Efficiency Nova Scotia Corporation

IN THE MATTER OF *The Public Utilities Act*, R.S.N.S. 1989, c.380, as amended.

- and -

IN THE MATTER OF An Application to Approve Efficiency Nova Scotia Corporation's Electricity Demand Side Management (DSM) Plan for 2012.

Reply Submissions of ENSC
As DSM Administrator

May 20, 2011

1. INTRODUCTION

In this proceeding, UARB approval is requested for the proposed Electricity Demand Side Management Plan for 2012 (the 2012 DSM Plan).

ENSC, as DSM Administrator, filed its Closing Submission in this matter on May 13, 2011. Closing Submissions were also received on that date from the following parties:

- Consumer Advocate;
- NewPage Port Hawkesbury and Bowater Mersey Paper Company (NPB);
- Avon Group (Avon);
- Nova Scotia Department of Energy and Nova Scotia Department of Environment (NSDOE);
- Ecology Action Centre (EAC); and,
- Quetta Inc. (Quetta).

This brief Reply Submission responds to certain points raised in the intervenors' Closing Submissions.

Cost Allocation for Enabling Strategies

The CA has requested that the UARB immediately revise the approved methodology for allocation of the costs of Enabling Strategies contained in the 2012 DSM Plan.[1]

ENSC appreciates the argument made that, as these costs increase and the related benefits are shared more broadly across all rate classes, allocating costs on a basis other than the present customer counts may represent a more equitable or appropriate method.

[1] The budgeted amount and suite of proposed Enabling Strategies, as outlined in the Evidence, are supported by all parties, including the Consumer Advocate.

However, ENSC shares the concern raised by other parties as to the sufficiency of reliable evidence at this time to revisit this issue of cost allocation for multi-sector costs; particularly so when the broad issue of cost allocation for all DSM programs must now be reviewed by stakeholders prior to filing of the 2013 DSM Plan.

In the absence of such evidence, including analysis of impacts across all rate classes, ENSC respectfully submits that use of the existing approved methodology in the 2012 DSM Plan should be affirmed by the Board, and discussion of any changes should proceed through stakeholder consultations leading to the filing of the 2013 DSM Plan.

Program Budget for Large Industrial Class

The Avon Group has urged the Board to revisit the issue of proposed program costs for the Large Industrial (LI) class in 2012, and is seeking a reduction in the program costs directly assigned to the LI class in the 2012 DSM Plan from $1.473M to $1.01M.

ENSC disagrees with the assertion that there are "lingering doubts" regarding the reliability and tracking of program expenditures or validity of the "true-up" mechanism.

To the contrary, ENSC respectfully submits that the Evidence before the UARB is clear that all of the internal and external evaluation and verification reviews of DSM programs and related spending by the DSM Administrator are working well, subject to the expected cycle of continuous improvement.

Further, there has been no evidence presented to cast doubt on or challenge the validity of the necessary "true-up" process approved by the Board that will be applied by ENSC in ensuring that actual, audited expenditures are verified and adjusted for each rate class on an annual basis.[2]

[2] And which will be subject to further and continued review by all stakeholders and the UARB when submitted for approval by ENSC.

ENSC submits that it has provided as much certainty as it reasonably can in providing responses to the concerns raised by Avon Group on how the proposed program costs for the LI Class have been determined for the 2012 DSM Plan.

While 2010 levels of participation and expenditures may be a starting point in the analysis, as noted by Mr. Faulkner on cross examination, the final analysis in making such necessary projections for the 2012 program year is a combination of factors, including the availability of more and enhanced programs and an expectation that LI class customers will increasingly participate in the prescriptive program. [3]

ENSC must have necessary flexibility in making such difficult projections based on its knowledge of the marketplace and the relationships it continues to build with customers across all rate classes. As recognized in previous DSM decisions, it is not possible for the DSM Administrator to provide specific or binding evidence on expected up-take of various programs so far in advance of implementation of each actual plan.

The Board should not require ENSC to furnish such evidence, as suggested by Avon Group, to support the projected spending level for the LI Class or risk having the projected budget and related energy savings reduced.[4]

As determined by the UARB in approval of the 2011 DSM Plan,[5] ENSC respectfully submits that the proposed program costs assigned to the LI Class are reasonable under the circumstances, and that actual participation by rate class that may vary from the projected program costs will be properly verified and adjusted through the "true-up" mechanism without prejudice to any rate class.

---

[3] Avon Group Closing Submission, page 5, and the reference included from page 120 of the Transcript (Note 25).
[4] To do so makes the assumption that all LI Class customers are either willing or able to provide such certainty themselves to ENSC so far in advance for inclusion in the planning cycle to support any proposed cost assignment. Also, to require such evidence could possibly create a disincentive for LI Class customers to share such information to ensure such evidence is not available so as to minimize the assigned program budget to that class for a particular year.
[5] [2010] NSUARB 155, page 24, paragraph 46.

Rate or Bill Impact Analysis

NSDOE has summarized the discussion at the hearing regarding the need to establish key principles to determine and assess rate and bill impacts of each DSM plan and related expenditures on a go-forward basis.

ENSC agrees that this is an important issue, and supports the suggestion from NSDOE that NSPI, the PDWG and ENSC collectively review this issue further to develop such principles to determine how this information can or should be incorporated into DSM plan filings.

Organizational Studies/ISO 9000

NSDOE supports the recommendation of Dr. Peach for ENSC to consider moving more fully to an "organizational study focus" for 2012, once it has been in operation for a year.

Quetta suggests that the Board also direct ENSC to engage the services of an ISO 9000 specialist, to cover certification of the processes and protocols used in collecting data for on-going evaluations.

ENSC respectfully submits that no formal direction is required at this time in such matters. As emphasized at the hearing, 2011 will be the first full year of operation and responsibility for DSM programs by ENSC as the new DSM Administrator.

As confirmed, ENSC is in the process of reviewing all such recommendations flowing from the Evaluation and Verification reports of the successful 2010 DSM programs, and will continue to engage the PDWG and stakeholders in further refinements to these important reviews, as part of its commitment to continuous improvement and ensuring the public understands and embraces the value and quality of DSM programming.

Ordering engagement of such specialists now, as part of the approval for the 2012 DSM Plan, would be premature and without an understanding of costs. Once ENSC has its first full year of operation and experience "under its belt" these suggestions can be further reviewed.

EAC Costs

ENSC has discussed the issue of costs with EAC. As with the previous hearing, ENSC has requested that EAC provide it with a proposed Bill of Costs following closure of the hearing and submissions. In the event that ENSC and EAC are unable to reach agreement on costs, the UARB has jurisdiction to rule on the issue of costs at a later date, should that be required.