Efficiency Nova Scotia Corporation

Demand Side Management Plan for 2013-2015

E-ENSC-R-12

LETTERS OF COMMENT

1	J. Ronald Marman
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Letter of Comment to Nova Scotia Utility and Review Board

RE: Efficiency Nova Scotia Corporation's application for approval of "Demand Side Management Plan" for 2013

Dear Ladies and Gentlemen,

I would like to comment and express my concerns on Efficiency Nova Scotia Corporation's application for approval for its electricity demand side management plan. I must admit that until I reviewed my last power bill to see how bad the latest rate increase would affect me, I did not realize that I was being charged an extra tax on my power bill to pay for energy efficiency in Nova Scotia. In questioning other individuals on this I soon realized that very few people have noticed this extra charge on their power bill.

It is my understanding that Nova Scotia power has a responsibility to all Nova Scotians to produce power in the most efficient manner and provide a fair return to its shareholders. Because it has a monopoly in Nova Scotia , and is a utility , your board has the responsibility to look after the interests of Nova Scotians to ensure the rate that is charged for electricity is a fair representation of the costs associated with the production and distribution of this commodity and a fair return to investors in this privatized corporation.

Under the Wheeler report it was noted that unless we become more efficient in energy use, Nova Scotia Power would be forced to install another generator and this cost would have to be absorbed by the consumer. This has all changed with the closing or reduced operations of the pulp mills and the closure of Sydney Steel. This does not mean that energy conservation should not be a high government priority, if we want to protect our environment. But as stated in the Wheeler Report , the Premier of Nova Scotia is encouraged to introduce energy conservation programs through the Department of Conservation and Energy.

Nova Scotia power is in the business of producing and selling power. Why is the government using this private corporation to collect money, above the normal taxes that all businesses collect, in order to fund government energy programs? While all people hate paying taxes the only fair tax is income tax which is based on a person's ability to pay. Electricity is a necessity of life and there are many people in this province who are struggling to live. If I want to build a new house and put in an efficient heating system that qualifies for a government efficiency grant , why should another individual in Nova Scotia who may not even be able to pay rent for the month, help fund my new heating system by paying an energy efficiency program charge on his/her power bill?

Efficiency Nova Scotia is a corporation that should not be in existence let alone applying to your Board for funding approval. The work being done by this corporation should be done by the Energy Department of the Nova Scotia government. We do not need the fixed costs associated with the running of another corporation.

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Nova Scotia
Utility and Review Board

Electricity costs in Nova Scotia are one of the highest. if not the highest, in Canada. We cannot expect consumers to pay for government programs while Nova Scotia Power reports record breaking profits. This is an impediment to industries coming to this province.

On behalf of the average Nova Scotian, I am appealing to the Board to refuse Efficiency Nova Scotia Corporation's application for approval of its Electricity "Demand Side Management Plan" for 2013.

Yours truly,

J. Ronald Marman

From: Dale Mullen
To: <UARB.nmcneil@gov.ns.ca>
CC: <allenpg@gov.ns.ca>
Date: 3/29/2012 3:06 PM
Subject: Efficiency Nova Scotia M04819
Attachments: Nova Scotia Utility and Review Board.docx

March 29, 2012

Dear Ms. McNeil:

At this point, I believe that you already have an Email inquiry in your files which would have been forwarded to you a week or so ago from Mr. Paul Allen. In my inquiry to Mr. Allen, I expressed concern that Nova Scotian's have been unwittingly subjected to steadily increasing and unnecessary financial pressure to support Efficiency Nova Scotia Corp. After spending some time reviewing the documents suggested by Mr. Allen plus the documents made available by Efficiency Nova Scotia Corp., it's only now becoming clear how much this rate-payer funded project is really costing and will cost in the future.

During these increasingly difficult financial times, Nova Scotians need anything but an increase in an already overly expensive form of energy. In brief discussions with others who were also unaware of the costly mechanisms in place, I've been encouraged to attempt to speak to this issue.

Therefore, I wish to have the attached document filed as a comment in the proceeding (ENSC) currently before the Board for fiscal 2013.

If necessary, I am able to provide you a hard copy of these comments by regular mail, if requested.

Thank you very much for your time and consideration.

Sincerely

Dale Mullen

Nova Scotians Cannot Afford Efficiency Nova Scotia Corporation

Premise: Submissions to the Nova Scotia Utility and Review Board are presumably made with the understanding that the Nova Scotia Utility and Review Board will review the request and act in the best interests of the public of Nova Scotia.

In reviewing the available literature and the letter of application from Efficiency Nova Scotia Corporation (ENSC) requesting approval of its Electricity Demand Side Management Plan for 2012 (DSM), a number of concerns arise including the following:

1. Legalese text discourages the general public's participation and understanding

The letter of request is supposedly available to all Nova Scotians for review prior to final decision or approval by the Nova Scotia Utility and Review Board. If this is indeed true, then it seems that the letter should be clearly written in brief everyday language easily read and understood by the majority of Nova Scotians.

Rather, it seems that the letter is overly long with convoluted text ensuring that only those familiar with such legalese (often written by lawyers to be read and understood solely by other lawyers) could/would read the material with any degree of understanding.

2a. Response of the Nova Scotia Utility and Review Board not suitable for public understanding

The response of the Nova Scotia Utility and Review Board, to ENSC's previous request (for 2011) is equally wordy and abstruse.

2b. Any agreement which accesses public funds or bills the public directly needs to be made readily available to the public (mass media, direct mail out, etc.) and written in language understandable by the average reader of a public newspaper.

This clearly has not been done in any of the documents relating to the formation, review, and support of ENSC.

Ref. 3.1.1 on page 13 of NSUARB-E-ENSC-R-10 2011 NSUARB 99

In a completely unofficial and random 'straw poll', less than half of those questioned had any idea what the 'Energy Efficiency Programs' charge meant on their electrical bill. Well publicized? Clear to the consumer? Costs known? This definitely does not appear to be the case. This needs to be corrected. All stakeholders must be made clear on what they are buying, what they are receiving for their investment, and the *total costs associated with the project*.

3. Decisions based upon flawed and insufficient data

According to ENSC, their decisions were based primarily on a public (?) survey via telephone conducted in 2008, surveying only 2912 respondents or approximately 0.3% of Nova Scotia's population.

Example: One of the questions on the survey (C2) asked the respondents to choose one of the following and respond as to which best represented their views:

A. Nova Scotia should consider ways to ensure that those who consume more than the average pay more for their excess consumption.

OR

B. Nova Scotia should treat all consumers the same and allow prices to be set regardless of the amount consumed.

A claimed 61% (0.183% of the population) of the respondents chose A

This type of question and the response becomes totally invalid when the small sample number is considered and the respondents were not clearly explained the full ramifications of their response.

For example, was it pointed out that their response would apply to residential households whose only heat source is electric? Was it explained that these households were not using oil, natural gas, etc. but only electricity as their primary heating source? Was it noted that homes designed for electrical heating (encouraged years ago by both our government and Nova Scotia Power) are not easily or practically converted to use other forms of heat? Was it clarified that electrical heat may have been among the most cost effective means of heating our homes?

This knowledge would have great impact on the response and yet ENSC with the sanction of the Nova Scotia Utility and Review Board has moved quickly forward virtually *condemning all those with electrically heated homes*.

Other questions in the survey are equally suspect.

Accurate surveys are very difficult to prepare and administer. It is short sighted at best to act upon the results without exposing the results to the utmost scrutiny for accuracy and reliability.

4a. Onus for correcting the perceived energy concerns placed primarily on the working middle class.

It is not reasonable that the blame and responsibility for correction of our energy concerns be placed on the average working person. For the most part, this group did not cause the problem and this group does not have the resources to 'cure' the problem. This cause and cure is far beyond the realm of this group.

As the author William D. Gairdner pointed out in his Bestselling text, ***The Trouble With Canada***, in 1990, governments gain their financing primarily from the working middle class. The 'rich' gain their wealth primarily because they know how to extract money from society. The 'poor' have no money to put into society and therefore function by extracting money from society. The 'working middle class' foot the bill for all, as they earn money and therefore are not eligible for financial help and most are not aware as to how they can extract wealth from society.

It seems relatively obvious that the middle class tax payer cannot continue to fund public programs at current levels. This must be recognized and addressed.

4b. If the entire province of Nova Scotia and its population were to disappear today, the effect on the global environment and energy concerns would be an insignificantly small percentage.

We have a worldwide exploding population of over seven billion people, our major global concern. Of this group, Nova Scotians number less than 1 000 000, smaller than many cities. Most notable is our extreme over-reaction to the claimed environment crisis, specifically global warming (on which we have no effect) and the feeling that it is our obligation to fund all those claiming the ability to correct this perceived wrong.

We do need energy conservation and we do need to save our resources and money. True conservation can be very positive and productive for Nova Scotians. However, it is money poorly spent to fund a make-work group of highly paid professionals such as ENSC.

5a. Nova Scotians cannot afford Efficiency Nova Scotia Corporation.

Supposedly, Efficiency Nova Scotia Corp (ENSC) is to act on a 'not-for-profit basis.' The existence and function of ENSC cannot be justified. The costs are excessive, unnecessary, and unjustifiable. On the brink of an economic depression*, working Nova Scotians simply cannot afford to fund a corporation which extracted $42 million from the public in 2011 and threatens to increase that amount significantly (Re. #53 p.18 of NSUARB-E-ENSC-R-10 2011 NSUARB 99)*.

Further references to the concerns raised by Mr. Whalen on pp. 18 & 19 of *NSUARB-E-ENSC-R-10 2011 NSUARB 99*. If my understanding is correct, an even larger expenditure is suggested which will result in a negative saving to residential customers.

From this supposedly non-profit organization, we have at least **sixty** very well paid office staff. This was supposedly justified in a recent email from Mr. Donald Dodge (of ENSC) claiming that it is necessary to hire the best and the brightest. He explained that, the staff is young, committed, energetic, and intelligent and include a large number of engineers and engineers in training.

The entire formation of the ENSC including our governments input, the consultants and staff of ENSC, and the costs associated with the Nova Scotia Utility and Review Board has been a very expensive endeavor. It would take Nova Scotians' years to recoup the costs of this corporation and its day-to-day operations alone.

Simply, Nova Scotians cannot afford to pay for such a staff, especially when the agenda is questionable, at best. Most obvious seems to be the insistence that certain Nova Scotians are responsible for the energy needs of other Nova Scotians (In a CJLS radio interview, Donald Cameron explained that the program was being paid for by someone else and asked 'How much better could that be?' !!!) The transference of wealth should not be part of the mandate of either the ENSC or the Nova Scotia Utility and Review Board. Social programs and tinkering are not an acceptable part of this process.

As pointed out on p. 27 of the *NSUARB-E-ENSC-R-10 2011 NSUARB 99 report, residential consumers are expected to fund over 90% of the enabling strategies but entitled to less than 50% of the spending.* Similarly, huge expenses in the past do not in any way justify similar or increased spending in the future, especially in manners which are quite different.

ENSC claims to be saving us money but for the most part, we've yet to see a reduction in our electrical power bills. Simply using less electricity because of doing without, using our appliances less or because of switching to another form or heating or lighting is hardly proof that ENSC is saving us energy or money. Rather, it's more a case of ENSC basking in the glow of our spotlight.

5b. By forcibly extracting money from working Nova Scotians, we are depriving them of the means by which they can improve their own energy efficiency through their own efforts, at a much lesser cost.

Nova Scotians need information and guidance, not interference. The information is already available and in the past we've had the opportunity to participate in the federally enacted **EnerGuide** Program (currently the **ecoEnergy – Retrofit Homes** program). Because of the excessive cost of administration and application, the federal government has recently cut back on this program. How then could one of Canada's poorest provinces during one of the greatest economic downturns in modern times, believe that we can fund or duplicate a similar government program?

[For the purposes of discussion, a government program is any program which the citizens are forced by law to fund, regardless of administrator]

6a. Not requesting assistance with various energy programs does not necessarily mean that the individual/family is not making or has not made significant improvements in energy efficiency.

It seems when the survey results are viewed (See flawed survey data above #3) and the decisions are made, *the interpretation is that anyone outside of the currently recognized 'good' groups is automatically 'bad'* and do not consider energy efficiency as important. *It seems to follow that this 'bad' group must be plundered and extractions made of whatever of their resource is available.*

Anecdote: Consider the following example: Please excuse me for using myself as the example.

In the mid-seventies, an electrically heated bungalow was purchased new. Although the building had CMHC's approval, it was later decided that heating efficiency could be greatly improved. The first action was to add fill around the exterior basement walls (grade level raised 1.25 to 1.7 m on average). The next step was to begin the replacement of all metal framed sliders (windows). These were replaced with wooden double-glazed units and then later vinyl casement gas-filled windows.

Sometime later, additional blown in insulation (cellulose) (15 cm) was added to the attic area and the attic hatch insulated and weather stripped. A short time after, the exterior hardboard siding was removed and replaced with insulation covered with vinyl siding. One (wooden) exterior door was replaced with a metal insulated unit and the remaining door weather-stripped and an insulated storm door was added.

Four years ago, the brick fireplace was replaced with a wood fueled insert with a stainless steel liner and a wood burning stove was added to the basement. At the same time, the basement walls (previously unfinished) were insulated (15 cm fiber glass batts) and finished with drywall. The main floor was insulated (the basement ceiling) and the sill to concrete wall intersection insulated and sealed.

In addition to the home modifications and replacements above (along with many others), coniferous trees were planted on the north and west sides of the residence to provide a windbreak during the heating season.

All this was done without government financial aid or direction. However, much of this (energy conservation) information is widely available on various web sites, in books and directly from the federal government. For the most part there is no (direct) charge to the consumer for the federally produced literature and information.

However, based on the philosophy of ENSC and apparently with the approval of the Nova Scotia Utility and Review Board, I am to be penalized because I use primarily electric heat in my home. As stated above, there is little recognition that with such a residence, alternate forms of heating are for the most part not reasonable or possible, without extensive and expensive renovation; something for which the return in savings would never reach the actual cost.

Yet my recourse seems minimal, at best.

6b. Owners of electrically heated homes unfairly targeted.

Having an electrically heated home, once considered a positive move in cost efficiency, has now become a liability under the ENSI rate mechanism. As explained above*, modification of many existing electrically heated homes to use an alternate heat source is often very expensive, if not impossibl*e.

Obviously electrically heated homes are going to consume more electricity (for heating purposes). However, it's necessary that decision-makers acknowledge that although such homes are using electricity generated primarily by burning coal (in Nova Scotia), at the same time they are not using other various fossil fuels. This needs to be recognized.

7. Nova Scotia Power Inc. well prepared financially to fund any perceived additional costs necessary to supply electrical demand.

In reviewing the applications and literature, it seems that one of the primary functions of Efficiency Nova Scotia is/was to prevent or delay the construction of additional infrastructure by Nova Scotia Power Inc., claimed necessary to meet the electrical demands within Nova Scotia (Ref. #4 NSUARB-E-ENSC-R-10 2011 NSUARB 99.

Based on ever-increasing power rates (again, approved by the NSURB) combined with the staggering profit margins (by NSPI), it seems that the threat from NSPI and the response to the proposed threat is for the most part, unjustifiable.

If such modifications and structures do indeed have to be built to support increasing demands, then it appears that Nova Scotia Power Inc. is more than adequately prepared financially to enact such plans. No such interference or development of a costly government program (ENSC) is needed to fend off the 'threat.'

8a. Claims of electrical energy savings may not reflect the true costs of high salaries and instituting and administering the various programs via the Efficiency Nova Scotia Corporation.

Close review of section 5:3 of (Ref. #4 NSUARB-E-ENSC-R-10 2011 NSUARB 99 required. It appears that when the claim is made as to how much Nova Scotians are saving because of the programs of ENSC, there is a significant failure to point out the true costs of the claimed savings, such as the costs of running Efficiency Nova Scotia Corp, the cost of the Nova Scotia Utility and Review Board's involvement, various other government departments' involvement, and so forth. *With the dismantling* *of ENSC, Nova Scotians can do a great deal with just the savings from staff salaries and expenses of ENSC alone.*

Further, each time Nova Scotia consumers attempt to reduce their electrical energy use (or gasoline use), they are immediately met with higher rates, which are not reflective of the true costs. It's difficult to be inspired after hearing stories such as those expounded on CTV recently by a NSURB representative, explaining that rate hikes must be permitted to NSPI as they have an obligation to their shareholders! Nova Scotians have a responsibility to satisfy the desires of the shareholder of NSPI?

How does satisfying such demands become the responsibility of NSURB or the Nova Scotia public? *Of course NSPI will charge what the market will bear but that's why we have NSURB, who supposedly should be looking out for our (Nova Scotia consumer) interests, not those of NSPI.*

With profits such as those claimed by Nova Scotia Power Inc. and the parent company Emera, it would seem totally out of the question to grant a rate hike of any amount, especially at this financially difficult time (for most of us) and under such circumstances.

8b. Savings by transference not clarified

A review of the literature supplied by ENSC, fails to clarify whether or not some of the claimed savings in electricity are simply transference to another energy form rather than being true savings. For example, simply switching from electricity to oil or gas may not be an actual savings or any less harmful to the environment.

9. Much of the mandate of Efficiency Nova Scotia Corporation appears to be a duplication of already available federal information and programs.

See also, 5b above.

Anything which increases costs to Nova Scotians needs to be carefully scrutinized, regardless where this cost/charge/fee originates. A future of claimed energy savings is of no use to us as a province if we are bankrupt to a point of having to depend upon others for our every need. This is not a savings and definitely not an asset.

10. The Save-Electricity-or-Else strategy/philosophy of the Efficiency Nova Scotia Corporation is not reasonable.

In what appears to be a 'charge forward' approach and 'damn the torpedoes' attitude, ENSC has obviously not fully considered the extreme variation of electrical requirements and use among rate payers. No apparent consideration has been given to businesses or residences which have already decreased their electrical use significantly over the years, prior to the formation of ENSC. Similarly, situations where no further cuts are possible (within our existing knowledge or framework) are clearly not being considered.

Claiming that an individual is draining our water supply because they are drinking too much water doesn't mean their portions can automatically be reduced to 50% or less of the amount necessary for life. In some situations, this may be true for electricity. The challenge is to find better ways of providing this *required* energy source at more reasonable costs, rather than attempting to force our citizens back into the dark ages.

The focus of the Energy Nova Scotia Corporation is naïve and misdirected and fails to serve any significant benefit in return for its high operating costs.

It is widely considered that electricity is one of our cleanest and most practical means of delivering energy. Car manufactures increasingly are designing automobiles to use electricity. This of course again will make the owner of such a vehicle one of the 'bad' guys (ref. 6a above) as such an owner will obviously be using more electrical energy than a neighbor driving a gas or diesel-fueled unit. *Following the thinking of ENSC, the owner shall be penalized for making this conversion.*

This is only one of numerous examples of the myopic views of this corporation. Further support under its present philosophy and mandate cannot be justified.

11. Ongoing rate increases for 'Energy Efficiency Programs', reflected on the electrical power bills issued by Nova Scotia Power Inc., are not made obvious, justified, or explained in any manner to the rate-payer.

Even *if* the findings based on the original survey of Nova Scotians in 2008 were valid and had any merit, this hardly expands to suggest any government, Review Board, or Incorporation has Carte Blanche to continually increase rates. This rate has more than doubled (without any input from Nova Scotians) in less than 12 months, a situation which completely fails to acknowledge that the majority of those paying the rates are attempting to survive with incomes which have failed to even kept pace with current inflation.

Such rate increases are not reasonable or acceptable. *Efficiency Nova Scotia Corporation needs to become more efficient*.

It would be interesting to see how fervent the advocacies at ENSC would be if it were only their own money at stake rather than being totally financed by the unwitting residents of our province.

12. Hardship and Benefit not clearly differentiated in Efficiency Nova Scotia Corporation's plan.

In reviewing the literature available, it seems that far too often, the approach has simply been to encourage (force) a reduction in energy use without consideration as to the total effects on those under siege. Once we've reduced our dependence on energy to a certain point, it becomes a significant hardship to continue to deprive the homeowner or business owner further. Savings should not be confused with 'doing without' or increasing labor or costs in another area.(Ref. 5a. above)

13. Suggested savings frequently proven to be more expensive

Converting an existing electrically heated home to a fossil fuel appliance heated home is often a very expensive option. Many of these homes do not have the physical room for such an addition and extensive/expensive modification would be required. Combined with the cost of a totally new heating system plus adding the old electrical heaters to the junk heap, would require a very long period to realize a possible saving, if ever.

Another example, the suggestion of switching incandescent bulbs to the compact fluorescent units, failed to acknowledge that, assuming we wanted light only (the heat, helpful during the colder and 'darker' months not considered), our initial energy costs would be reduced by approximately 75%. However, the 'efficient' bulbs cost at least five times more, often failed within two years (there are numerous claims of the bulbs burning out within a few months), were not dimmable (originally), and posed a significant health hazard if broken. Once all the information was included, the claimed savings soon disappeared.

Contrary to the claims of ENSC, choosing alternative forms of producing heat and light for residential use may not always be a true savings. Just a the federal government often claims savings by downloading various costs to the provinces*, reducing electrical use to be replaced by energy production by other means may result in the same or even higher final costs to the consumer*.

A reduction in the GWh of electricity used may not be efficient if we are simply transferring to another resource at a greatly increased cost. (Ref. 5a above)

If ENSC is going to claims savings, then consumers need to see the savings in their pocket, not just vague numbers bandied about in the media or ENSC literature. A transference is not necessarily a savings.

14. The end must justify the means and the process must be fully understood by Nova Scotians who are 'footing the bill' for these endeavors.

At this point, the entire process above seems mired in terminology and actions which are not at all clear to stakeholders. Of course, those who feel they are being given something or that something is 'free' will applaud the process while those paying the bill seem to have little effective input or recourse.

Rather than vague claimed savings which the average stakeholder has no way of understanding or researching for accuracy, Nova Scotians must be able to clearly understand the benefit and the justification of these extra expenses. Ratepayers must be able to see those benefits just as clearly those employees of Efficiency Nova Scotia Corp. see the (financial) benefit of their involvement. In other words, we must get *a clear return on our investment*.

Just as the World Wildlife Fund, using comments printed in a pop science magazine, '*The New Scientist*, back in 1999, turned a cyclic world-wide event (global warming and cooling which has been occurring for thousands of years) into an implied man-made event, so too have many other 'the sky is falling' schemes.

All around us, programs of dubious value but each of great expense are springing up, each claiming to be a necessity and each demanding additional funds directly from working Nova Scotians. Each has government enforcement leaving the citizens with little or no recourse or alternative.

Conclusions:

- It is necessary that the Nova Scotia Utility and Review Board *act in the best interest of all Nova Scotians*.
- Cost of Efficiency Nova Scotia Corp does not justify the return. The funding for various energy programs is much better utilized when left in the individual's hands, without a government middleman or broker, to siphon off extra revenue.
- *Input from all stakeholders is necessary* before any decision can be made for which Nova Scotians are bound to support financially.

- *The findings of the original survey by Thinkwell Research in 2008 need to be disregarded* and replaced with the findings from a properly designed and conducted survey.
- The concept and support of Efficiency Nova Scotia Corporation needs to be much more closely questioned and scrutinized. *ENSC needs to be truly non-profit organization and staff significantly reduced to reflect the current economic crisis and condition of Nova Scotians*.
- We should have learned from Ontario's Auditor General who "pointed out that *for every green energy job created, higher electricity prices eliminated two to four existing jobs in formerly profitable industries*." (*the Tax Payer*, Winter 2012)
- *It seems that many of the 'claimed' savings may actually be a transference*. The end-consumer ends up with little or no true savings and may actually be spending more, once government and corporation costs are factored in.
- *The most obvious result to Efficiency Nova Scotia Corporation's work has been an increase in an already overly expensive electrical power bill, rather than a decrease*. Anything which increases the cost of electricity (including any additional charges) to residents of Nova Scotia needs to be strongly discouraged and unsupported.
- *Claims of ratepayer savings must be clarified and obvious*. The data provided as 'claimed proof' is far too generalized and ambiguous. For Nova Scotians, the' real proof' is in *lower electrical bills without having to do without* or replaced by higher charges in another area.
- *Solar energy*, a major factor in the two American states (Vermont and Oregon) which ENSC is using as their role model*, may not be as practical for use in Nova Scotia*.

From: Iaian Archibald <iaianarchibald@gmail.com>
To: <board@gov.ns.ca>
Date: 4/10/2012 1:46 PM
Subject: Written Comment and Request to Speak
Attachments: Archibald ENS DSM Comments to Utility and Review Board.pdf

Dear Clerk of the Board

Please see my attached formal written comment in relation to the April 17th, 2012 Nova Scotia Utility and Review Board's review of Efficiency Nova Scotia's 2013-2015 Demand Side Management Plan. Furthermore I would like to formally request to speak at the review. Please contact me if you have any questions or comments about this.

Best,

Iaian

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Please consider the environment before printing this message.

A.I. CONSULTING

2013-2015 Efficiency Nova Scotia D.S.M. Review

Comments, Concerns and Recommendations

Iaian Archibald, B.A., M.B.A.

4/10/2012

These comments, concerns and recommendations have been submitted to The Nova Scotia Utility and Review Board in relation to the Board's review of Efficiency Nova Scotia's 2013-2015 Demand Side Management Plan.

Leading up to the 2007/2008 economic collapse the issue of climate change had significant prominence in both the media and greater political discussion. This prominence was one of the leading factors in the creation of organizations such as Efficiency Nova Scotia (ENS). The current Demand Side Management Plan (DSM) being followed by ENS, and the 2013-2015 plan which is the subject of this review, were constructed to work in concert with this significant momentum in society around the issue of climate change. In the years since the 07/08 economic collapse the issue of climate change has experienced a steady drop in prominence within the media as general attention has shifted to economic issues. In this comment submitted to the Nova Scotia Utility and Review Board I argue that the DSM plan before the Board does not adequately account for this change in the social environment. Unless Efficiency Nova Scotia's Demand Side Management Plan is amended to compensate for this shift in the prominence of climate change as an issue in the greater social discussion, the organization will not be able to fulfill its mandate over the long term.

Within the field of marketing strategies are classified as pull strategies, push strategies, or, in most cases, a mix of the two. A push strategy motivates someone on **why** they should do something. It opens them up to considering a course of action. A pull strategy motivates the individual to make a choice on **what** to do once they have already decided on or considered a general course of action.

The classic example of a pull strategy is in pricing. If you lower the price of your HD TV in relation to the prices of your competitors more people who have decided to buy a HD TV, or upgrade their TVs in the future, will buy your HD TV. Other classic pull strategies are highlighting the build quality of the product, extra features on the product or location of the product. The fundamental aspect to a pull strategy's success is that the consumer has already made the choice take action in the long or short term.

Most ENS services and products are pull strategies such as rebates to entice home owners to install energy efficient windows, providing incentives for businesses to make energy efficient capital expenditures and providing energy audits for home owners. They are designed to provide motivation for people, businesses and organizations that have already made the choice, or have considered making the choice, to reduce their carbon footprint. By subsidizing and facilitating the front-end economic costs of upgrading infrastructure ENS incentivizes action by those who have begun to consider that action should take place.

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Push strategies are designed to get the consumer to the point where they are considering changing their economic behavior. When a new technology is introduced to the marketplace such as HD television consumers need to be convinced why they need the new technology. When HD televisions were first on the market all of the major television producers featured advertisements based on the quality of the viewing experience to convince consumers why they should adopt the new technology. These producers first needed to build the demand for HD technology before they could use traditional pull strategies to differentiate themselves from their competition.

Leading up to the 07/08 economic collapse there was significant momentum in Canada, and globally, around the issue of climate change. This prominence of the issue both within Canada and internationally defined much of our own internal political discourse on the federal level, and state interactions globally. The standing of climate change as an issue was the catalyst to forming Efficiency Nova Scotia. When the initial plans for ENS were being formed there enough push through the media, politic and general public discourse allowing ENS to position itself as a body offering pull incentives to both residential and industrial consumers who were considering how to reduce their consumption of "dirty" energy. Given the current distraction with the economic issues there is not sufficient push within society for ENS to fulfill its mandate as the organization is currently prioritized over the long term.

That natural societal cycles such as the economic cycle exemplified through the 07/08 collapse would reduce the push towards combating climate change enough to stall the movement should not be surprising. Without monetizing the issue through the creation of a carbon economy, and thus integrating it into our current economic system, our individual life cycles, economic cycles, political cycles and media cycles are not designed to sustain an issue as broad in scope as climate change long enough to address the issue. Looking at the history of economic growth, industrial growth, innovation and mass societal change almost all of these transitions have been in pursuit of short-to-medium term increases in individual freedom, utility and production. We, as humans, have never successfully integrated a change that includes the global scope and short timeline needed to combat climate change based on moral grounds. Our social and economic systems are not designed to do it.

Locally ENS has the means and mandated to fill this gap in the push for action on climate change but it will take re-thinking the priorities of the organization slightly. ENS cannot rely on outside forces to provide enough push to get people and organizations to the point where they will engage the current roster of pull incentives offered by ENS over the long term. The current strategy outlined in the 2012 DSM, and the 2013-2015 DSM under review, is proving to be successful because it is picking low hanging

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fruit. It is providing pull incentives to those who feel morally obliged to change their consumer behavior.

Over time, without sufficient push, ENS will have to entice people with greater economic incentives, or pull, to get the same results as currently being experienced. By focusing more resources on push strategies in the beginning of ENS's mandate, as recommended in the 2010 Dunsky report, ENS will save money in the future because the pull incentives will require less of an economic motivator to entice consumers to make energy efficient choices. In many ways the argument for investing more in push strategies up front to reduce the costs related to pull strategies in the future is the same as the argument for investing in combating climate change today. The economic and societal costs of climate change in the future will be so high that we as a society have the moral obligation to take on the economic costs of reduce our carbon footprints today.

Currently the 2013-2015 DSM plan calls for approximately 6% of the budget focused on push strategies. I recommend that the Nova Scotia Utility and Review Board reject Efficiency Nova Scotia's 2013-2015 Demand Side Management Plan on the grounds that it does not sufficiently address the issue of motivating Nova Scotians to reduce their type and volume of energy consumption. I recommend that at least 25% of Efficiency Nova Scotia's budget be dedicated to push strategies focused on changing societal norms around energy use. Until a tipping point is reached where energy conservation is the societal norm, and there is enough demand that the economies of scale make new technology more economically palatable, ENS needs to put a significantly larger percentage of its budget into push strategies.

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