



Nova Scotia Utility and Review Board

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October 12, 2016

jim@bretonlawgroup.com

EfficiencyOne
c/o James R. Gogan
The Breton Law Group
Suite 300, 292 Charlotte Street
Sydney NS B1P 1C7

Dear Mr. Gogan:

M07544 - EfficiencyOne – Incentive Setting Methodology (E-ENS-R-16)

This is further to EfficiencyOne's letter of August 17, 2016, responding to comments submitted by Nova Scotia Power Inc. ("NSPI"), the Small Business Advocate ("SBA"), and Synapse Energy Economics Inc. ("Synapse") regarding EfficiencyOne's ("E1") Incentive Setting Methodology. This matter was reviewed by Peter W. Gurnham, Q.C., Chair, and Roberta J. Clarke, Q.C., Member.

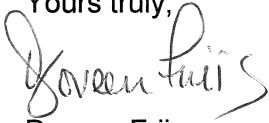
Based on the comments submitted by participants, a number of issues were identified which required E1 to provide further explanation of the basis upon which incentives were proposed to be determined, and also to provide additional clarity on the application of the proposed methodology. In its August 17th reply, E1 addressed many of the concerns that were raised and committed to making certain changes to its Implementation Plan and the CLEAResult Report, should the Board deem them appropriate.

Subsequently, on October 7, 2016 Synapse filed further comments regarding E1's August 17th reply, which makes it clear that several concerns still remain unresolved. The Synapse comments are attached.

During the 2016-2018 DSM Plan proceeding M06733, concerns expressed about DSM incentives resulted in the Board directing E1 to undertake research and make recommendations on a more rigorous program for determining incentives. Also, complaints from local LED lighting suppliers about high incentives and unfair pricing prompted a review by the Nova Scotia Department of Energy, which led to an incentive cap of 60% of the total project costs for Business Energy Solutions ("BES") programs.

Given the importance of the incentive setting issue, and the outstanding concerns regarding E1's proposal, it is the Board's view that E1 should undertake further discussions with Synapse and the DSM Advisory Group in an effort to reach consensus on outstanding concerns. E1 is to file a report with the Board on the results of those consultations no later than November 15, 2016.

Yours truly,

A handwritten signature in cursive script, appearing to read "Doreen Friis".

Doreen Friis
Regulatory Affairs Officer/Clerk

Enclosure

c. S. Bruce Outhouse, Q.C., Board Counsel
M06733 Interested Parties