THE BRETON LAW GROUP

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File No. 41736-18

June 30, 2016

Nova Scotia Utility & Review Board
PO Box 1692, Unit "M"
Halifax, Nova Scotia
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Attention: Doreen Friis, Regulatory Affairs Officer / Clerk

Dear Ms. Friis:

Re: M06733 – EfficiencyOne Application for Approval of 2016-2018 DSM Resource Plan
Matters deferred for DSM Advisory Group Collaboration

In the course of EfficiencyOne's Application for approval of its 2016 to 2018 DSM Plan, the Parties and Intervenors executed a Consensus Agreement which provided for a number of issues, which were to be determined in the 2015 hearing, to be deferred to the DSM Advisory Group for further consultation. All parties agreed, and the Board ordered, that where consensus could not be reached, outstanding matters would be returned to the Board no later than June 30, 2016.

The Consensus Agreement (Exhibit 62) addressed the following:

1. Establishment of a standardized filing for future DSM applications;
2. Establishment of a reserve fund;
3. Performance targets, indicators and thresholds;
4. Cost allocation;
5. Evaluation and reporting; and
6. Rate and Bill impact analysis.

The issues to be addressed by the DSM Advisory Group with a view to consensus prior to June 30, 2016, were the establishment of a standardized filing for future DSM applications, and the rate and bill impact analysis.

It is further noted that while not approved by the Board, the Quantum Agreement contained some provisions to which the Board did not object, including the proposed discussion of potential development of a DSM Expenditure Justification Criteria and the referral of cost-effectiveness screening tests to the DSM Advisory Group. EfficiencyOne committed to addressing these issues through the DSM Advisory Group.

In summary, the outstanding issues arising from the 2016-2018 hearing deferred for DSM Advisory Group were:

1. Establishment of a standardized filing for future DSM applications;
2. Rate and Bill impact analysis;
3. Cost Effectiveness Testing; and
4. DSM Expenditure Justification Criteria.

June 30, 2016 Consensus Agreement

In the course of discussion with respect to these deferred issues, EfficiencyOne, through the DSMAG met with stakeholders on seven (7) separate occasions, one of which included a technical symposium. In addition there were individual meetings with a number of stakeholders. EfficiencyOne considers that these discussions to have been highly productive and brought a diversity of positions and opinions together on these outstanding points.

EfficiencyOne is pleased to advise that broad consensus has been reached with respect to these deferred matters. Attached with this filing is a Consensus Agreement which is presently supported by the Small Business Advocate, the Ecology Action Center, the Municipal Electrical Utilities of Nova Scotia, and the Affordable Energy Coalition. EfficiencyOne is awaiting final comment from the remainder of the DSMAG stakeholders. EfficiencyOne remains confident that all parties will be in a position to support this agreement.

The June 30, 2016, Consensus Agreement filed herein focuses primarily on the Standardized Filing and Rate & Bill Impact Analysis.

Standardized Filing

With respect to the Standardized Filing, EfficiencyOne has developed a standardized template which includes standard DSM information items as well as one or more alternate scenarios of DSM savings and budgets. It is EfficiencyOne's position that the DSM Resource Plan Template will ensure a consistent and comprehensive DSM Plan is presented to the Board and stakeholders for approval.

Through the course of discussions, it was suggested that the requirement to establish DSM Expenditure Justification Criteria could be addressed within the standardized filing via the inclusion of "DSM Standards". The Small Business Advocate is agreeable to this approach at this time, without prejudice to the pending Small Business Energy Study due December 31, 2016. The parties agree that items may arise from the Small Business Energy Study which may have an impact upon the Standardized Filing and DSM Expenditure Justification Criteria, and Rate and Bill Impact Analysis, and have reserved the right to amend the Standardized Filing Template if necessary.

Rate and Bill Impact Analysis

Based on stakeholder engagement, enhancements to the Rate & Bill Impact Analysis will address changes to avoided costs, addition of lost revenue and attribution of savings to rate classes. It is

EfficiencyOne's position that these enhancements satisfy the Board's requirement to include the lost contribution to fixed costs. Impact analysis will provide average, long-term effects of DSM.

Cost-Effectiveness Testing

The June 30, 2016 Consensus Agreements allows for further stakeholder engagement and discussion with respect to potential revisions to the existing cost-effectiveness testing methodology. EfficiencyOne is committed to continued collaboration with stakeholders in an effort to reach consensus on, what it considers, are required refinements to the existing methodology.

In the event further parties agree to support this Consensus Agreement, EfficiencyOne will provide notice to the Board and update the submission accordingly.

We trust that you will find the foregoing in order.

All of which is respectfully submitted.

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James R. Gogan

cc. S. Bruce Outhouse, Board Counsel
M06733 Participants