2019 **M09096**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: **The *Public Utilities Act***, R.S.N.S. 1989, c.380 as amended

IN THE MATTER OF: An Application by EfficiencyOne (E1) to the Nova Scotia Utility and Review Board for Approval of Supply Agreement for Electricity Efficiency and Conservation Activities between E1 and Nova Scotia Power Inc. (NS Power), the establishment of a final agreement between the parties, and approval of a 2020-2022 Demand Side Management (DSM) Resource Plan

INFORMATION REQUESTS (REVISED)

To: EfficiencyOne ("E1")

From: The Industrial Group

Responses Due: May 13, 2019

Contact Person: Nancy G. Rubin, Q.C.
Stewart McKelvey
Suite 900 - 1959 Upper Water Street
P.O. Box 997
Halifax NS B3J 2X2
Telephone: (902) 420-3200 / Fax (902) 420-1417

Issued at Halifax, Nova Scotia, this 29th day of April, 2019.

THE FOLLOWING IRS REFER TO E1'S EVIDENCE

Request IR-1:

Please restate Table 1 (page 6) and Table 12 (page 51) to express currency in real dollars versus nominal dollars.

Request IR-2:

Reference: Page 16.

Any reduction in the level of investment will risk negatively impacting the DSM supply community and potentially resulting in permanent reduced capacity.

(a) What factual information does E1 rely upon to demonstrate the likelihood of that risk materializing?

(b) Please produce all studies, calculations, or other documents and evidence relied upon by E1 rely upon to quantify that risk?

(c) Is this submission regarding risk any different from the submission regarding risk to industry capacity made in respect of the 2016 – 2018 DSM Plan Application?

Request IR-3:

Reference: Page 18, lines 19-27.

(a) What weighting was applied to the listed aspects in producing E1's preferred DSM Resource Plan?

(b) If unable to weight, please indicate which aspects, if any, figured most prominently.

Request IR-4:

(a) Please provide forecasted and actual spending by customer rate class, by year from 2015 through to 2018, forecasted investment for 2019 and a forecasted investment for 2020 – 2022 for both E1's Preferred Plan and Alternate Scenario.

(b) Please provide cost allocation tables, by rate class, for each year in E1's Preferred Plan and Alternate Scenario.

Request IR-5:

Reference: Page 31 (PDF 43).

Demand reduction activities have a primary objective of reducing system coincident demand through the installation of passive measures (proactive). These measures do not rely on ongoing communication with the electricity utility. This differs from demand response activities which have the primary objective of reducing system coincident peak demand via utility signals to customers and/or associated equipment (reactive).

The Preferred Plan includes demand reduction rather than demand response activities to build experience in demand-focused DSM. EfficiencyOne expects that there could be future potential to build on these early efforts and expand into demand response initiatives.

(a) Does E1 consider NSPI's Interruptible Rider to be a "demand response" activity? If no, why not?

(b) Does E1 consider NSPI's Time-of-Day rate to be a demand response activity? If not, does it consider that rate to be a demand reduction activity?

(c) Does E1 consider NSPI's Time-of-Day rate to be effective in reducing system peak demand? Please explain why or why not.

(d) Does E1 consider that passive demand reduction activities are more effective than demand response activities? If so, please explain why and provide supporting information.

(e) Has E1 studied demand reduction and demand response activities of other utilities? If so, which utilities? Please provide copies of the information reviewed and the results of E1's analyses.

(f) How does "demand-focused DSM" differ from rates designed by NSPI to give customers incentives to reduce demand at system peak times?

Request IR-6:

Reference: Pages 31-32 and 33 (PDF 42-43 and 45).

E1 states:

The Preferred Plan . . . is expected to reduce demand by <u>20.7 MW</u> over the term of the 2020-2022 DSM Plan.

and

. . . [T]he Preferred Plan . . . will result in a demand reduction of <u>120.1 MW</u> over the term of the 2020-2022 DSM plan.

(a) Please explain the difference between the two numbers (20.7 and 120.1).

Request IR-7:

Reference: Pages 32 and 33 (PDF 43 and 44).

E1 states:

. . . [A]mongst electrically heated households in Nova Scotia, space and water heating are the two largest electricity end-uses and are typically active loads during system peak in Nova Scotia

and

[T]he prominence of space heating as a large end-use of electricity for many BNI customers (and its temperature-dependent load, which generally is high during system peak periods . . . .

(a) What days and hours does E1 consider to be the "system peak periods" of NS Power? What criteria does (or would) E1 use to identify the system peak periods?

Request IR-8:

Reference: Page 44.

Applying the HST rebate to the Preferred Plan is in the best interests of ratepayers…

(a) What, if any consideration was given to the interest of ratepayers as expressed in comments leading up to the development of the Plan with respect to the disposition of the HST credit?

(b) Please confirm that the expressed request of the Industrial Group was that the HST rebate be credited to customers via an on-bill credit as soon as possible?

Request IR-9:

Please provide a copy of the Cost Allocation Model relied upon to allocate the HST amounts.

Request IR-10:

(a) Please provide a table comparing the annual budget, incremental energy savings and incremental demand savings, by year, for the E1 Preferred Plan, Alternate Scenario, IRP mid-level DSM potential, and IRP low case for DSM potential.

(b) With respect to affordability, what, if any consideration does E1 give to other rate pressures faced by customers?

(c) Is E1 aware of the anticipated Base Cost of Fuel increase faced by customers in 2020-2022?

(d) Does E1 agree that overall rate impacts are valid considerations for the Board in approving the level of spending on DSM programs?

Request IR-11:

Reference: Appendix A, page 94.

> ***Dependent on approved cost allocation methodology, EfficiencyOne will undertake reasonable efforts to avoid program changes that will result in substantial changes to any customer rate class on an annual basis.***

(a) Please explain how the reasonable efforts are “dependent on approved cost allocation methodology"?

(b) How does E1 objectively define “substantial changes" to a customer rate class?

(c) Please explain the means and methods by which E1 will avoid such substantial changes to the Large Industrial and Medium Industrial customer rate classes.

Request IR-12:

Reference: Appendix B.

Why is the allocation of costs based on 2017 expenditures and 2017 energy and system peak demand savings?

Request IR-13:

Reference: Appendix E - Evidence of Glenn Reed, pages 10-11, Figures 1-4 (PDF 349-350).

(a) Please provide the calculations of the percentages.

(b) Please provide a copy of or link to the regulatory decisions that approved the budgets, sales and revenues underlying these results.

Request IR-14:

Please provide a redline version of Appendix G, the Supply Agreement 2020 – 2022 as compared to the Supply Agreement 2016 – 2018.

THE FOLLOWING IRS REFER TO E1 RESPONSES TO NSPI IRS

Request IR-15:

(a) Regarding E1 (NSPI) RIR-5, from whom did E1 received general support for increasing the emphasis on demand reduction? And for increasing focus on helping underserved markets?

(b) Please add a column to the table to identify which stakeholder submitted the comment.

(c) Please provide a copy of E1's 2018 Annual Progress Report as referenced in E1 (NSPI) RIR-6.

Request IR-16:

Reference: In E1 (NSPI) RIR-12(d), E1 states that "the incentives in retail stores for this measure [A-series LED lamps] have been discontinued as of 2019.

(a) Are incentives for this measure otherwise available from E1 than in retail stores? Please explain if so.

Request IR-17:

Reference: In E1 (NSPI) RIR-13(d) E1 lists "program enhancements" to overcome participation barriers and states it will "build upon successful strategies used in 2016 through 2019".

(a) Please explain further how E1 will "build upon" the bulleted points listed, identifying <u>new</u> activities, products and services etc.

(b) Explain whether there is a difference in kind, delivery model or financial funding of the enumerated strategies and if so, what is the dollar value?

Request IR-18:

Reference: E1 (NSPI) RIR-15, Attachment 1 CLEAResult Report, p.51 of 206.

CLEAResult understands that ENS is currently investigating the opportunity to recognize local avoided costs, and to consider discount and premium zones for electricity conservation. This position will be considered in any incentive methodology recommendations.

(a) Has this been considered and implemented by E1 in setting its incentive methodology? If so, how?

Request IR-19:

Reference: E1 (NSPI) IR-15, Attachment 1 CLEAResult Report, p.51 of 206.

… Some educational initiatives are incurring savings attribution issues, and have received tentative disallowance. This specifically was the case for the home energy reports (HER) program. In the future, this may lead to additional difficulty minimizing expenditure by moving funding from financial incentives educational incentives. This issue must be considered if an eventual goal is to ultimately eliminate financial incentives from programs, and reach market transformation of an energy efficient culture.

(a) How has E1 considered savings attribution from educational initiatives?

(b) Has E1 measured or quantified the energy and demand savings from its enabling strategies, even if not "counted" towards E1's performance measures? If so, please list savings for the years 2014 to present and for the proposed Preferred Plan and Alternate Scenario?

Request IR-20:

Reference: E1 (NSPI) RIR-15, Attachment 2, December 12, 2017, Marketing Evaluation Plan, pages 5-6.

Please outline the activities taken by E1 to implement the recommendations listed on pages 5-6 and provide copies of any reports or research generated as a result of compliance with those recommendations.

Request IR-21:

(a) Has E1 completed the incentive setting process for all measures as planned in the second quarter of 2018?

(b) Please provide a list of all measures for which incentives were adjusted by more than 10% as a result of the review and provide an explanation for the adjustment.

(c) Who within E1 has ultimate authority to review the incentive setting workbook and make decisions with respect to incentives?

(d) What steps have been taken by E1 subsequent to the final report by Research Into Action (E1 (NSPI) IR 15, Attachment 3) regarding the evaluation of E1's incentive setting practices and procedures?

Request IR-22:

References: i) E1 (NSPI) RIR-31, Attachment 1.

ii) M06733 E1 (NSPI) RIR-10, Attachment 1.

(a) Please identify (by highlighting cells in each spreadsheet) all measures in the 2020-2022 Plan (Reference i) that are continued from the 2016-2018 Plan (Reference ii). Since the measures are arranged differently in the two spreadsheets, please number the identified measures for cross reference.

(b) For each measure that is common to both plans, please provide the comparative levels of E1 incentive and annual energy and demand savings in the following form or equivalent (dollar, energy and demand figures illustrative only):

Program - Residential efficient product rebate						
Measure <description>	2016	2017	2018	2020	2021	2022
Incentive $	$200	$200	$200	$175	$176	$177
Annual energy saving kWh	125	125	125	100	100	100
Peak demand saving kW	1.2	1.2	1.2	1.1	1.1	1.1
Measure <description>						
Incentive $						
Annual energy saving kWh						
Peak demand saving kW						
Program – BNI efficient product rebates						
Measure <description>						

(c) If the estimated energy and/or demand saving has changed from the values in M06733 please explain the reasons and the basis for the change.

Request IR-23:

Reference: E1 (NSPI) RIR-31, Attachment 1, cells K130, K134.

(a) Please explain why Single-Tank Door type Dishwasher - Low Temp requires an incentive of 5,371% of the measure installed cost?

(b) Please explain why Under-Counter Dishwasher – High Temp requires an incentive of 313% of the measure installed cost.

(c) Please explain the need for any other measure incentive that exceeds 100% of the installed measure cost.

Request IR-24:

Reference: E1 (NSPI) RIR-31 Attachment 2

(a) Please provide the assumptions, calculations, source data and other inputs used by E1 to determine the proposed incentive for each measure in each year of the proposed Preferred Plan (Columns X, Y and Z).

(b) Please explain whether and how E1 took into account the bill savings to customers in determining the incentive amount for each measure. If these bill reductions were considered, please provide the calculations.

(c) Please provide the assumptions, calculations, source data or other inputs used by E1 to determine the estimated energy and demand savings for each measure in each year of the Plan (Columns AP, AQ, AR, BE, BF, BG, BT, BU, and BV).

THE FOLLOWING IRS REFER TO NSPI'S EVIDENCE

Request IR-25:

Reference: NSPI Evidence, pages 18-19.

NSPI states that E1 will receive Federal and Provincial government funding of $28 million in 2020 (Figure 5) and $380 million over the period through 2030.

(a) Does E1 agree with this evidence? If no, why not?

(b) Has E1 determined the allocation of these funds among the various DSM measures?

(c) Has E1 calculated the reductions in energy and peak demand of the measures funded by the Federal and Provincial governments? If so, please provide. If not, when will E1 undertake this work?

(d) What additional administrative expenses, if any, will E1 incur to administer these programs?