Nova Scotia POWER
An Emera Company
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June 20, 2018

Doreen Friis
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
P.O. Box 1692, Unit "M"
Halifax, NS B3J 3S3

Re: M08604 - EfficiencyOne - Application for Approval of a Supply Agreement for Electricity Efficiency and Conservation Activities between EfficiencyOne (E1) and Nova Scotia Power Inc. (NSPI) and the establishment of a final agreement between the Parties, including approval of E1's 2019 Demand Side Management (DSM) Resource Plan - Reply Evidence

Dear Ms. Friis:

On April 6, 2018 EfficiencyOne (E1) and Nova Scotia Power (NS Power, Company) filed an application for approval of the 2019 demand side management (DSM) supply agreement as required under the Electricity Plan Implementation Act (EPIA). NS Power and E1 filed an executed supply agreement for a DSM program providing 127 Gwh of efficiency and 20 MW of demand savings.

On May 30, 2018, NS Power responded to information requests from the Consumer Advocate (CA) and the Small Business Advocate (SBA).

On June 13, 2018, written submissions on the application were filed by the CA, the SBA, the Affordable Energy Coalition (AEC) and Alice Napoleon, Synapse Energy Economics (Synapse), on behalf of UARB Counsel.

Synapse supports the approval of the 2019 DSM Plan. The SBA and the AEC also appear to support it. The CA comments are focused on two specific items.

The UARB directed that any Reply evidence and submissions by E1 or NS Power were to be filed by June 20, 2018.

Please accept this correspondence as NS Power's reply submission.

Reply Submission

NS Power supports the proposed 2019 DSM Plan as filed. DSM funding for 2019 is capped under the EPIA at an amount not to exceed $34.05 million. The programs will deliver DSM in line with the 2016-2018 DSM Supply Agreement. None of the Intervenors have proposed modifications to the spending levels or energy savings set out in the plan. Synapse supports the proposed 2019 DSM Plan stating as follows:

> I find that the 2019 DSM Resource Plan secures highly cost-effective DSM resources within the budget available, which is based upon the 2016-2018 DSM Resource Plan annual spending levels. Given this construct of an effective cap on DSM resource spending, the plan is reasonable.[1]

Some of the comments of the Intervenors are specific to certain initiatives or programs within E1's plan or areas for continual improvement in reporting and transparency. NS Power anticipates that E1 will reply with respect to the comments on details respecting specific initiatives or programs and agrees with continued transparency and opportunity for scrutiny, evaluation and verification.

In addition, certain comments appear to be recommending direction be given in this proceeding on the level of DSM to be pursued in the next contract period. The scope of this proceeding is for the approval of the 2019 DSM Plan. A new potential study is required to assess the availability of cost-effective DSM going forward.

The CA provided comments on the spending allocation to the demand reduction pilot and the Rate and Bill Impact Analysis (RBIA). In its submission, the CA acknowledged the peak growth over the last several years and that "focused demand reduction programs would help reduce fuel costs in the near term and avoid generation costs in the longer term."[2] The CA also stated that there is "a clear opportunity cost"[3] associated with the allocation to the demand reduction pilot.

E1 and NS Power confirmed in IR responses[4] that they are developing, collaboratively, programs that can effectively reduce peak demand on the system. E1 and NS Power have not established a forecast for the demand reduction for this specific pilot project, but anticipate there will be real savings from the pilot reducing any perceived "opportunity cost". By undertaking this pilot now, E1 and NS Power will also generate

[1] Exhibit E-13, Evidence of Alice Napoleon, page 3, lines 11-14.
[2] Exhibit E-15, CA Submission,, June 13, 2018, page 2 paragraph 1.
[3] Exhibit E-15, CA Submission, June 13, 2018, page 2 paragraph 2
[4] (NSPI) CA IR-02, (E1) NSUARB IR-15.

learnings for future DSM programming on how to effectively reduce peak and avoid adding new capacity. Synapse recommended as follows:

> "E1 should increase focus on capacity savings by implementing demand reduction pilots as soon as feasible, subject to review by stakeholders and the Board."[5]

In addition to demand response, the CA also commented on the need for revisions to the RBIA. The CA recommended NS Power deliver modifications to the DSM Advisory Group (DSMAG) in a timely manner. NS Power will provide suggested revisions to the DSMAG in Q3 2018.

NS Power has worked closely with E1 to execute a supply agreement that complies with the EPIA and provides benefits that are substantially similar to the 2016-2018 DSM Supply Agreement. NS Power requests that the agreement be approved as filed.

NS Power appreciates the opportunity to provide these submissions.

Yours truly,

Brian Curry
Senior Regulatory Counsel

c: Judith Ferguson
Nicole Godbout
Participants M08604

[5] Exhibit E-13, Evidence of Alice Napoleon, June 13, 2018, page 4, lines 17-19.