to IESO Nova Scotia, effective February 1, 2026 with payments commencing April 1, 2026. The carrying value of accounts receivable approximates fair value.

7. Unbilled revenue

		2026
Interconnection study revenue	\$	421

Unbilled revenue represents revenue on interconnection studies performed by IESO Nova Scotia for those organizations that have submitted applications to assess projects for the minimum technical requirements for interconnection to the transmission system.

8. Prepaid Expense

		2026
Cybersecurity subscriptions	\$	74
Application software		347
Other		56
Total prepaid expense		477
Less: Current portion		(333)
Long-term Prepaid Expense	\$	144

Total prepaid expense of \$477 include a portion that relates to long-term application software licenses and cybersecurity licenses and support. The long-term portion of prepaid expense relates to power system simulation application software and a portion of cybersecurity licenses.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

9. Property, plant and equipment

	Computer Hardware	Furniture and Fixtures	Construction in Progress	2026
Cost				
Balance, February 18, 2025	\$ —	\$ —	\$ —	\$ —
Additions	721	6	1,623	2,350
Balance, March 31, 2026	721	6	1,623	2,350
Accumulated Amortization				
Balance, February 18, 2025	—	—	—	—
Amortization expense	65	—	—	65
Balance, March 31, 2026	65	—	—	65
Net Book Value				
Balance, March 31, 2026	\$ 656	\$ 6	\$ 1,623	\$ 2,285

Construction in Progress includes costs incurred to prepare two sites in Pictou County, Nova Scotia, for the development of fast-acting natural gas facilities with capacities of up to 300 megawatts each. The projects are not yet available for use; therefore, they have not been amortized.

10. Intangible Assets

	2026
Balance, February 18, 2025	\$ —
Addition	398
Amortization	(20)
Balance, March 31, 2026	\$ 378

Perpetual Software licenses are recognized as an intangible asset as they provide permanent usage rights to certain software products required to fulfill IESO Nova Scotia's mandate. Management has assessed that while the license is permanent, a five-year amortization of these costs is appropriate due to expectation of changing requirements in the future. This assessment will be revisited annually. The amortization expense in the year is \$20.

11. Right-of-use-asset

	2026
Balance, February 18, 2025	\$ —
Addition	2,682
Amortization	(67)
Balance, March 31, 2026	\$ 2,615

The right-of-use asset arises from a lease contract for office space where IESO Nova Scotia is the lessee for a term of ten years.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

12. Accounts payable, accrued and other liabilities

		2026
Accounts payable	\$	1,546
Accrued liabilities		1,571
Compensation liabilities		243
	\$	3,360

The carrying value of accounts payable, accrued liabilities and compensation liabilities approximates fair value.

13. Lease liability

		2026
Balance, February 18, 2025	\$	—
Addition		2,912
Interest expense		41
Lease payments		(87)
Balance, March 31, 2026		2,866
Less: current portion		(192)
Non-current portion	\$	2,674

The estimated future lease payments associated with this lease are as follows (undiscounted cash flows)

		2026
Paid at March 31, 2026	\$	87
No later than 1 year		352
Later than 1 year and no more than 5 years		1,489
More than 5 years		1,945
	\$	3,873

The following amounts are recognized in the statement of loss for the period February 18, 2025 to March 31, 2026:

		2026
Amortization expense of right-of-use asset	\$	67
Interest expense on lease liability		41
Total amount recognized in net loss	\$	108

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

14. Credit facilities

- a) In December 2025, IESO Nova Scotia entered into an unsecured revolving credit facility with the Province of Nova Scotia in the form of a line of credit in the amount of \$10 million. At March 31, 2026, \$6 million has been drawn down on the available credit facility. The interest accrued related to this credit facility during the fiscal year was \$31. The total balance owing at March 31, 2026 is \$6.031 million. The final maturity date when all accrued interest and principal must be paid is December 2, 2028.

The interest rate on the Province of Nova Scotia revolving credit facility is equal to the Province of Nova Scotia's treasury bill or promissory note cost of funds for a similar term plus a volatility premium calculated as the 12-month rolling average standard deviation, in basis points, of the Province of Nova Scotia's cost of funds of a similar term. The interest rate for balances outstanding at March 31, 2026 was 2.22% per annum. Total interest charges of \$31 were incurred as of March 31, 2026.

- b) In September 2025, IESO Nova Scotia entered into a \$37.5 million revolving demand facility with a commercial bank (the Demand Facility). The Demand Facility may be accessed by the issuance of Letters of Credit or Letters of Guarantee in Canadian or United States currency as security for a Tolling Expansion Backstop Agreement with New Brunswick Power Corporation. Security for the Demand Facility is a Guarantee and Postponement of Claim in favor of the Bank signed by the Province of Nova Scotia in the amount of \$37.5 million. IESO Nova Scotia also entered into an Indemnity Agreement with the Province of Nova Scotia where IESO Nova Scotia indemnifies the Province of Nova Scotia for the full amount of payments made by the Province of Nova Scotia as Guaranteed payments for the Demand Facility. IESO Nova Scotia will have five years to repay the amounts. No amounts have been drawn on this facility as at March 31, 2026.

15. Pension plan – defined contribution

IESO Nova Scotia sponsors a defined contribution pension plan for all permanent employees. As a defined contribution plan, IESO Nova Scotia's obligation is limited to pay the employers share of contributions into the plan and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees. For the period ended March 31, 2026, an expense of \$44 was recorded for pension costs.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

16. Contingencies

Irrevocable Standby Letter of Credit

In January 2026, IESO Nova Scotia issued an irrevocable standby letter of credit in the amount of USD \$12,300 to New Brunswick Power Corporation as security for the Tolling Expansion Backstop Agreement which may give rise to obligations if New Brunswick Power does not meet certain obligations. At March 31, 2026, no funds have been claimed under the letter of credit. The issued letter of credit has an interest charge of 0.3% per annum. At March 31, 2026, IESO Nova Scotia recorded interest costs of USD \$8 or CAD \$11.

17. Key management compensation

Key management personnel include members of executive management and the IESO Nova Scotia Board, a total of 10 individuals. The compensation paid or payable to key management for services provided is as follows:

		2026
Salaries and wages	\$	1,030
Short-term employee benefits		53
Post-employment pension		27
	\$	1,110

18. Financial risk management

IESO Nova Scotia has exposure to the following risks from its use of financial instruments:

- Credit risk
- Interest rate risk
- Liquidity risk

a) Credit risk

Credit risk represents the risk that a counterparty will fail to meet its contractual obligations, resulting in a financial loss to IESO Nova Scotia. IESO Nova Scotia's exposure to credit risk arises primarily from accounts receivable. IESO Nova Scotia reduces its credit risk by following the customer deposit procedures detailed in the Standard Generation Interconnection Procedures as approved by the Nova Scotia Energy Board and monitoring unbilled revenue to stay within these amounts. Allowance for expected credit losses is adjusted if there are changes with the perceived credit risk. Realized credit losses would be recovered by IESO Nova Scotia through the regulated revenue requirement process. As at March 31, 2026, all accounts receivable were expected to be collected within one year. The maximum credit risk that IESO Nova Scotia is exposed to is the total accounts receivable balance.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026

(in thousands of dollars)

18. Financial risk management (continued)

b) Interest rate risk

The line of credit facility has a floating interest rate with the rate set on the date of advance subjecting IESO Nova Scotia to interest rate risk exposure on any outstanding balances. IESO Nova Scotia manages its interest rate risk by targeting appropriate levels of debt relative to expected cash flow from operations. A 1% increase in interest rates would increase annual interest expense by approximately \$60 based on the year-end line of credit balance.

c) Liquidity risk

IESO Nova Scotia is exposed to liquidity risk arising primarily from its line of credit facility, accounts payable and the lack of an enduring funding mechanism to collect its annual revenue requirement as approved by the Nova Scotia Energy Board while conducting business operations. IESO Nova Scotia has managed this risk by requesting and receiving approval for monthly cash flow through interim temporary financial relief (Notes 6, 17). IESO Nova Scotia further manages liquidity risk by monitoring short and long-term cash flows and controlling the level of operating and capital expenditures. As at March 31, 2026, substantially all accounts payable and accrued liabilities were due within one year. Accordingly, management does not consider the Organization to be exposed to significant liquidity risk related to the timing of settlement of these financial liabilities.

d) Principal financial instruments

The principal financial instruments used by the IESO Nova Scotia, from which financial instrument risk arises, are as follows:

- Cash
- Accounts receivable
- Unbilled revenue
- Trade and other payables
- Line of credit

The fair value of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

	Carrying Value	Level 1	Fair Value Level 2	Level 3
Cash	\$ 695	\$ 695	–	–
Accounts receivable	\$ 2,262	–	\$ 2,262	–
Unbilled revenue	\$ 421	–	\$ 421	–
Accounts payable	\$ 3,360	–	\$ 3,360	–
Line of credit	\$ 6,031	\$ 6031	–	–

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

18. Financial risk management (continued)

d) Principal financial instruments (continued)

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e) Capital Management

IESO Nova Scotia's capital management objective is to ensure there are adequate cash flows to meet its operational requirements, fund capital expenditures and make required debt payments. These objectives are primarily managed as prescribed in the More Access to Energy Act and overseen by the Nova Scotia Energy Board.

19. Commitments

IESO Nova Scotia has future purchase commitments of \$568 as shown in table below:

	2027	2028	2029	2030	2031
Purchase commitments	\$ 246	\$ 189	\$ 127	\$ 3	\$ 3

20. Contingent Liability

The Government of Nova Scotia may in the future issue a transfer order requiring IESO Nova Scotia to compensate NSPI for certain costs related to the creation of an independent system operator.

As of the reporting date, no transfer order has been issued. Accordingly, the Organization considers any obligation to be a possible obligation whose existence will be confirmed only by future actions of the Government of Nova Scotia. The timing and amount of any potential payment cannot presently be determined or reliably estimated.

Consequently, no provision has been recognized in the financial statements.

IESO NOVA SCOTIA

Notes to Financial Statements

Period from February 18, 2025 to March 31, 2026
(in thousands of dollars)

21. Subsequent event

Nova Scotia Power Inc (NSPI) employees transfer

Certain employees previously employed by NSPI who transferred to IESO Nova Scotia on April 1, 2026, participate in a defined-benefit pension plan (the Plan). NSPI will remain the administrator of the Plan with exclusive authority and responsibility for the administration and governance of the Plan. IESO Nova Scotia will be required to fund any pension obligations related to the IESO employees in the plan. NSPI has a lien and charge on behalf of the Plan upon the assets of IESO Nova Scotia in an amount equal to any amount held in trust that are due to be paid to the Plan but have not yet been remitted. The timing and amount of any potential payment cannot presently be determined or reliably estimated.

MEET OUR BOARD OF DIRECTORS



Douglas Reid

Chair

Douglas Reid is a business leader with significant experience in management, regulatory compliance, corporate governance and is a respected strategic advisor. Mr. Reid held several senior positions with KPMG over a 40-year career, including Atlantic Managing Partner. At KPMG Mr. Reid served clients in the utilities, transportation, mining and manufacturing sectors.

Doug serves as a Board Member at the Halifax Port Authority, where he chairs the Audit and Risk Committee, and is a member of the Human Resources and Compensation Committee. He is also a Board Member and Chair of the Compensation Committee of GoGold Resources Inc. Doug served as Independent Chair of the Nova Scotia Workers' Compensation System Improvement Review Committee from 2023 to 2024.

In addition, Doug contributes to advancing business education and leadership development as Chair of Dalhousie University's Faculty of Management Advisory Board to the Dean, and is a past director and board chair of the QEII Health Sciences Foundation and Symphony Nova Scotia.



Peter Doig

Transition Committee Chair

Peter Doig is an executive and governance leader with extensive experience in legal affairs, risk management, compliance, and stakeholder relations. Over a 22-year career with Emera and Nova Scotia Power, he held a range of senior executive roles, most recently serving as Vice President, Compliance and Risk, before retiring in 2023.

Deeply engaged in community leadership, Peter has served as Board Chair and Governance Committee Chair for a number of organizations, including the YMCA of Greater Halifax, United Way of Canada/Centraide Canada, and United Way of Halifax. He also served as Board Chair of Halifax Public Libraries and as a Director of the Halifax Chamber of Commerce.



Maureen Higgins

Audit and Risk Committee Chair

Maureen Higgins is a senior executive with experience in technology transformation, utility operations, and digital strategy within the energy sector. Most recently, she served as Vice President, Technology Transformation at ATCO, leading large-scale modernization initiatives to strengthen operational efficiency and digital capability.

From 2017 to 2023, Maureen was a Partner and Lead for Information Technology Advisory Services at Ernst and Young, advising clients on technology strategy, cybersecurity, and business transformation. Earlier in her career, she held several senior leadership roles with AltaLink, including Vice President, Integrated Network Operations; Interim Chief Operating Officer; and Vice President, Information Technology and Facilities.



Carmine Marcello

Director

Carmine Marcello is a senior executive and consultant with leadership experience in the electricity sector, spanning operations, asset management, system reliability, and corporate strategy. He is currently Executive Director of Hetherington Karney Group Inc., a management consulting firm specializing in advisory services for the utility sector.

From 2013 to 2015, Carmine served as President and Chief Executive Officer of Hydro One Inc., following a decade of progressive leadership roles within the organization, including Executive Vice President, Strategy and Planning; Senior Vice President, Asset Management; Vice President, Corporate Projects; and Director, Ontario Grid Control Centre.

Carmine has served as Chair and Board Member of Hydro One Brampton, and as a Member of the Boards of the North American Transmission Forum, the Canadian Electricity Association, and the North American Electric Reliability Corporation (NERC) Members Representative Committee.



Robert Patzelt

Director

Robert Patzelt is an executive and governance leader with deep experience in corporate transformation, legal and regulatory affairs, and stakeholder engagement across Canada's energy, industrial, and resource sectors. He brings a strong understanding of complex systems, organizational performance, and effective board governance.

He advises boards and executives on governance, organizational change, and strategic decision-making. His prior executive roles include President and CEO of a publicly traded resource company, where he led major restructuring and stakeholder initiatives, and Senior Vice President of Business Development with a large, diversified holding company active in manufacturing, energy, transportation, and biotechnology.

Robert currently serves as Deputy Chair of the Workers' Compensation Board of Nova Scotia and on private advisory boards. He is also a member of the Executive Committee of the Maritime Chapter of the Institute of Corporate Directors.



Eric Paul

Director

Eric Paul is a public sector executive and governance leader with experience in organizational transformation, risk management, and community development. He currently serves as Executive Director of Sipekne'katik First Nation, providing strategic leadership in administration, operations, and governance.

Prior to this role, Eric was Director, Transformation at the Port of Halifax, where he led modernization initiatives to strengthen operational efficiency and organizational effectiveness. Eric also teaches in the Graduate Studies School of Public Administration at Dalhousie University, focusing on public sector risk management and analysis. Earlier in his career, Eric served as a Senior Commissioned Officer with the Canadian Armed Forces from 1990 to 2017, holding roles of progressive responsibility retiring as Head of Intelligence for Maritime Forces Atlantic.

Eric contributes actively to community and institutional governance, serving as Vice Chair with the Clean Foundation and as a Senator at Acadia University. He is also a former Trustee and Committee Chair with the IWK Health Centre Foundation and past Vice Chair of the Canadian Mental Health Association's Board of Directors.



Alison Scott

Director

Alison Scott is a public policy and regulatory leader with experience across the energy, environmental, and government sectors. Most recently, she served as Chair of the Clean Electricity Solutions Task Force, which recommended the establishment of an independent system operator in Nova Scotia.

Alison previously served as a Member of the National Energy Board and as Advisor to the Deputy Minister of Environment for the Government of Canada. In the Province of Nova Scotia, she held several senior executive positions, including Deputy Minister of Energy, Deputy Minister of Intergovernmental Affairs, and Clerk of the Executive Council–Secretary to Cabinet.

Earlier in her career, Alison practiced as a litigator specializing in regulatory and administrative law, including as a solicitor with the Nova Scotia Department of Justice.



David MacGregor

Public Service Board Appointee and Non-Voting Director

David MacGregor became the Associate Deputy Minister for the Nova Scotia Department of Energy in February 2025. He previously served as Associate Deputy Minister of the Office of Priorities and Planning. David's mandate at the Department of Energy is to co-ordinate the efforts of the various departments working on Hydrogen and Renewable Energy Projects.

David was the Principal Secretary and energy policy advisor to Premier John Hamm from 1999 to 2005. David also spent 17 years working at MacGregors Industrial Group, where he was the Manager of the Modular Building Division, which specializes in serving the electrical utility, industrial and mining markets. David is a Past Chair of the Board of the Construction Association of Nova Scotia.

MEET OUR LEADERSHIP TEAM



Johnny Johnston
President and CEO

Johnny Johnston joined IESO Nova Scotia in August 2025. Johnny brings nearly three decades of international experience in utility operations, strategy, and system transformation. Most recently serving as Chief Operating Officer at Algonquin Power and Utilities Corp., he led regulated and independent renewable energy operations, including service to 1.5 million utility customers across four countries and a three-gigawatt renewables portfolio in North America.

Johnny began his career at the United Kingdom's national energy system operator, rising through senior roles in engineering, operations, and transformation. Johnston was also part of starting GridAmerica, an independent transmission company (ITC) in the United States Midwest providing transmission planning services for three major utilities. A registered professional engineer and Fellow of the Institution of Engineering and Technology, Johnston holds an engineering degree from Oxford University and completed his business education at Cranfield University and Harvard Business School.



David Luther
Legal and Regulatory

David Luther is IESO Nova Scotia's General Counsel and Corporate Secretary, leading the organization's legal services, governance, regulatory affairs, compliance, and enterprise risk functions. He also serves as Chief Compliance Officer, overseeing reliability compliance matters. In 2024, David was named one of Canada's Top 25 Lawyers and has also been recognized nationally for delivering innovative business-focused solutions that drive enterprise transformation and desired outcomes.

David has previously served as counsel for many large and complex organizations across North America, including as General Counsel and Corporate Secretary at the Workplace Safety and Insurance Board of Ontario, one of North America's largest insurance organizations. His work has been recognized by the Canadian General Counsel Awards, Canadian Lawyer Magazine, National Post, Financial Post, and other national publications. He is licensed to practice law in Ontario, Nova Scotia, and New Brunswick.



Jennifer Main
Human Resources

Leading the people and culture initiatives at IESO Nova Scotia, Jennifer Main brings extensive experience leading the breadth of HR competencies within a wide range of industries and environments. From high-growth technology firms to established manufacturing and healthcare organizations, Jennifer is known for bringing a balanced, people-centric, and operationally grounded perspective to the leadership team.

Dedicated to fostering environments where people feel valued, supported, and set up for success, Jennifer plays a key role in shaping HR strategy, partnering with leaders across the organization, and championing initiatives that empower teams and strengthen organizational resilience.



Mike McFeters
Finance

Michael McFeters is the Director, Finance for IESO Nova Scotia overseeing financial planning, reporting, budget and cash management. Mike is a Chartered Professional Accountant (Chartered Accountant) and holds a Bachelor of Commerce from Dalhousie University. Prior to joining IESO Nova Scotia in 2025, Mike held senior roles with a government organization as well as private and public businesses in the financial services and real estate sectors.



Olivia McMackin
Communications and Stakeholder Engagement

Olivia McMackin is an experienced public affairs leader, providing strategic communications, government relations, and stakeholder engagement counsel to provincial, federal, and private sector leaders for over a decade. At IESO Nova Scotia, Olivia leads all external communications and engagement, including government and Indigenous relations, community outreach, and stakeholder management. Known for leveraging

empathy and integrity to communicate meaningfully and build strong, collaborative relationships, Olivia is a highly effective navigator of complex stakeholder environments. Prior to joining IESO Nova Scotia, Olivia held similar roles in provincial and federal governments, impact organizations, and consulting.



Chris Milligan

Planning and Procurement

Chris Milligan is the Vice President of Planning and Procurement at IESO Nova Scotia, where he oversees Resource and Transmission Planning, Interconnections, and Energy Resource Procurement activities. A Professional Engineer, Chris has over 15 years of experience in the regulated utility industry, previously holding senior planning and operational roles at Nova Scotia Power.

His background also includes technical experience with telecommunications and natural gas providers in Nova Scotia and Ontario. Chris has led multiple Integrated Resource Planning (IRP) studies in Nova Scotia and currently serves as the Vice Chair of the NPCC Reliability Coordinating Committee, supporting the planning and operational reliability of the interconnected bulk power system across Northeastern North America.

Chris is a graduate of the Industrial Engineering program at the University of Toronto and holds a Masters in Business Administration from Saint Mary's University. A resident of St. Margarets Bay, Nova Scotia, Chris is a long-time volunteer with Scouts Canada.



Ken Taylor

IT and Cybersecurity

Ken joined IESO Nova Scotia in November 2025 as its Director of Technology and Cybersecurity. Ken has been leading IT teams for the past 20 years, and prior to joining IESO Nova Scotia, spent several years as Director of IT Operations at Nova Scotia Power. He has also held similar roles at McCain Foods Ltd.

Originally from New Brunswick, Ken spent the first part of his career working in the telecommunications industry leading technical and operations teams with Bell Aliant and Xplore Inc. Ken has an Electrical Engineering degree from University of New Brunswick.

BOARD AND CEO COMPENSATION

The Nova Scotia Independent Energy System Operator, established on October 24, 2024 under the Province’s *More Access to Energy Act*, is a body corporate operating under the organizational name of IESO Nova Scotia, with a mandate to help Nova Scotia transition away from coal and toward 80% renewable electricity while maintaining reliability and delivering the best possible value for Nova Scotians. We are governed by the IESO Nova Scotia Board of Directors.

The IESO Nova Scotia Board oversees IESO Nova Scotia business and affairs in accordance with the *More Access to Energy Act*, the IESO Nova Scotia Bylaws, and related governance documents. It works with the CEO, and by extension, the IESO Nova Scotia Executive Leadership Team on the development and evolution of the organization’s strategy, annual budget and business plan, and enterprise priorities.

The Board follows best practice governance principles to act in the public interest of Nova Scotians. Members are fiduciaries, who act in good faith and in the best interests of the organization with sound judgment and integrity. IESO Nova Scotia’s governance framework promotes ethical behaviour, accountability, and transparency.

Board Committees

The Board operates through standing committees, each guided by Board-approved terms of reference.

Committees	Oversight
Audit and Risk Committee	Assists the Board in fulfilling its stewardship and oversight responsibilities for the financial integrity, audit and assurance, enterprise risk, and regulatory oversight of IESO Nova Scotia. It oversees that IESO Nova Scotia maintains operational and fiduciary excellence, transparency, and public trust while upholding its independent, non-partisan mandate.
Human Resources and Governance Committee	Assists the Board in fulfilling its stewardship and oversight responsibilities for governance effectiveness, organizational culture, workforce strategy, and executive leadership. It oversees that IESO Nova Scotia maintains strong governance practices, ethical conduct, and a values-based culture while upholding its independent, non-partisan mandate.
Ad-Hoc Transition Committee	To oversee and guide the transfer of responsibilities and activities from Nova Scotia Power Inc. (NSPI) to IESO Nova Scotia under the <i>More Access to Energy Act</i> , SNS 2024, c 2, Sch B (the "Act"). The Committee’s role is to support the Board in overseeing that the transition is carried out effectively, in compliance with applicable legislation, and in a manner that safeguards the interests of the organization and its stakeholders.
Ad-Hoc 2025-26 Revenue Requirement Application Committee	Assisted the Board in fulfilling its stewardship and oversight responsibilities for the development and submission of IESO Nova Scotia's 2025-26 Revenue Requirement Application. It provided strategic guidance and oversight of the application process, including financial forecasting, stakeholder engagement, and regulatory readiness, to support a transparent, well-supported application and effective engagement with the Energy Board and regulatory participants. This Ad-Hoc Committee concluded its work in 2025-26.

Board of Directors Compensation at IESO Nova Scotia

IESO Nova Scotia's director compensation program is designed to attract and retain people with the skills and experience to act as effective independent directors of IESO Nova Scotia. The Board, with the assistance of its Human Resources and Governance Committee, and upon the advice of an independent expert consultant, has evaluated director compensation against entities in Atlantic Canada and nationally that are considered to be similar in terms of size and complexity.

2025-26 Board of Directors Compensation Summary

The table below provides a summary of the components of compensation for IESO Nova Scotia Board members for the 2025-26 fiscal year, at March 31, 2026:

Name	Title	Base Retainer	Year One Retainer	Committee Chair Retainer	Meeting Fees	Total Compensation
Douglas Reid	Board Chair	\$70,000	\$25,000	\$0	\$0	\$95,000
Peter Doig	Transition Committee Chair	\$25,000	\$25,000	\$10,000	\$17,700	\$77,700
Maureen Higgins	Audit and Risk Committee Chair	\$25,000	\$25,000	\$5,000	\$21,100	\$76,100
Carmine Marcello	Director	\$25,000	\$25,000	\$0	\$19,100	\$69,100
Robert Patzelt	Human Resources and Governance Committee Chair	\$25,000	\$25,000	\$5,000	\$16,800	\$71,800
Eric Paul	Director	\$25,000	\$25,000	\$0	\$15,800	\$65,800
Alison Scott	Director	\$25,000	\$25,000	\$0	\$12,300	\$62,300
David MacGregor	Public Service Board Appointee	\$0	\$0	\$0	\$0	\$0.00

Each director receives an annual retainer, and committee chairs receive an additional retainer of \$5,000 per annum. Meeting fees are paid for attendance at Board and Committee meetings to directors other than the Chair. For the period ended March 31, 2026, in recognition of the significant additional time spent by all directors on start-up and operational matters, particularly in the months prior to any organizational staff being in place, each director received a one-time payment of \$25,000, which is shown in the above table as Year One Retainer.

Directors are reimbursed for the cost of travel, accommodation, and other out-of-pocket expenses incurred in attending meetings and carrying out their duties as a director.

President and CEO Compensation at IESO Nova Scotia

President and CEO compensation was designed to attract, retain, and motivate the calibre of executive required to support the achievement of creating a new organization from the ground up and enable IESO Nova Scotia to deliver against its important statutory mandate.

Accordingly, the compensation philosophy was built on the following objectives:

- To attract and retain a qualified candidate needed to carry out IESO Nova Scotia's mandate;
- To focus the CEO on meeting IESO Nova Scotia's business objectives and provide some flexibility to reward results within the context of being a not-for-profit organization;
- To have a compensation pay scale that is reasonable and consistent with the market median when compared to other IESO and energy CEO roles.

The IESO Nova Scotia Board of Directors establishes the compensation objectives for each performance year. The Board has broad experience in the electricity industry and public sector organizations, as well as in dealing with human resource matters, including the setting and implementation of compensation policies and programs.

In carrying out its mandate, the Board has access to management's analysis, as well as the recommendations of expert consultants in the compensation field.

The Board approves and oversees management's implementation of IESO Nova Scotia's Business Plan. An important component of this process is the consideration and implementation of mitigating actions associated with Enterprise Risk Management. This overarching process includes the assessment of all significant risks to the organization, including risks associated with its compensation policies and programs.

President and CEO Pay Framework

The pay framework for the President and CEO includes fixed and variable pay.

The fixed pay is set by the Board, having received external advice from specialized compensation consultants that considered current industry compensation information and trends.

The variable pay award for the President and CEO, included to promote a results orientation, is capped at 15 per cent of fixed pay. The variable pay awards can be at or below the capped amount, depending on the performance results achieved.

The IESO Nova Scotia Board annually establishes a robust set of performance measures for the President and CEO which are evaluated each year by the Human Resources and Governance Committee (HRGC).

2025-26 President and CEO Performance Measures

The table below provides a summary of the key performance measures, and progress against them, for 2025-26:

Objective Summary	Met/Partially Met/Not Met	Description
Stand up IESO Nova Scotia Operations	Met	During the year, office space was secured, employees brought on, fit-for-purpose policies and governance deployed, and operational activities commenced.
Build Organizational Awareness/Credibility	Met	More than 150 stakeholders met with across government, Mi'kmaw communities and organizations, major customers and market participants. A number of external speaking engagements undertaken.
Progress inaugural IRP	Met	IRP launched before statutory deadline with significant stakeholder involvement in process review, positive feedback received by many parties.
Progress energy procurement	Met	Agreement reached for 100 megawatts of capacity from New Brunswick. Request for Expressions of Interest issued for additional fast-acting generation capacity in Nova Scotia, with development progress at two sites.
Transition activities from NSP	Met	Transmission and Resource Planning activities and resources smoothly transitioned from Nova Scotia Power on December 1, 2025.
Regulatory Filings	Met	Revenue applications for 2025-26 and 2026-27 were filed, with NSEB approval in full received for the 2025-26 application.

2025-26 President and CEO Pay Summary

The table below provides a summary of pay received by the President and CEO for the 2025-26 fiscal year, covering the period from the date of hire on August 18, 2025 to March 31, 2026:

	Fixed Pay	Variable Pay Awarded	Total Pay
Johnny Johnston President and CEO	\$247,673.33	\$37,151.00	\$284,824.33

GLOSSARY

Capacity - The maximum amount of electricity a resource can provide when needed.

Demand-Side Integration - Incorporating customer demand reductions or flexibility into electricity system planning.

Demand-Side Management (DSM) - Programs and measures that reduce or shift electricity use to improve system efficiency.

Electrification - Replacing fossil-fuel uses with electricity, such as electric vehicles or heat pumps.

Firm Capacity - Electricity supply that can be relied upon and dispatched when needed, regardless of weather conditions.

Generation Fleet - The collection of power-generating facilities within a system.

IASB - International Accounting Standards Board. The organization that develops IFRS standards.

IESO - Independent Energy System Operator. An organization responsible for planning and operating an electricity system independently of utilities and governments.

IFRS - International Financial Reporting Standards. Global accounting standards used for financial statement reporting.

IPP - Independent Power Producer. A company that develops, owns, or operates electricity generation facilities independent from the electricity grid owner or operator.

IRP - Integrated Resource Plan. A long-term electricity planning process that identifies the future mix of energy resources required to meet demand.

ISO - Independent System Operator. Similar term used elsewhere for organizations that operate electric grids independently.

ITC - Independent Transmission Company. A company focused on transmission infrastructure ownership and planning.

NERC - North American Electric Reliability Corporation. The organization responsible for reliability standards across North America's bulk power system.

NPCC - Northeast Power Coordinating Council. One of six regional entities, covering northeastern North America, including Nova Scotia, which, together with NERC, make up the Electric Reliability Organization Enterprise that oversees electric system reliability in North America.

NSEB - Nova Scotia Energy Board. The provincial regulator overseeing utilities and the electricity sector.

NSPI - Nova Scotia Power Inc. The province's primary electric utility.

PC - Planning Coordinator, a NERC-defined industry reliability role. The responsible entity that coordinates and integrates transmission facilities and service plans, resource plans, and protection systems. IESO Nova Scotia has taken this role on for Nova Scotia from NSPI.

Peak Demand - The highest level of electricity consumption experienced during a given period.

RFP - Request for Proposals. A competitive procurement process seeking detailed project proposals.

RFQ - Request for Qualifications or Request for Quotations. A procurement process used to identify qualified suppliers or solutions.

RP - Resource Planner, a NERC-defined industry reliability role. The entity that develops a long-term (generally one year and beyond) plan for the resource adequacy of specific loads (customer demand and energy requirements) within a Planning Authority area. IESO Nova Scotia has taken this role on for Nova Scotia from NSPI.

RTO - Regional Transmission Organization. A regional entity responsible for operating transmission systems and electricity markets.

System Load - The total amount of electricity being consumed at a particular time.

Technology-Neutral Procurement - A procurement process that allows different technologies to compete on equal terms to meet a specified need.

TP - Transmission Planner, a NERC-defined industry reliability role. The entity that develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the Planning Authority area. IESO Nova Scotia has taken this role on for Nova Scotia from NSPI.

IESO NOVA SCOTIA'S FIRST YEAR AT A GLANCE

The accomplishments highlighted below demonstrate the strong momentum we have built so far this year. Through collaboration, we have achieved significant results across our key areas of focus.

February 18, 2025 — Independent Board of Directors appointed, marking the first step in starting the new organization.

August 5, 2025 — Filed our first revenue requirement application with NSEB, seeking \$5.3 million to support start-up and initial operations.

August 18, 2025 — Welcomed our inaugural President and CEO, beginning recruitment and the establishment of the organization.

September 15, 2025 onward — Began engagement on proposed fast-acting generation, including with Mi'kmaw communities and organizations, municipal officials, local residents, and industry participants.

September 23, 2025 — First webpage launched, providing basic information on the organization and its activities at www.ieso-ns.ca.

October 15, 2025 — Launched our inaugural independent Integrated Resource Plan process, beginning with a review of planning approaches and stakeholder engagement.

October 16, 2025 — Issued a Request for Expressions of Interest for new fast-acting generation, advancing preparations for competitive procurement.

December 1, 2025 — Opened our Halifax office, providing the workspace, HR systems, and technology required to support the transition.

December 1, 2025 — Assumed system planning and interconnection responsibilities from Nova Scotia Power and welcomed transferring employees.

December 31, 2025 — Commissioning of Nova Scotia's first grid-scale battery projects: Nova Scotia Power completed two 50MW battery storage projects with IESO Nova Scotia support.

- **January 20, 2026** — Filed our 2026–27 revenue requirement application and proposed interim funding mechanism with NSEB, seeking \$14.9 million.
- **February 2, 2026** — Signed term sheet for 100MW of fast-acting generation capacity from NB Power, for a 10-year term starting as early as 2028.
- **February 15, 2026** — Formal transition of NERC responsibilities: Transmission Planner (TP), Planning Coordinator (PC), and Resource Planner (RP) roles transferred from Nova Scotia Power to IESO Nova Scotia.
- **February 19, 2026** — Conditional approvals on Environmental Assessments for fast-acting generation facilities in Pictou County received from Nova Scotia’s Minister of Environment and Climate Change.
- **February 25, 2026** — Received full \$5.3M approval of our inaugural revenue requirement and approval of interim funding from the Nova Scotia Energy Board.
- **By March 31, 2026** — Built a team of 28 employees, with core governance, financial controls, policies, and administrative systems in place.
- **At Year-End** — Finished the year with a \$343,000 surplus against the approved revenue requirement, on the adjusted net expense basis used in the regulatory application.



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