

**NOVA SCOTIA ENERGY BOARD**

**IN THE MATTER of the MORE ACCESS TO ENERGY ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by the **NOVA SCOTIA INDEPENDENT ENERGY SYSTEM OPERATOR** for approval of its proposed expenditure and revenue requirement for the test year ending March 31, 2026

**BEFORE:** Stephen T. McGrath, K.C., Chair  
Roland A. Deveau, K.C., Vice Chair  
Jennifer L. Nicholson, CPA, CA, Member

**APPLICANT:** **IESO NOVA SCOTIA**  
Jason T. Cooke, K.C.

**INTERVENORS:** **CONSUMER ADVOCATE**  
David J. Roberts Counsel  
Michael Murphy, Counsel

**SMALL BUSINESS ADVOCATE**  
Melissa MacAdam, Counsel  
Rebekah Powell, Counsel

**DEPARTMENT OF ENERGY**  
Daniel Boyle, Counsel

**EASTWARD ENERGY INCORPORATED**  
Allison Coffin  
Angela Costello

**EFFICIENCYONE**  
James R. Gogan, Counsel

**INDUSTRIAL GROUP**  
Nancy G. Rubin, K.C.  
Brienne Rudderham, Counsel

**MUNICIPAL ELECTRIC UTILITIES**

James MacDuff, Counsel

**NOVA SCOTIA POWER INC.**

Jennifer Power, Counsel

Blake Williams, Counsel

**PORT HAWKESBURY PAPER LP**

David MacDougall, Counsel

**SWEB DEVELOPMENT LP**

Mason Baker

**BOARD COUNSEL:** William L. Mahody, K.C.

**FINAL SUBMISSIONS:** January 29, 2026

**DECISION DATE:** February 25, 2026

**DECISION:** The Board approves IESO Nova Scotia's revenue requirement for 2025/26 and its Deferral and Variance Account. The IESO is directed to file financial controls no later than the next revenue requirement application, which will also include minimum filing requirements. The IESO is to file quarterly reporting.

## TABLE OF CONTENTS

1.0	SUMMARY .....	4
2.0	BACKGROUND.....	6
3.0	ANALYSIS AND FINDINGS .....	10
3.1	Proposed Organizational Structure .....	10
3.1.1	Findings .....	11
3.2	Proposed Revenue Requirement.....	11
3.2.1	Findings .....	14
3.3	Deferral and Variance Account.....	15
3.3.1	Findings .....	18
3.4	Minimum Filing Requirements and Financial Controls.....	21
3.4.1	Findings .....	22
3.5	Integrated Resource Planning Process.....	23
3.5.1	Findings .....	28
3.6	Reporting on the Transition from NS Power .....	31
3.6.1	Findings .....	33
4.0	SUMMARY OF FINDINGS .....	34

## 1.0 SUMMARY

[1] On April 5, 2024, the Legislature passed the *More Access to Energy Act*, SNS 2024, c 2, Schedule B, establishing the new Nova Scotia Independent Energy System Operator (IESO Nova Scotia or IESO). Amongst other roles, this will result in the transfer of all transmission system operator functions from NS Power Inc. to IESO Nova Scotia.

[2] IESO Nova Scotia applied to the Nova Scotia Energy Board on August 5, 2025, under s. 29 of the *More Access to Energy Act*, for approval of its proposed expenditure and revenue requirement for its initial test year ending March 31, 2026. The application requests approval of the following:

- The IESO's operational, maintenance and administrative (OM&A) expenses of \$6,751,287 as its proposed expenditure and revenue requirement for its initial test year ending March 31, 2026; and, after the application of provincial funding, a net OM&A cost of \$5.31 million; and
- To establish a Net OM&A Deferral and Variance Account, for the IESO to record any positive or negative variance between its forecast and actual net ongoing OM&A expenses for the period ending March 31, 2026, and any one-time transition costs that exceed the Provincial funding.

[3] The *More Access to Energy Act* allows these costs to ultimately be recovered from ratepayers, including NS Power's customers and municipal electric utility customers. The *Act* requires the Board to approve the mechanism that the IESO will use to recover its costs. In its application, IESO Nova Scotia said it is not yet able to propose a rate recovery mechanism. It proposed to defer the approval of a rate recovery

mechanism until a later application for its revenue requirement for the period April 1, 2026, to March 31, 2027.

[4] The Board considered the matter in a paper process. Board Counsel engaged Doane Grant Thornton LLP to review the reasonableness of the test year budget and the proposed deferral account and any associated accounting policy considerations. Synapse Energy Economics, Inc. (Synapse) was engaged to review the technical aspects of IESO Nova Scotia's initial integrated resource planning process to ensure it is conducted in accordance with its obligations under the *More Access to Energy Act*. While Doane Grant Thornton concluded that there was nothing to suggest that the proposed cost categories or expense amounts were unreasonable. However, both Doane Grant Thornton and Synapse made recommendations to the Board about the application. No intervenor filed evidence in this matter.

[5] Having reviewed the application, the Board approves the IESO's proposed expenditure and revenue requirement for its initial test year ending March 31, 2026. For the initial test year, this approved amount is \$6,751,287, with a net amount of \$5,306,824 after the application of provincial funding.

[6] The Board concludes that it is appropriate to establish the Net OM&A Deferral and Variance Account. However, the Board directs that specific guidelines and accounting policies must be developed and approved before there is a recovery of Net Ongoing OM&A amounts from the Deferral and Variance Account. IESO Nova Scotia is directed to file its specific guidelines and accounting policies describing the operation of the Deferral and Variance Account. This must be filed no later than the IESO's application for its 2027/2028 revenue requirement.

[7] No later than its next revenue requirement application, IESO Nova Scotia is directed to file a description of the financial controls it has adopted to control costs. Further, the Board directs that minimum filing requirements will apply to the IESO's future applications, including audited financial statements of completed fiscal results, projected financial estimates for three years going forward, and a business plan. The Board also expects the IESO to address certain issues in its integrated resource planning process.

[8] IESO Nova Scotia must also provide quarterly reports starting on May 15, 2026, as directed by the Board in this decision, including updates about the status of Phase 1 and 2 of the transition of the system operator functions from NS Power to the IESO, as well as reporting about staffing, facilities and technology, regulatory compliance matters, and on any material changes to the transition timeline or to forecast costs.

## **2.0 BACKGROUND**

[9] The enactment of the *More Access to Energy Act* established IESO Nova Scotia, as a new provincial energy system operator. In addition to other responsibilities, all electricity system operator functions will ultimately be transferred from NS Power to the IESO. IESO Nova Scotia stated that it will assume the system planning, transmission interconnection and energy and capacity procurement functions during the first phase of the transition, which it expected to occur in Q4 2025. It said the transfer of controlled grid and real time energy dispatch operations is expected to occur in Q2 2027. Its forecast annual expenditure and revenue requirement is anticipated to increase over the first three fiscal years to reflect the increased scope of functions it will undertake.

[10] IESO Nova Scotia applied to the Board under s. 29 of the *More Access to Energy Act*, for approval of its proposed expenditure and revenue requirement for its initial test year ending March 31, 2026, requesting approval of the following:

- Its OM&A expenses of \$6,751,287 as its proposed expenditure and revenue requirement for its initial test year ending March 31, 2026; and, after the application of provincial funding, a net OM&A cost of \$5.31 million; and
- To establish a Net OM&A Deferral and Variance Account, in which to record any positive or negative variance between its forecast and actual net ongoing OM&A expenses for the period ending March 31, 2026, and any one-time transition costs that exceed the provincial funding.

[11] The objects and duties of IESO Nova Scotia are set out in ss. 9 and 10 of the *More Access to Energy Act*. Section 11 relates specifically to IESO Nova Scotia's responsibilities for its first integrated resource planning exercise. Under s. 11(1) of the *Act*, the IESO "shall commence its first integrated resource planning exercise within one year following the coming into force of this Section". With the proclamation of the section on October 24, 2024, IESO Nova Scotia was required to start its first integrated resource planning exercise by October 24, 2025. Other system operator responsibilities will transition to the IESO as more sections of the *Act* are proclaimed.

[12] The IESO's proposed revenue requirement in this application relates primarily to setting up the organization's leadership, financial, administrative and governance-related functions, as well as the operational costs, for the first phase of its duties under the *More Access to Energy Act*, namely its first integrated resource planning exercise.

[13] The Board issued a Hearing Order on August 6, 2025, setting out a timeline for considering the matter in a paper hearing process. The Order provided the opportunity to ask Information Requests (IRs), file Intervenor evidence, and request an oral hearing. No party requested an oral hearing.

[14] Board Counsel consultants Doane Grant Thornton and Synapse filed evidence on October 28, 2025. Doane Grant Thornton reviewed the test year budget and the proposed deferral account and any associated accounting policy considerations. Synapse reviewed the technical aspects of IESO Nova Scotia's initial integrated resource planning process to ensure it is consistent with its obligations under the *More Access to Energy Act*. No other intervenor filed evidence. IESO Nova Scotia filed Rebuttal Evidence on December 22, 2025. Written closing submissions were completed on January 29, 2026.

[15] The IESO's application did not include a request for a rate recovery mechanism, which the IESO said would be filed later. The IESO's costs will ultimately be recovered from ratepayers (including NS Power's customers and municipal electric utility customers), through transmission tariffs and other cost recovery mechanisms. Section 28 of the *More Access to Energy Act* defines the IESO's fiscal year as ending March 31st. The Board's authority to approve the annual revenue requirements and the subsequent applications for approval of rate recovery mechanisms is outlined in ss. 29, 30, 78 and 79:

**Proposed expenditure and revenue requirements**

**29 (1)** The IESO shall, at least 90 days before the beginning of each fiscal year, submit its proposed expenditure and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the Energy Board for review.

**(2)** Where the IESO is unable to make its submission under sub-section (1) within the time required under that subsection, the IESO shall file its proposed expenditure

and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the Energy Board for review as soon as possible.

(3) Until the Energy Board approves the proposed expenditure and revenue requirements for the fiscal year and the fees the IESO proposes to charge during the fiscal year, the fees approved for the previous fiscal year remain in effect unless the Energy Board orders otherwise.

(4) The Energy Board may approve the proposed expenditure and revenue requirements and the proposed fees or may refer them back to the IESO for further consideration with the Energy Board's recommendations.

(5) The IESO shall not, without the approval of the Energy Board,

(a) establish, eliminate or change any fees it has established; or

(b) eliminate or change any fees established by a predecessor that remain in effect.

(6) The Energy Board may hold a hearing before exercising its powers under this Section.

#### **Cost recovery**

30 (1) The IESO shall apply to the Energy Board for the recovery of costs for energy resource supply contracts, and any costs incurred by the IESO for the administration of those contracts, respecting settlements or payments under contracts for energy resources obtained through procurement activities or through reassignments of existing energy supply agreements from NSPI.

(2) The Energy Board shall establish a mechanism to recover the costs referred to in subsection (1) from ratepayers, and the public utilities connected to the IESO grid shall collect these amounts and remit them to the IESO.

...

#### **Approval required to charge or change rate or tariff**

78 Unless approval to do so has been obtained from the Energy Board, neither the IESO nor any transmitter may charge or change any charge, rate or toll or any tariff respecting transmission services or ancillary services.

#### **Application for approval of transmission tariff**

79 (1) The IESO shall make application to the Energy Board for approval of a transmission tariff for the provision of transmission services or ancillary services, or both, and the application must include the most recently approved revenue requirement of the transmitter for transmission services.

(2) The Energy Board shall, on receipt of an application from the IESO for approval of a transmission tariff or a tariff for ancillary services, or both, proceed in accordance with this Act and the regulations.

(3) The Energy Board shall, when considering an application by the IESO respecting an approval of a transmission tariff, base its order or decision respecting the tariff on all of the projected revenue requirements of the IESO and the transmitters for transmission services and the allocation of the revenue requirements between the IESO and the transmitters.

(4) The Energy Board shall, when considering an application by the IESO respecting an approval of a tariff for ancillary services, allow in its order or decision for mechanisms to recover the reasonable costs incurred by the IESO in the acquisition and provision of ancillary services, or base its order or decision respecting the tariff on all of the projected revenues from the sale of ancillary services and all of the projected costs to be incurred by the IESO in the acquisition or provision of ancillary services.

(5) At the conclusion of the hearing, the Energy Board may make any order respecting the tariff it deems appropriate and may set out timelines for the effective date of the tariff. [Emphasis added]

### **3.0 ANALYSIS AND FINDINGS**

#### **3.1 Proposed Organizational Structure**

[16] As a newly constituted corporation, IESO Nova Scotia had to determine its organizational structure and staffing needs. The forecast revenue requirement includes salaries and benefits for 36 employees. This includes 13 new executive and administrative positions and 23 non-unionized employees with technical roles that will be transitioned from NS Power.

[17] To assess the budgeted organizational needs and expenses comprising the proposed revenue requirement, Doane Grant Thornton reviewed IESO Nova Scotia's proposed organizational structure, comparing it to that of other Canadian independent system operators.

[18] Doane Grant Thornton [18] concluded that the executive functions and structure implemented by the IESO is comparable to other Canadian independent system operators (ISOs) relative to its size. It also concluded that the governance structure appears reasonable and consistent with other Canadian ISOs and that the key responsibilities covered by this organizational structure are aligned with the budgeted organizational needs and expenses.

[19] No intervenors raised concerns about the proposed organizational structure.

### **3.1.1 Findings**

[20] The above discussion about the IESO's organizational structure is not intended as the Board's review and endorsement of the governance-related activities of the IESO. That is the sole purview of IESO Nova Scotia's board of directors, based on the new system operator's objects, duties and responsibilities under the *More Access to Energy Act*. The scope of Doane Grant Thornton's review, and of the Board's analysis of the organizational structure, is limited to determining whether the costs associated with its proposed structure are reasonable.

[21] The Board agrees with Doane Grant Thornton's approach to determine the reasonableness of the organizational structure and proposed costs. The Board finds that the IESO's structure is consistent with other Canadian ISOs. The key responsibilities covered by the organizational structure is aligned with the budgeted organizational needs and expenses.

### **3.2 Proposed Revenue Requirement**

[22] IESO Nova Scotia forecasts its OM&A expenses for the test period to be \$6.75 million (Ongoing OM&A). The IESO stated it will incur one-time transition costs forecast at \$1.23 million, including costs to ramp-up its organizational capability and to transition responsibilities from NS Power. The Province provided the IESO with a \$2.68 million grant to fund its costs until it has secured the necessary funding from rates. The one-time transition costs of \$1.23 million are expected to be fully covered by provincial funding, so the IESO is not seeking Board approval of these costs for the period ending

March 31, 2026. However, it noted that additional one-time transition costs beyond those forecasted could occur in the current or future fiscal periods.

[23] The IESO expects to recover the forecast amount of \$5.31 million in rates (Net Ongoing OM&A). The difference of \$1.44 million between its forecast Ongoing OM&A and the Net Ongoing OM&A (i.e., the forecast amount for recovery) is the forecast amount remaining from the \$2.68 million provincial grant.

[24] A breakdown of IESO Nova Scotia’s proposed Net Ongoing OM&A costs of \$5.31 million was set out in Table 1 in the application:

<b>OM&amp;A Cost Category</b>	<b>Total OM&amp;A Costs (\$)(Millions)</b>	<b>One-Time Transitional Costs (\$) (Millions)</b>	<b>Ongoing O&amp;M Costs (\$) (Millions)</b>
Administration Salaries and Wages	1.57	0.00	1.57
NSPI Employee Transfers and IRP Consulting	1.61	0.00	1.61
Corporate Administration	0.29	0.06	0.23
Governance	0.52	0.01	0.51
Legal and Regulatory	0.81	0.00	0.81
Procurement	0.99	0.00	0.99
Facilities and Technology	1.00	0.14	0.87
Finance	0.16	0.00	0.16
Transition and Operational Planning (one time costs)	1.02	1.02	0.00
<b>Total OM&amp;A Expenses (Gross)</b>	<b>7.98</b>	<b>1.23</b>	<b>6.75</b>
<b>OM&amp;A After Provincial Funding</b>	<b>5.31</b>	<b>0</b>	<b>5.31</b>

[Exhibit N-1(i), p. 9]

[25] The current application requests approval of the Net Ongoing OM&A costs, after accounting for the provincial funding of \$2.68 million (i.e., \$1.23 million applied to

one-time transition costs and \$1.44 million applied to initial OM&A costs). However, the IESO does not request recovery of its costs from ratepayers at this time (including NS Power's customers and municipal electric utility customers). IESO Nova Scotia said it is not currently able to propose a rate recovery mechanism. It proposed to defer the approval of a rate recovery mechanism until a subsequent application for its revenue requirement for the 2026/2027 fiscal year. As part of that future application, the IESO said it would seek approval for the mechanism to allow for the recovery of its revenue requirement from rates.

[26] Accordingly, the IESO's application requests approval of a "Net OM&A Deferral and Variance Account". In this deferral account, it intends to record its forecast Net Ongoing OM&A costs (including any actual negative or positive variance from that forecast), plus any one-time transition costs that exceed the provincial funding. It stated that it will apply to clear the above deferral and variance account as part of a future application. The Board's consideration of the Deferral and Variance Account is set out later in this decision.

[27] The IESO did not seek capital funding in the current application. It stated that separate applications may be made in the future for approval of capital projects required to fulfil its core functions or to "support energy and capacity procurement initiatives and preserve project timelines".

[28] Doane Grant Thornton reviewed the reasonableness of the test year budget. In its evidence it reviewed each line item of the budget in detail and explained the components in each cost category. Doane Grant Thornton concluded that the cost categories used by the IESO appear to be aligned with standard practice. Based on its

review of the proposed expenses, nothing came to its attention that would deem the cost categories or expense amounts unreasonable.

[29] Doane Grant Thornton reviewed the supporting financial model provided by the IESO for mathematical accuracy and internal consistency and found no errors. However, Doane Grant Thornton said that the underlying detail and assumptions used in the model were not supported by evidence. Throughout the application IESO Nova Scotia stated that it had quotes and supporting documentation for expense categories, but when this expense support was requested through the IR process, the IESO clarified that current assumptions were based on generic market information and informal discussions.

[30] Doane Grant Thornton stated that the lack of formal quotes or estimates increases the risk of inaccurate budgeting and potentially excessive use of the deferral account as no actual data was used to determine the forecast spending in each category. It recommended the Board establish filing requirements for future applications requiring the IESO to produce formal support for all significant budget items.

[31] In its rebuttal evidence, IESO acknowledged Doane Grant Thornton's recommendations and stated that many of these items are in active development including implementing financial controls with support for significant expenditures and accounting policies. It stated that some cost control mechanisms have been in effect since mid-2025 and that financial controls and accounting policies will be in place in 2026.

### **3.2.1 Findings**

[32] The Board finds Doane Grant Thornton's review to be comprehensive and agrees that based on its analysis the expense categories and amounts appear reasonable. The Board also agrees that appropriate support for all expense amounts must be provided in all future filings. This will be discussed later in this decision.

### **3.3 Deferral and Variance Account**

[33] This Net OM&A Deferral and Variance Account is being requested to defer the recovery of the IESO's approved and forecasted Net Ongoing OM&A costs (i.e., net of provincial funding).

[34] The IESO deferred its request for a rate recovery mechanism until a future application, which it stated would be filed as part of its 2026-2027 revenue requirement application. The IESO said it did not have the operational or organizational data on which to base its forecast revenue requirement. Accordingly, there could be uncertainty about some of its financial forecasting.

[35] The proposed Deferral and Variance Account is comprised of three sub-accounts. The IESO proposed to record its approved forecast of Net Ongoing OM&A costs in Sub-Account No. 1. In the absence of any variance in actual results, the amount recovered from ratepayers would be the amount in Sub-Account No. 1. However, to the extent there may be a variance between the forecast and actual Net Ongoing OM&A costs or that one-time transition costs exceed provincial funding, such amounts would be recorded in Sub-Account No. 2 (either negative or positive variances). The IESO noted that any one-time transition costs in future test periods would also be applied to the variance account. Sub-Account No. 3 would reflect "the trued-up actual Net Ongoing OM&A expenses and any unfunded one-time transition costs", namely Sub-Account No.1 minus Sub-Account No. 2.

[36] In summary, the IESO clarified in NSEB IR-3, that its intent was to establish a deferral account for all OM&A costs actually incurred in fiscal 2025-2026, net of any surplus funds remaining from its provincial funding for one-time transition costs. As noted in Table 1 set out earlier in this decision, the IESO expected to record a deferral of \$5.31

million (\$6.75 million less \$1.44 million) in the variance account upon approval of its forecast OM&A costs in this decision (NSEB IR-12).

[37] Doane Grant Thornton reviewed IESO Nova Scotia's proposed Net OM&A Deferral and Variance Account, starting with a review of similar deferral mechanisms implemented by other independent system operators across Canada, including the ISOs in Ontario, Alberta, and NB Power. Doane Grant Thornton recognized that the adoption of deferral accounts is standard industry practice among utilities and independent system operators across the country "to help ensure stabilization of rates, alignment of cost recovery with service delivery, and for compliance with regulatory frameworks". However, it noted that the IESO's proposed Net OM&A Deferral and Variance Account lacked cost management controls and accounting policies. Accordingly, it made the following recommendations:

- While the NSIESO has basic financial controls in place, they do not have established cost management controls for monitoring expenditures. While the Net OM&A Deferral and Variance Account will allow the NSIESO to defer any variances to future years, if cost overruns are not adequately managed, this could place an excessive burden on ratepayers. Therefore, creation of these specific cost management controls should be a priority. Specifically, cost categories which exceed budget should require a prudence review of all costs within that category to ensure the underlying cause of overrun is adequately understood. The NSIESO should work to define specific prudence review and approval requirements to ensure processes are defined to foster efficiency and transparency;
- At the time of this report, the NSIESO has not yet developed accounting policies. It is recommended that the NSIESO prioritize the development of these policies to ensure that specific accounting standards have been implemented prior to the recovery of Net Ongoing OM&A amounts in the April 2027 test year application. Ensuring applicable standards have been implemented and are properly followed from the beginning will ensure revenue and expenses are appropriately recognized, avoiding potential misrepresentation of periodic deferral amounts. Specifically, accounting policies should address capitalization criteria and thresholds, revenue recognition, as well as recognition policies for the deferral account. Consideration should be given to the accounting standards currently applied by NSPI to create reporting consistency between both entities;
- There is currently no identified threshold for overrun or limit on the amount of costs that can be recovered from ratepayers through the Net OM&A Deferral and Variance Account. While the purpose and technicalities of deferral accounts and mechanisms can differ depending on the specific organization, it is evident from our jurisdictional review that having thresholds, limits, and/or specific approval requirements is a key feature of many

regulatory deferral tools. To create accountability and minimize excess and uncontrolled cost overruns, it is recommended that the NSIESO work to develop more clearly defined thresholds, to limit amounts recoverable from ratepayers; and,

- Finally, as demonstrated by jurisdictional research, it is important to have specific guidelines surrounding regulatory approval, scope, eligibility requirements, and time limits for deferral accounts. Therefore, it is recommended that specific account scoping details be defined and communicated for review at the end of the first fiscal period.

[Exhibit N-10, pp. 51-52]

[38] In their Closing Submissions, the Intervenors agreed with Doane Grant Thornton's recommendations and the requirement for prudence reviews and a variance threshold. The Industrial Group submitted that a 10% variance threshold is appropriate, consistent with Doane Grant Thornton's reference to the 10% threshold applied by the Alberta Electric System Operator.

[39] IESO Nova Scotia generally agreed with Doane Grant Thornton's recommendations. However, as described elsewhere in this decision, it noted in response to Doane Grant Thornton and Intervenors that it already has implemented cost control mechanisms since mid-2025, including procurement guidelines and financial controls. These financial controls "include budgeting, invoice payment approvals, frequent leadership review of payables, bank reconciliations, and more". It stated more financial controls and policies will be in place in 2026. Further, it stated that it agreed that cost overruns be subject to prudence reviews after costs exceed a certain threshold.

[40] The IESO did not agree with the adoption of the 10% threshold to trigger a review, which was consistent with Doane Grant Thornton's reference to the 10% threshold applied by the Alberta Electric System Operator (AESO). IESO Nova Scotia asked the Board to consider a threshold in the 30% to 50% range, which reflected "the fluid state of IESO Nova Scotia's operations and corresponding costs in the short term, with the expectation that the threshold would be reduced as IESO Nova Scotia matures".

While generally supportive of “over-expenditure” thresholds, the IESO stated in its

Rebuttal Evidence:

... IESO Nova Scotia believes that such thresholds could balance providing operational flexibility, reflective of its statutory mandate, with accountability for over-expenditures. With respect specifically to comparison to the AESO and its 10 percent threshold, IESO Nova Scotia notes that the AESO is a much more mature organization presumably under steady-state and relatively predictable operation, and so adopting a comparable over-expenditure threshold may not be appropriate. Accordingly, IESO Nova Scotia agrees with [Doane Grant Thornton] that “it is important to exercise judgement in the initial years given the lack of historical data” and “the NSIESO work to develop more clearly defined thresholds”. In the event the NSEB adopts [Doane Grant Thornton’s] recommendations, IESO Nova Scotia requests that the NSEB provide IESO Nova Scotia the opportunity to consider and provide comments on the appropriate threshold in future.

[Exhibit N-13, p. 3]

[41] The IESO also suggested that, if the Board approves a variance threshold, that such related prudency reviews occur as part of the IESO's annual revenue requirement and fees applications.

### **3.3.1 Findings**

[42] The Board accepts Doane Grant Thornton’s evidence that the creation and application of deferral accounts is common industry practice among utilities and independent system operators. However, as the Board Counsel consultant noted, it is important that the operation of such regulatory deferral accounts be subject to appropriate cost management controls and accounting policies. IESO Nova Scotia’s proposed Net OM&A Deferral and Variance Account was lacking in this respect.

[43] The Board also accepts Doane Grant Thornton’s view that if cost overruns are not adequately managed, this could impose added rate burdens on ratepayers. This is of particular importance during the IESO’s startup phase when many of the organization’s operational parts are being developed. Given that these existing functions are being transitioned from NS Power to the new organization, it is important that they be re-established in an efficient and effective manner. Thus, the Board concurs with Doane

Grant Thornton that the IESO must develop specific cost management controls as a priority.

[44] Further, while the Board agrees with the creation of the Net OM&A Deferral and Variance Account, it does not approve the recovery of costs from the deferral account until specific guidelines and accounting policies are in place “surrounding regulatory approval, scope, eligibility requirements, and time limits” for the Deferral and Variance Account, as recommended by Doane Grant Thornton. Examples of such guidelines and policies include those that apply to NS Power’s Fuel Adjustment Mechanism (FAM) and its Decarbonization Deferral Account. IESO Nova Scotia’s guidelines and accounting policies must be developed and approved before there is a recovery of Net Ongoing OM&A amounts. As noted by Doane Grant Thornton, the accounting policies should “address capitalization criteria and thresholds, revenue recognition, as well as recognition policies for the deferral account”.

[45] Doane Grant Thornton also stated that “cost categories which exceed budget should require a prudence review of all costs within that category to ensure the underlying cause of overrun is adequately understood”. Since, under the *More Access to Energy Act*, the IESO must seek the Board’s approval of its revenue requirements, the IESO’s proposed forecast costs are all subject to the Board’s finding that they are just and reasonable, and to being reviewed for prudence once spent. In its decision in NS Power’s most recent FAM audit (2025 NSEB 10), the Board outlined the prudence test, noting the general presumption that a utility’s expenses are prudent, but this presumption may be rebutted when questions are raised. The Board noted that the threshold for rebutting the presumption was contextual:

... Incurring typical and expected costs in the normal course will not be enough to rebut the presumption of prudence. But if costs are unusual or unexpected, either in their nature or amount, this may rebut the presumption.

[2025 NSEB 10, para. 36]

[46] In the context of IESO Nova Scotia's revenue requirement applications, the Board considers it appropriate that any variance exceeding a set threshold from those forecast costs sought to be recovered from the Deferral and Variance Account, should trigger a Board regulatory review process to determine reasonableness. That process should include appropriate intervenor participation. The development of reasonable thresholds for any cost variances can facilitate the regulatory review process.

[47] Doane Grant Thornton recommended that the IESO develop clearly defined thresholds to limit amounts recoverable from ratepayers. The consultant stated that such thresholds and specific approval requirements were key features it observed from its jurisdictional review and that they would "create accountability and minimize excess and uncontrolled cost overruns".

[48] Accordingly, the Board concludes that it is appropriate to establish the Net OM&A Deferral and Variance Account. However, the Board directs that specific guidelines and accounting policies must be developed and approved before there is a recovery of Net Ongoing OM&A amounts from the Deferral and Variance Account. Further, the guidelines should reflect that any variance that exceeds +/-10% will trigger a review process established by the Board. While the Board may revisit the threshold level in subsequent years, it agrees with the Small Business Advocate that closer scrutiny is appropriate with a new organization to limit the magnitude of cost increases projected by the IESO over the first three years of operation.

[49] The Board agrees with the IESO that it would be efficient to conduct any prudence reviews during the IESO's annual revenue requirement and fees applications. Therefore, IESO Nova Scotia must, in its applications, provide an explanation for cost category variances exceeding +/-10%. For cost overruns, the burden will be on the IESO to demonstrate that the expenditures were prudent.

[50] For clarity, any costs transferred to the Deferral and Variance Account in the interim will be subject to review by the Board under the guidelines and policies before their recovery is approved. The Board directs IESO Nova Scotia to file these guidelines and policies no later than its application for the 2027/2028 revenue requirement.

### **3.4 Minimum Filing Requirements and Financial Controls**

[51] As discussed above, it was determined through the IR process that IESO Nova Scotia relied on generic market information and informal discussions to determine its forecasted expenses in this application. Doane Grant Thornton recommended that the Board implement minimum filing requirements prior to IESO Nova Scotia's next application. This includes providing formal support for all significant budget items such as quotes, specific referenced market information or correspondence from discussions surrounding estimates or any other evidence that provides comfort about the accuracy of the forecasted amounts. In response to IG IR-3(a) [Exhibit N-12], Doane Grant Thornton noted that "'significant' is determined on a situational basis and can be dependent on both the nature and numerical magnitude of the expense". This could consider components relating to the magnitude of the expense item to total expenses, volatility and variability, and the impact on end-user decision-making.

[52] In its closing submission, citing Doane Grant Thornton's response to IR-3(b), the Industrial Group submitted that future filing requirements should include at a minimum:

- (i) *Actual financial results for the current year and historical period (if applicable);*
- (ii) *Formal support for budget items (quotes, market information, correspondence from discussions surrounding estimates, etc.);*
- (iii) *Evidence of any noted Stakeholder or Indigenous engagement and details of collaboration, including dates, parties consulted, key takeaways, and copies of correspondence; and,*
- (iv) *Detailed support for any future deferral amounts, including the purpose, description, and justification for any cost overruns including providing formal evidentiary support for all significant budget items.*

[Industrial Group Closing Submission, January 15, 2026, pp. 5-6]

### **3.4.1 Findings**

[53] The Board agrees with Doane Grant Thornton's recommendations in its evidence and the Industrial Group's submissions that the development of minimum filing requirements provides greater transparency and allows interested parties to test the evidentiary basis of the application in the information request process, rather than providing basic disclosure that should have been included in the application in the first place. The Board directs that all future revenue requirement applications include:

- Formal support for all significant assumptions and expenditures in the application, such as quotes, any referenced market information, correspondence from discussions surrounding estimates, market data supporting employee compensation, etc.;
- Up to five years of actual audited historical financial results as they become available;
- Three years of projected financial results;

- An annual business plan that includes:
  - a detailed workplan of IESO Nova Scotia’s planned activities in the period covered by the revenue requirement application connecting each activity to the achievement of IESO Nova Scotia’s objects in the *More Access to Energy Act*;
  - timelines for activities expected to span more than one year;
  - an analysis of the past year’s results, including reasons for failing to complete activities in the prior year’s business plan and the reasons for any adjustments to timelines for longer-term activities; and
- Details of engagement activities with Indigenous groups and stakeholders.

### **3.5 Integrated Resource Planning Process**

[54] Section 11(1) of the *More Access to Energy Act* required the IESO to start its first integrated resource planning process within one year after the proclamation of that section on October 24, 2024. IESO Nova Scotia said it started its first integrated resource planning exercise in October 2025.

[55] Section 11(2) provides that prior to, or as part of, conducting an integrated resource planning exercise and subsequent competitive procurements of energy resources, the IESO must “evaluate the range of energy resources capable of meeting the needs of the integrated electricity system, including nonelectric energy resources that can work in combination with electric resources to satisfy the integrated electricity system demand”. The IESO must file the results of its integrated resource planning exercises with the Board once they are complete (s. 11(3)).

[56] IESO Nova Scotia was unable to provide much detail about its activities during the first phase of the transition and the development of its first Integrated Resource Plan (IRP). Instead, its evidence was generally directed to the staffing costs related to this function. Under the “Administration Salaries and Wages” category, it described the senior leadership and non-unionized, non-technical roles to support the executive and administrative activities of the organization. With respect to the integrated resource planning function, among the roles it identified were the Vice President of Operations, Planning, Reliability & Procurement and the Director, Market Operations.

[57] More specifically related to the IRP planning function, the IESO identified a staffing category entitled “NSPI Employee Transfers (including IRP consulting costs)” at a cost of \$1.61 million, comprised of salaries and wages (\$1.11 million) and consulting fees (\$0.50 million). It indicated these expenses are part of NS Power’s operational costs that will be transitioned to the IESO during the test period, relating primarily to system planning. While the majority of these costs are for internal labour resources, a portion of the costs will consist of engineering consulting fees.

[58] Under the *More Access to Energy Act*, the IESO must offer employment to all non-unionized NS Power employees for positions transferred to the IESO, on employment terms that are the same as in their current roles. The IESO said the employees hired under this cost category are those with technical roles that are required to carry out the first phase of its work for system planning, assuming a start date of October 1, 2025, and running to the end of the fiscal year, March 31, 2026. It forecast 23 employees would be transitioned in this test period. IESO Nova Scotia submitted that,

since the costs for these transitioned employees are already included in NS Power's rates, they do not represent an incremental cost for customers.

[59] The IESO stated that its proposed consulting costs primarily relate to the integrated resource planning function, to "support pre-integrated resource plan studies, forecasting and modelling". It also said "the cost forecast also assumes that external consultants may occasionally be required to perform transmission studies, wind integration studies and storage studies".

[60] The IESO was asked about the status of its integrated resource planning activities. In response to Synapse IR-1(b), as of October 7, 2025, the IESO said that it "has yet to complete high-level and detailed planning of activities to complete its first IRP". It confirmed that it would start "its first IRP exercise by October 24, 2025 [the one-year anniversary of proclamation of this part of the statute], with the posting of an RFP to acquire consulting services to support IRP development". It said it had not yet identified any consulting firm and modeling package to be used for the forthcoming IRP, nor had it incorporated IRP modeling software fees into its cost estimates (Synapse IR-3).

[61] In response to NSEB IR-17(c), which asked about the timeline to its first completed IRP, the IESO stated:

... A typical long-term planning process takes about a year to complete. However, given the significant work to transition staff, hardware, software and data from NS Power, it may take longer. It is reasonable to estimate that the first system planning modeling results will not be available before July 1, 2026, and, subject to stakeholder engagement and feedback, the NSIESO expects to complete the first IRP exercise by the end of 2026.

[Exhibit N-7, IR-17, PDF p. 43]

[62] In Synapse IR-2, it was asked about the status of the Effective Load Carrying Capacity (ELCC) study and the Net Zero Atlantic Hybrid Peak Study. It said it had no update about the ELCC study but that it would be discussing the ELCC study with

NS Power in its transition activities. It added that it expected a comprehensive stakeholder process that would allow for stakeholder input around key modelling assumptions and allow input from the Net Zero Atlantic Hybrid Peak Study or other studies to be included as discussed.

[63] Synapse was engaged by Board Counsel to review IESO Nova Scotia's integrated resource planning process to ensure that the technical aspects of its initial IRP are prepared in accordance with its obligations under the *More Access to Energy Act*. Based on its review, Synapse summarized key IRP modeling considerations the IESO should include when structuring its approach to completing the IRP.

[64] After noting that the IESO had yet to complete all major steps required before starting "IRP modeling and developing the sets of input parameters and a scenario analysis structure", Synapse reiterated the IRP modeling recommendations that it had made in the Wasoqonatl Transmission NS/NB reliability intertie matter, 2025 NSEB 12 (M12217):

- To research and analyze the capital and operating and maintenance costs for new supply-side resources, like wind, solar PV, battery resources, and combustion turbines;
- To explicitly include modeling scenarios that presume an enhanced regional system approach to unit commitment and unit dispatch has been accomplished (inclusive of regions in the New Brunswick balancing area), commencing with the completion of the reliability intertie interconnection;

- To include for all scenarios modeled, a carefully considered structure to reflect the constraints and costs associated with importing and exporting energy to or through New Brunswick;
- To complete and incorporate the outcomes from the ELCC portfolio analysis update currently in progress in Matter M12247 (the 2025 Evergreen IRP Action Plan and Roadmap Update);
- Demand response / hybrid peak scenarios. In addition to incorporating the portfolio effect associated with demand response resources in the ELCC analysis update, to directly consider all expanded demand response opportunities, including the use of AMI-enabled resources and existing or new time-of-use rate designs; and
- To ensure that all emissions offset purchase costs, carbon costs, and any ongoing use of the output-based pricing system are dynamically linked in the capacity expansion optimization modeling.

[65] Synapse concluded that it “appears that [the IESO] will have sufficient support between internal staff and external consultants to conduct the IRP, although there is uncertainty around the exact technical expertise of the team”. In response to Synapse IR-3, the IESO stated that at that point it did not know the staff makeup of the resource planning team, including whether it would include former NS Power staff. Synapse indicated that:

... Depending on the final team's level of experience with resource planning and Nova Scotia context, this may impact how efficiently NSIESO is able to conduct the IRP. We think it is appropriate for NSIESO to rely on external consultants to support the development of the IRP.

[Exhibit N-11, p. 9]

[66] Synapse stated that the IESO's anticipated completion of its first IRP exercise by the end of 2026 may be reasonable if it acts expeditiously to issue an RFP

for consulting services and to finalize the necessary pre-IRP studies. In Synapse's experience, contracting delays with IRP consultants can significantly impact IRP study timelines. It urged the IESO to begin and complete the IRP expeditiously, because the IRP results are "crucial for informing near-term procurement decisions and ensuring that future investments are in the best interest of ratepayers".

[67] In its Rebuttal Evidence, IESO Nova Scotia stated that it would take Synapse's recommendations into consideration as part of its IRP exercise and study. It also confirmed that key members of NS Power's system planning team with responsibilities for the IRP processes had transferred to the IESO. It submitted that this addressed Synapse's concerns about gaps in expertise.

[68] By the filing date of the Rebuttal Evidence (i.e., December 22, 2025), the IESO confirmed that it had started its IRP planning exercise. In December 2025, its successful RFP proponent, Dunsky Energy + Climate (Dunsky), had begun its assessment of the historical IRP development process in Nova Scotia and would recommend enhancements to the process. Dunsky's engagement does not include IRP modelling activities. The IESO added that work has also begun on the ELCC study as a joint initiative between NS Power and IESO Nova Scotia, with consultant Energy + Environmental Economics.

### **3.5.1 Findings**

[69] The development of IESO Nova Scotia's first IRP is an important foundational exercise which lays the groundwork for the system operator's activities going forward. As Synapse noted, it is "crucial for informing near-term procurement decisions and ensuring that future investments are in the best interest of ratepayers". As such, it is important that the operational function be properly resourced and that it address the

required elements set out in the *More Access to Energy Act*. These activities include current studies, being conducted by NS Power, which will transition to the IESO.

[70] Under s. 56(1) of the *Act*, during the transition of functions to the IESO, NS Power must “make its best efforts to continue to carry out all such functions in the normal course so as to ensure minimum disruption to NSPI’s system operations, system planning and energy resource procurement prior to and during the transition, including interconnection studies and procedures and related activities”.

[71] In the Board’s recent decision letter about NS Power’s 10-Year System Outlook Report (Matter M12386), various IRP-related issues were identified which involved the transition of responsibilities from NS Power to IESO Nova Scotia. As noted above, similar issues were raised in the Wasoqonatl Transmission NS/NB reliability intertie matter (M12217). The IESO did not participate in the above matters. However, in those matters and others considered by the Board, NS Power confirmed that it is assisting the IESO in the transition of responsibilities.

[72] The IESO’s plans about the IRP process were still general in nature when it responded to IRs on October 7, 2025. It stated that it did not have a “complete high-level and detailed planning of activities to complete its first IRP”. However, it noted the IRP exercise would start by October 24, 2025, when it expected to post an RFP for consulting services to support the IRP process. Its rough estimate for the completion of the IRP was by the end of 2026.

[73] In its Rebuttal Evidence filed in late December 2025, the IESO confirmed that it had started the IRP planning process. It engaged Dunsky consultants to review and recommend improvements to the IRP process, but that engagement does not include

modelling activities. Also, NS Power and IESO Nova Scotia, with consultant Energy + Environmental Economics, had started work on the ELCC study.

[74] In response to Synapse's concerns about the new system planning team's technical expertise, the IESO confirmed that key members of NS Power's system planning team responsible for the IRP processes were transferred to the IESO. In addition, the IESO engaged consultants to assist in the IRP exercise, which Synapse supported. The Board accepts Synapse's evidence that the IESO appears to have enough support between internal staff and external consultants to conduct the IRP exercise.

[75] While the Industrial Group was encouraged that the IRP planning process was underway, it noted that no substantive engagement had occurred with interested parties and there was no specific timeline for completion of the IRP. The Industrial Group recommended that, by March 1, 2026, the IESO should publish a detailed schedule for the IRP process, which includes a completion date, as well as planned technical sessions with interested parties, and targeted dates for the dissemination of background reports, draft IRP assumptions, and scenarios. The Industrial Group said this would accommodate effective planning by the participants and contribute to meaningful stakeholder engagement. In its Reply Submission of January 29, 2026, the IESO stated that a full stakeholder workshop was planned for February 3, 2026, and that it expects to publish a detailed IRP schedule by April 1, 2026, after the Dunskey stakeholder engagement process is concluded.

[76] The IESO noted it is required to carry out the objects and duties set out in the *More Access to Energy Act*. Synapse made recommendations about issues that must

be considered in the IRP exercise, and the IESO stated it would take those recommendations into consideration in its IRP study. Synapse's recommendations arise directly from numerous Board proceedings which involved the engagement of interested parties.

[77] The Board considers that Synapse's recommendations reflect elements that are consistent with the objects outlined in the *Act* and are appropriate to address in the IRP exercise. While the purpose of the present application is to consider the IESO's request for its revenue requirement, the Board expects to see Synapse's recommendations addressed in the IESO's IRP when it is filed.

### **3.6 Reporting on the Transition from NS Power**

[78] IESO Nova Scotia stated that it will assume the system operator responsibilities under the *More Access to Energy Act* in a two-phased transition. In the first phase of the transition, it will assume the system planning, transmission interconnection, and energy and capacity procurement functions from NS Power. This was expected to occur in Q4 2025. The IESO said the second phase of the transition will involve the transfer of controlled grid and real time energy dispatch operations, which is expected to occur in Q2 2027. It added that its forecast annual revenue requirement is anticipated to increase over the first three fiscal years to reflect the increased scope of functions it will undertake.

[79] The IESO was unable to provide much detail about the transition timeline. In NSEB IR-1, the Board asked the IESO to provide a more detailed transition timeline. It said the Phase 1 transition was planned to take place in the period leading to December 1, 2025. It said planning was focused on several key areas, including topics such as People and Roles (the CEO started August 18, 2025); Technology; NPCC and NERC

transition and compliance preparedness; assuming responsibilities for the IRP process (to start by October 24, 2025) and Resource procurement (first RFP planned for January 2026).

[80] There was even less detail about the Phase 2 transition (real time dispatch operations), targeted to take place in Q2 2027. It stated that Phase 2 involves “additional complexity and implications that require additional planning and implementation activities”. The IESO planned to complete a comprehensive transition plan and roadmap for Phase 2 by the end of June 2026.

[81] In order to provide more clarity about the transition, the IESO committed to provide monthly reports:

To facilitate oversight, provide transparency of progress, and provide a timely update of any changes to the NSEB, the NSIESO proposes that it produces a monthly report on the status of the transition be provided to the NSEB on a one month lagging basis. The NSIESO proposes that the monthly report would provide a brief update on the status of transition in the following areas:

- People and roles
- Facilities and Technology
- Compliance

[Exhibit N-7, NSEB IR-1, p. 3]

[82] In closing submissions, the Industrial Group supported the IESO's proposed monthly transition status reports. However, in addition to the proposed reporting on people and roles, facilities and technology, and compliance, the Industrial Group submitted that this reporting should specifically address the following:

- Updates on Phase 1 and Phase 2 transition milestones;
- Any variance from the original schedule, with reasons, risks and mitigation efforts made;
- Collaboration outcomes between NSIESO and NSPI;
- Updates on specific costs incurred, and expected to be recovered through rates; and

- Any material changes impacting operations, costs, or schedule.

[Industrial Group Closing Submissions, p. 5]

[83] In its reply submissions, IESO Nova Scotia, while amenable to some expansion of the proposed monthly reporting, said since Phase 1 of its transition was materially complete, monthly reporting was “unlikely to produce meaningful updates” until Phase 2 transitional activities have begun. It also submitted requiring an update on specific costs incurred and expected to be recovered would materially expand the scope and regulatory burden of the monthly reporting.

### **3.6.1 Findings**

[84] The Board agrees that reporting should occur to update the Board and interested parties on the status of the transition, generally, including the transfer of responsibilities from NS Power to the IESO and various initiatives undertaken by the IESO, like completion of the IRP and any procurement process.

[85] This information is important because it will help promote meaningful engagement by interested parties and provide clarity to the Board and participants about the transition and help inform the forthcoming regulatory calendar.

[86] While the IESO was prepared to provide monthly reports, the Board is requesting further information identified by the Industrial Group. Accordingly, the Board directs that IESO Nova Scotia provide quarterly reports starting on May 15, 2026. The reports shall include updates on the status of the items noted in its response to NSEB IR-1 and the items identified by the Industrial Group. With respect to the Industrial Group’s fourth and fifth bullets, the Board considers it reasonable for the IESO to focus on new or unexpected costs that are expected to be recovered in rates, and material changes impacting operations, costs and schedule. The reports should also provide an update

about the IESO's progress on developing its rate recovery mechanism and on fulfilling the Board's directives in this decision, including the development of minimum filing requirements, financial controls and accounting policies. The reports must also provide an update on the transition of system operator functions from NS Power to the IESO, including the Phase 1 functions of system planning, transmission interconnection and energy and capacity procurement functions and the Phase 2 transfer of controlled grid and real time energy dispatch operations, expected to occur in Q2 2027.

#### **4.0 SUMMARY OF FINDINGS**

[87] The Board approves IESO Nova Scotia's proposed expenditure and revenue requirement for its initial test year ending March 31, 2026. For the initial test year, this approved amount is \$6,751,287, with a net amount of \$5,306,824 after the application of provincial funding.

[88] The Board also approves the Net OM&A Deferral and Variance Account. However, specific guidelines and accounting policies must be developed and approved before there is a recovery of Net Ongoing OM&A amounts from the Deferral and Variance Account. IESO Nova Scotia is directed to include these specific guidelines and accounting policies no later than its application for the 2027/2028 revenue requirement.

[89] In its next revenue requirement application, IESO Nova Scotia is also directed to file the financial controls it has adopted to control costs. Further, the Board directs that minimum filing requirements will apply to the IESO's future applications, including:

- Formal support for all significant assumptions and expenditures in the application, such as quotes, any referenced market information, correspondence from discussions surrounding estimates, market data supporting employee salaries, etc.;
- Up to five years of actual audited historical financial results as they become available;
- Three years of projected financial results;
- An annual business plan that includes:
  - a detailed workplan of IESO Nova Scotia's planned activities in the period covered by the revenue requirement application connecting each activity to the achievement of IESO Nova Scotia's objects in the *More Access to Energy Act*;
  - timelines for activities expected to span more than one year;
  - an analysis of the past year's results, including reasons for failing to complete activities in the prior business plan and the reasons for any adjustments to timelines for longer-term activities; and
- Details of engagement activities with Indigenous groups and stakeholders.

[90] The Board expects the IESO to address certain issues in its integrated resource planning process, including:

- To research and analyze the capital and operating and maintenance costs for new supply-side resources, like wind, solar PV, battery resources, and combustion turbines;

- To explicitly include modeling scenarios that presume an enhanced regional system approach to unit commitment and unit dispatch has been accomplished (inclusive of regions in the New Brunswick balancing area), commencing with the completion of the reliability intertie interconnection;
- For all scenarios modeled, to include a carefully considered structure to reflect the constraints and costs associated with importing and exporting energy to or through New Brunswick;
- To complete and incorporate the outcomes from the ELCC portfolio analysis update currently in progress in Matter M12247 (the 2025 Evergreen IRP Action Plan and Roadmap Update);
- Demand response / hybrid peak scenarios. In addition to incorporating the portfolio effect associated with demand response resources in the ELCC analysis update, to directly consider all expanded demand response opportunities, including the use of AMI-enabled resources and existing or new time-of-use rate designs; and
- To ensure that all emissions offset purchase costs, carbon costs, and any ongoing use of the output-based pricing system are dynamically linked in the capacity expansion optimization modeling.

[91] Finally, IESO Nova Scotia must provide quarterly reports starting on May 15, 2026, including updates about the status of Phases 1 and 2 of the transition of the system operator functions from NS Power to the IESO, as well as reporting about staffing, facilities and technology, regulatory compliance matters, and material changes to the transition timeline or to forecast costs.

[92] An Order will issue accordingly.

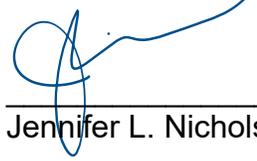
**DATED** at Halifax, Nova Scotia, this 25<sup>th</sup> day of February 2026.



Stephen T. McGrath



Roland A. Deveau



Jennifer L. Nicholson