

NON-CONFIDENTIAL

Request IR-28:

Please provide an explanation of why Figure 4.1 - 2013-2015 DSM Plan Savings and Investment including Outlook to 2017 on Page 18 of the revised application shows a significant increase in investment as compared to Figure 4.1 - 2013-2015 DSM Plan Savings and Investment including Outlook to 2017 on Page 18 of the original application but does not show a commensurate increase in incremental net energy savings at generator or incremental net demand savings at generator.

Response IR-28:

Please refer to Multeese IR-14.

NON-CONFIDENTIAL

Request IR-29:

Please identify which sub-program elements as described in the figures provided in response to Consumer Advocate IR-3 account for the majority of additional investment in the revised application and please explain why these program costs are substantially higher for these sub-program elements.

Response IR-29:

Since the additional investment in the revised application is due to correcting the Energy Efficiency Resource Assessment Model (RAM Tool) to include incentive costs for free riders, programs with higher levels of free ridership account for the majority of the additional investment. These include Existing Houses, New Residential, and BNI Efficient Product Rebates.

NON-CONFIDENTIAL

Request IR-30:

Please compare where possible lifetime benefits per dollar invested, and costs per GWh of net incremental savings in energy at generator and costs per MW of incremental demand savings at generator as shown in Figure 4.1 - 2013-2015 DSM Plan Savings and Investment including Outlook to 2017 on Page 18 of the revised application with those of the 2007 and 2009 IRPs.

Response IR-30:

The DSM projections in the 2009 IRP Update were unchanged from the 2007 IRP. Since the IRP projections did not present lifetime benefits per dollar invested, the comparison will address costs per GWh of net incremental savings in energy at generator and costs per MW of net incremental demand savings at generator.

The following figure presents the 2013-2015 DSM Plan Incremental Annual Net Savings at generator and annual Investment including Outlook to 2017 and provides investment in terms of \$/GWh and \$/MW.

2013-2015 DSM Plan Savings and Investment including Outlook to 2017

Year	Investment (\$ million)	Incremental Annual Net Energy Savings at Generator (GWh)	Incremental Annual Net Demand Savings at Generator (MW)	\$/GWh	\$/MW
2013	46.2	135.2	25.9	0.34	1.79
2014	47.7	137.8	27.0	0.35	1.77
2015	50.4	137.8	27.0	0.37	1.87
2016	53.9	139.9	27.6	0.38	1.95
2017	55.1	141.7	28.0	0.39	1.97
Total	253.3	692.4	135.4	0.37	1.87

Currency is expressed in 2013 dollars. Columns may not add correctly, due to rounding.

NON-CONFIDENTIAL

For comparison, the following figure presents the 2007/2009 IRP DSM Incremental Annual Net Savings at generator and annual Investment for 2013 to 2017 and provides investment in terms of \$/GWh and \$/MW.

2007/2009 IRP DSM Savings and Investment for 2013 to 2017

Year	Investment (\$ million)	Incremental Annual Net Energy Savings at Generator (GWh)	Incremental Annual Net Demand Savings at Generator (MW)	\$/GWh	\$/MW
2013	87	305	63	0.29	1.38
2014	79	276	57	0.29	1.39
2015	79	276	57	0.29	1.39
2016	79	276	57	0.29	1.39
2017	80	268	56	0.30	1.43
Total	404	1401	290	0.29	1.39

Currency is expressed in 2013 dollars. Columns may not add correctly, due to rounding.

NON-CONFIDENTIAL

Request IR-31:

Please explain the what is meant by the term “No New DSM” in Column 4 for 2011 Load Forecast rev. 2011 on Page 10 of ENSC’s Response to CA IR-6 and the term “Without Future DSM used to describe in Column 4 of Figure 13 Total Energy Requirement on Page 20 in of the attached 2011 NSPI Load Forecast as part of the response to CA IR-6 and why these numbers differ from those found in Column 11 (Total Energy GWh) of Table A1: Energy Requirement 1 – 2011 NSPI Forecast of Appendix A to the 2011 Load Forecast.

Response IR-31:

The terms “No New DSM” and “Without Future DSM” are intended to have the same meaning in the context of these forecast tables. The load forecast is developed using historical energy sales data which, since 2008, has been influenced by DSM programs. These past DSM programs are assumed to continue to affect energy sales for years into the future and, as a result, are included in the load forecast trend. This forecast series is labeled “No New DSM” or “Without Future DSM” and indicates the future load without the influence of additional or new DSM programs.

As the effects of new DSM programs are not included in this historical trend, an adjusted forecast series is provided which includes the predicted energy savings of these new programs. This series is labeled “with Future DSM”.

The load forecast shows these two series, “No New DSM” and “With Future DSM” to illustrate the estimated energy savings effects of additional or new DSM programs on the load forecast from the present forward.

The numbers in question from Column 4, Page 10, and Figure 13 are the forecast without the adjustments for future DSM programs. The matching numbers can be found in Appendix A,

NON-CONFIDENTIAL

- 1 Table A2. The numbers in Table A1 are adjusted for future DSM programs and, as a result, do
- 2 not match.

NON-CONFIDENTIAL

Request IR-32:

Please provide a breakdown of actual and forecast administration costs for the DSM for the years 2011 to 2015 inclusive, including number of employees, total salary costs, consultants travel and office space.

Response IR-32:

ENSC's 2011 DSM administration costs are provided below:

Item	Total Cost	Startup	Net Cost
Bank charges and interest	\$19,009	-	\$19,009
Consulting and other	\$994,517	\$535,898	\$458,619
Information technology	\$337,661	\$52,680	\$284,981
Meetings and travel	\$25,404	-	\$25,404
Office and insurance	\$182,902	\$979	\$181,923
Rent	\$172,820	-	\$172,820
Salaries and benefits	\$715,523	-	\$715,523
Training and development	\$98,958	\$1,836	\$97,122
Total Expenses	\$2,546,793	\$591,393	\$1,955,400

Columns may not add correctly due to rounding.

In 2011, ENSC incurred administrative costs related to startup of ENSC's operations of \$591,393. These have been identified separately above as they are not expected to be ongoing administrative costs. Actual administration costs incurred in 2011 are reflective of ENSC's efforts to build internal capacity over the course of the year, and as such are not representative of a normalized year. ENSC estimates that administrative costs will be in the range of 10 percent of total DSM investment for 2012 through 2015.

Total salary and benefit cost for 2011 was \$3,048,748, of which \$2,473,874 was allocated to DSM in accordance with ENSC's cost allocation methodology. The \$2,473,874 for electricity DSM consists of \$1,758,351 for programs and support, and \$715,523 for administration. At December 31, 2011, ENSC had 64 full time equivalent staff.

NON-CONFIDENTIAL

Request IR-33:

Please indicate whether ENSC is planning to undertake a management audit in 2012 or, if not, when it contemplates moving forward with a management audit as discussed in the 2011 DSM decision.

Response IR-33:

With 2011 being a year of development and growth, and 2012 being a year of stabilization and process refinements, ENSC is planning to undertake a management audit in 2013.

NON-CONFIDENTIAL

Request IR-34:

Please explain why ENSC chose to use in Appendix C, Attachment 1, the classification factors from the “Base Cost of Fuel Cost of Service Allocation of Fuel Expenses among Rate Classes’ table in line #32 under Purchased Power Regular / Fixed section in Appendix C of the 2011 Base Cost of Fuel Compliance Filing submission” (66.51% on energy) rather than the December 9, 2011, Compliance Filing in the 2012 GRA, which classifies 70.94% of overall generation function rate base as energy-related?

Response IR-34:

ENSC has discussed with NSPI the classification factors that would be most appropriate to use for allocating costs for the years 2013 - 2015 in a manner that is consistent with the 2009 Settlement Agreement. The energy-related value referred to in the December 9, 2011 Compliance Filing in the 2012 GRA (i.e., 70.94%) is not appropriate to use since it includes deferred costs and working capital, contrary to the Agreement. While ENSC and the parties are not bound by the 2009 Agreement after 2012, ENSC is proposing to use a methodology that is consistent with the agreement in all respects except the proposed change in the allocation of enabling strategies to rate classes, which was previously based on customer count.

NSPI notes that removing deferred costs and working capital from the calculation would result in the 70.94% figure being revised to 68.6%. This figure differs from the previously filed and approved figure (66.5%) due to the system load factor and generation mix that were assumed for purposes of the 2012 calculation in the 2012 GRA. NSPI believes that the 66.5% figure is a better representation of the energy classification factor that should be expected for the 2013-2015 period; hence, the 66.5% figure is the most appropriate projection of the energy-related costs during those years.

ENSC also observes that the actual cost factors will be relied on for purposes of the true-up processes that will finalize the costs recovered from customer classes for each year.

NON-CONFIDENTIAL

Request IR-35:

Does ENSC agree that the average customer will have lower usage in 2013– with the energy-efficiency program than without?

Response IR-35:

Yes. Average customer usage of electricity would be higher in the absence of energy efficiency programs. Energy efficiency programs have an offsetting effect to the trend of load growth or increasing usage of electricity.

NON-CONFIDENTIAL

Request IR-36:

Appendix C, Attachment 3 computes the annual bills for a customer who uses the same amount of energy each year.

a) Please provide the equivalent of Appendix C, Attachment 3, for a customer whose bill is reduced by the projected average class savings each year 2013 through 2015.

Response IR-36:

a) Please refer to Attachment 1. One sample residential customer is provided. The RAM Tool provides energy savings forecasts by program, not by rate class. Since programs are designed as either residential or commercial and industrial, the program development methodology does not produce program savings for rate classes other than the residential class.

To derive a projection of the percentage savings for the residential class, the class total energy usage is based on Nova Scotia Power Inc. 2012 General Rate Application - Operating Revenues; hence, 2012 is used as the reference year (i.e., it is assumed that usage would be constant and equal to 2012 usage in the absence of DSM). Class total energy savings are based on proposed incremental class savings in 2013, and based on the difference in proposed cumulative savings from 2013-2014 and 2013-2015 for 2014 and 2015 respectively.

Line #

Table 3.1: Residential (Domestic) Bill Impacts Adjusted for Average DSM Savings

	Metric	2012 BILL			2013 BILL			CHANGE IMPACT	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge ¹		1	\$10.83	\$10.83	1	\$10.83	\$10.83		
Demand Rate ¹									
Energy Rate 1 ¹	kWh	750	\$0.12638	\$94.79	741	\$0.12638	\$93.63	(\$1.15)	(1.2%)
FAM ¹	kWh	750	\$0.00698	\$5.24	741	\$0.00698	\$5.17	(\$0.06)	(1.2%)
DSM Cost Recovery	kWh	750	\$0.00587	\$4.40	741	\$0.00513	\$3.80	(\$0.60)	(13.6%)
Sub Total				\$115.25			\$113.44	(\$1.82)	(1.6%)
HST				\$17.29			\$17.02	(\$0.27)	(1.6%)
Provincial Rebate				(\$11.53)			(\$11.34)	\$0.18	1.6%
TOTAL BILL				\$121.02			\$119.11	(\$1.91)	(1.6%)

	Metric	2013 BILL			2014 BILL			CHANGE IMPACT	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Energy Rate 1 ¹	kWh	741	\$0.12638	\$93.63	734	\$0.12638	\$92.79	(\$0.84)	(0.9%)
FAM ¹	kWh	741	\$0.00698	\$5.17	734	\$0.00698	\$5.12	(\$0.05)	(0.9%)
DSM Cost Recovery	kWh	741	\$0.00513	\$3.80	734	\$0.00565	\$4.15	\$0.35	9.2%
Sub Total				\$113.44			\$113.78	\$0.35	0.3%
HST				\$17.02			\$17.07	\$0.05	0.3%
Provincial Rebate				(\$11.34)			(\$11.38)	(\$0.03)	(0.3%)
TOTAL BILL				\$119.11			\$119.47	\$0.37	0.3%

	Metric	2014 BILL			2015 BILL			CHANGE IMPACT		CUMULATIVE CHANGE IMPACT	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%	\$	%
Energy Rate 1 ¹	kWh	734	\$0.12638	\$92.79	727	\$0.12638	\$91.82	(\$0.97)	(1.0%)	(\$2.97)	(3.1%)
FAM ¹	kWh	734	\$0.00698	\$5.12	727	\$0.00698	\$5.07	(\$0.05)	(1.0%)	(\$0.16)	(3.1%)
DSM Cost Recovery	kWh	734	\$0.00565	\$4.15	727	\$0.00624	\$4.53	\$0.38	9.2%	\$0.13	3.0%
Sub Total				\$113.78			\$114.17	\$0.38	0.3%	(\$1.09)	(0.9%)
HST				\$17.07			\$17.13	\$0.06	0.3%	(\$0.16)	(0.9%)
Provincial Rebate				(\$11.38)			(\$11.42)	(\$0.04)	(0.3%)	\$0.11	0.9%
TOTAL BILL				\$119.47			\$119.88	\$0.40	0.3%	(\$1.14)	(0.9%)

¹ Source: Nova Scotia Power Inc. Tariffs & Regulations Effective January 1, 2012² Source: Nova Scotia Power Inc. Tariffs & Regulations Effective January 1, 2012³ Source: Navigant new potential savings

Attachment 1
E-ENSC-R-12
CA IR-36 Filed May 9, 2012

NON-CONFIDENTIAL

Request IR-37:

Does ENSC agree that NSPI's fuel adjustment charge will be lower with the energy-efficiency programs than without?

a) If not, please explain why.

b) If so, please provide ENSC's estimate of the reduction in the fuel adjustment charge due to the energy-efficiency programs, for each year 2013–2015.

Response IR-37:

a) ENSC does not have information on NSPI's fuel costs and does not estimate changes in NSPI's fuel adjustment mechanism.

b) Please refer to part a.

NON-CONFIDENTIAL

Request IR-38:

Has ENSC or NSPI identified any capital investments in generation, transmission or distribution that have been deferred, or are expected to be deferred in 2013–2015, due to reduced loads resulting from the energy-efficiency programs?

a) If so, please provide the estimated reductions in revenue requirements resulting from those deferrals.

Response IR-38:

NSPI has not identified any specific capital investments that have been deferred due to reduced loads as a result of energy efficiency programs.