THE BRETON LAW GROUP

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File No. 41736-18

Nova Scotia Utility and Review Board
3rd Floor, 1601 Lower Water Street
Halifax, NS B3J 3P6

Attention: Doreen Friis, Regulatory Affairs Officer / Clerk

Dear Ms. Friis:

Re: **M07543 – EfficiencyOne 2016-2018 DSM Deferred Matters**

I am writing further to the Board's request of September 13, 2016, for clarification with respect to EfficiencyOne's future filings in relation to its Rate and Bill Impact Analysis and Cost Effectiveness Testing.

The Board has indicated it is not clear whether all issues associated with the Rate and Bill Impact Analysis will be concluded by the October 31, 2016 filing. In the Consensus Agreement reached among the Parties on June 16, 2015, EfficiencyOne agreed to develop, in consultation with the DSM Advisory Group (DSMAG), assumptions to its Rate and Bill Impact Analysis, including incorporation of the lost contribution to fixed costs.

Elenchus Research Associates Inc. was engaged to develop enhancements to the Rate and Bill Impact Model, based on methods developed in collaboration with the DSMAG. The proposed enhancements are outlined in Appendix 2 of the July 21, 2016 Consensus Agreement, and will be included in the October 31, 2016, Rate and Bill Impact Analysis Report filing. The October 31, 2016 Rate and Bill Impact Analysis will use initial estimates of avoided T&D costs provided by NS Power.

Article 8 of the July 21, 2016 Consensus Agreement noted that Parties were in agreement with the proposed enhancements *subject to review of the actual Rate and Bill Impact Analysis model*. Elenchus is in the process of revising the Rate and Bill Impact model to provide for these enhancements. It is not clear at this point if the revised model will be completed with time to circulate the model among DSMAG members prior to the October 31, 2016, filing. In the event that time does not permit the advanced distribution of the revised model prior to the October 31 filing, EfficiencyOne recognizes that the Board may provide stakeholders with an opportunity to comment after the filing.

Despite strong support for moving to the Program Administrator Cost (PAC) Test, Article 7 of the July 21, 2016 Consensus Agreement noted that the DSMAG aligned on remaining with the TRC test at this time and on working to improve its application by pursuing the nature and quantification of estimates associated with participant non-energy benefits.

It is EfficiencyOne's intention to work with the DSMAG in an effort to reach some degree of consensus on the nature and quantification of estimates associated with participant non-energy benefits to improve the TRC test. EfficiencyOne undertakes to provide an update to the Board on this matter prior to December 31, 2016.

I trust the above clarifies EfficiencyOne's intentions with respect to Rate and Bill Impact Analysis reporting and Cost Effectiveness Testing.

Yours very truly,

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James R. Gogan

cc. Bruce Outhouse, Q.C.
M06733 Participants