Nova Scotia Utility and Review Board

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July 18, 2017

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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)

Further to the Board's letter of April 6, 2017 regarding the EfficiencyOne ("E1") Revised Incentive Setting Methodology report, participant comments were received on April 27, 2017, from Nova Scotia Power Inc, the Industrial Group, the Small Business Advocate, and Synapse Energy Economics Inc ("Synapse"). E1 filed its Reply to Stakeholder Comments on May 11, 2017 and included responses from CLEAResult, a further revised CLEAResult Incentive Setting Methodology report, and a revised E1 Implementation Plan.

The panel considering this matter is Peter W. Gurnham, Q.C., Chair, and Roberta J. Clarke, Q.C., Member.

In its filing, E1 has addressed the questions and concerns raised by participants, and has incorporated amendments into the Incentive Setting Methodology report, along with minor changes to the Implementation Plan.

The Board makes specific note of the following:

- E1 has developed a Consolidated Calculator which will be used to evaluate proposed incentives for individual measures delivered through a specific program delivery channel.
- E1 will arrange to demonstrate the functionality of the Consolidated Calculator to the DSM Advisory Group.
- Use of the Consolidated Calculator is built into E1's incentive review process for new and existing measures, and the same functions present in the calculator were to be used for the preliminary Financial Simulation on current incentive levels, scheduled for completion prior to June 30, 2017.
- The suggested upper limit of the customer cost incentive threshold of 100% applies to Incremental Equipment Cost, defined as the difference between the efficient option and the standard option, as opposed to Project Cost, which is the full cost of the efficient option.
- E1 is currently developing a Technical Reference Manual ("TRM"), to be completed by September 30, 2017, which will be used in its new central data tracking and customer

relationship management system. E1 does not oppose the Synapse recommendation for review of the proposed TRM by interested parties during its development.

The development and effective implementation of an appropriate incentive setting methodology is a significant component in the funding and successful execution of the DSM portfolio. The Board recognizes the efforts put forth by E1, consultants, and interested parties in addressing this important issue, and accepts the Incentive Setting Methodology report and E1's Implementation Plan as filed on May 11, 2017.

Yours truly,

Crystal Henwood

for

Doreen Friis
Regulatory Affairs Officer/Clerk

c: S. Bruce Outhouse, Q.C., Board Counsel
M07544 Participants