May 27, 2010

Ms. Nancy McNeil
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3P6

Efficiency Nova Scotia Funding - P-199

Dear Ms. McNeil:

Thank you for your letter of May 21st, which requested clarification of Nova Scotia Power Inc.'s (NSPI) comments related to Efficiency Nova Scotia's (ENS) application dated April 30, 2010, requesting Board approval for initial funding of ENS by NSPI.

The Board has requested that NSPI "[p]lease clarify if this funding has been included in the approved amount of $22.6 million for the 2010 DSM programs or in the proposed amount of $41.9 million for the 2011 DSM programs".

While not specifically identified in the approved 2010 DSM program budget or proposed 2011 DSM program budget, NSPI would categorize the activities to be funded under the ENS request as "Administrative" in nature, and the DSM plans include amounts for administrative costs.

NSPI expects that many of the administrative activities outlined in ENS' April 30th request would have been expected to be funded by the administrative portion of the DSM budget. The development and filing of the 2012 DSM plan would be an example.

In other cases, NSPI expects the nature of the administrative activity will be different, but the net cost may not necessarily vary materially. For example, while ENS will have costs associated with establishing itself and becoming operational (which NSPI did not), it should also gain administrative efficiencies from the consolidation of energy efficiency activities into one new entity.

While the formation of a transition working group is new, and not explicitly budgeted, NSPI has funded other special purpose administrative activities within past DSM program budget envelopes. Examples include the additional costs associated with the design and development of DSM Data System and fuel substation studies.

Based on the foregoing points and NSPI's experience to date with 2010 programs, NSPI would expect ENS to manage start up costs within the approved 2010 program budget and the proposed 2011 budget. The DSM Cost Recovery Mechanism is designed to recover actual costs of DSM administration and programs, including to the extent these costs are, in the result, higher or lower than budgeted. NSPI continues to work with ENS to secure efficiency gains and minimize costs, both program and administrative, while achieving kW and kWh savings targets. As interim DSM administrator NSPI will continue to closely monitor progress and will keep the PDWG and the Board updated on the status of overall expenditures and energy savings.

Yours truly,

Alan Richardson, P.Eng
VP, Integrated Customer Service

c:	J. René Gallant, General Manager, Regulatory, NSPI	By email
	William Lahey, Chair, Board of Directors, Efficiency NS	By email
	S. Bruce Outhouse, Q.C. Board Counsel	By email