BEFORE THE
NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: ***The Public Utilities Act*, R.S.N.S. 1989, c. 380, as amended** **– and –** **IN THE MATTER OF:** **An Application by Efficiency Nova Scotia Corporation for Approval of its Electricity Demand Side Management Plan for 2012**	)	**NSUARB –** **E – ENSC – R – 10**

Reply Submission on behalf of NewPage Port Hawkesbury Corp. and Bowater Mersey Paper Company Ltd.

May 20, 2011

On May 13, 2011, the Nova Scotia Utility and Review Board (the "Board") received closing written submissions from various parties in the matter of NSUARB–E–ENSC–R–10. Please accept the following brief Reply submission on behalf of NewPage Port Hawkesbury Corp. and Bowater Mersey Paper Company Ltd. ("NPB"). This Reply responds to a few points raised by the Consumer Advocate ("CA") and the Ecology Action Centre ("EAC").

Consumer Advocate

1. Page 3 of the CA Closing Submission states as follows (emphasis added):

> "Allocating the cost of Enabling Strategies **on the basis of electricity consumption by rate class**, spending by rate class, or forecast energy savings by rate class each represents a more equitable and appropriate method of cost allocation given the evidence presented at the hearing."

NPB takes no position on whether the cost of Enabling Strategies should be allocated based on the DSM spending by rate class or forecast energy savings from the ratepayer-funded DSM programs by rate class, as opposed to the current allocation of these costs based on customer count. However, NPB cautions the Board regarding any suggestion that the allocation of these costs be done on the basis of electricity <u>consumption</u>. This would have the (presumably unintended) effect of significantly increasing the allocation of these costs to rate classes that do not participate in the DSM-funded programs, such as the ELI 2P-RTP class.

No specific evidence has been filed in this proceeding which supports allocating the cost of Enabling Strategies on the basis of electricity consumption by rate class. Such a change in the allocation at this time would be inappropriate and clearly inconsistent with the Board approved Cost Allocation Approach Agreement that assigns 75% of program costs "to the class(es) participating in the DSM programs in proportion to amounts invested in each class."[1] It would also be inconsistent with the Board's prior approval of the allocation of Education and Outreach and Research and Development costs in its July 27, 2010 decision.[2]

NPB submits that the Board should reject any proposal to allocate the cost of Enabling Strategies on the basis of electricity consumption by rate class.

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[1] The Cost Allocation Approach Agreement is provided at para. 53 of the Board's decision in 2009 NSUARB 116.
[2] 2010 NSUARB 155 at para. 37.

Ecology Action Centre

1. The EAC's Final Submission refers at page 3 to the "…last-minute inclusion of 80GW/h of unforeseen savings in the 2012 DSM Plan from ELI" and at page 20 to the "…last minute changes due to unforeseen savings from ELI."

With respect, Efficiency Nova Scotia Corporation ("ENSC") did not simply include the savings from the ELI projects as part of its 2012 DSM Plan at the "last minute." As Mr. Crandlemire noted in response to questions from the EAC at the hearing, ENSC first learned there could be savings from these customers at the stakeholder session of January 7, 2011, and ENSC identified at that time that these savings would be considered if there was an opportunity to evaluate and verify them.[3] ENSC subsequently engaged a consultant to carry out this process and included a "conservative on conservative estimate"[4] with respect to these savings as part of its February 28, 2011 Application. The proposed inclusion of these savings was thus part of the process undertaken by ENSC to develop its 2012 DSM Plan with stakeholder input. Intervenors subsequently had full opportunity to ask Information Requests and cross-examine ENSC's panel regarding the savings from these projects.

2. Page 6 of EAC's Final Submission states: "Efficiency NS targets less than 143.6 GW/h of energy savings from 2012 program activities, which has resulted in a decrease of DSM program budgets when compared to 2011." In fact, as noted in ENSC's Closing Submission, the proposed budget for the 2012 DSM Plan of $43.7 million is an <u>increase</u> over the 2011 DSM Plan budget of $41.9 million.[5]

3. Page 15 of EAC's Final Submission states: "The IRP also identified the reasonable level of DSM that could and should be pursued in order to achieve policy goals and targets." The Final Submission then goes on (at pages 19-20) to excerpt portions of Mr. Whalen's testimony at the hearing in response to questions from the Chair and Mr. Outhouse about the inter-relationship between "renewable standards" and "hard caps". NPB would reiterate that the 2012 DSM Plan proposed by ENSC meets the DSM savings targets in the IRP, and there is nothing in the

[3] Transcript, page 64, lines 7-15.
[4] Transcript, page 129, lines 11-14.
[5] ENSC Closing Submission, page 3, lines 13-14.

record of this proceeding to suggest that additional DSM spending in 2012 is required for NSPI to meet its renewable electricity standard or air emission targets. One would assume, as NSPI was a party to the proceeding, that if this was a consideration NSPI would have brought it to the attention of the Board.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of May, 2011.

Signed by:

David S. MacDougall

Signed by:

James MacDuff

Counsel for NewPage Port Hawkesbury Corp. and Bowater Mersey Paper Company Ltd.