2019 Matter No. M09096

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF:

The Public Utilities Act RSNS 1989, c. 380

- and -

An Application by EfficiencyOne for Approval of Supply Agreement for Electricity Efficiency and Conservation Activities between EfficiencyOne and Nova Scotia Power Inc., the establishment of a final agreement between the parties, and approval of a 2020 - 2022 Demand Side Management ("DSM") Resource Plan

CLOSING STATEMENT
AFFORDABLE ENERGY COALITION (AEC)

This is the Closing Statement of the Affordable Energy Coalition (AEC) in relation to the Application by EfficiencyOne ("E1") for Board approval of its DSM resource plan, for a three year term (2020-2022).

This submission follows previous AEC filings in this proceeding including the direct testimony from Brian Gifford as well as an opening statement dated June 7, 2019.

The AEC is a coalition of social justice, anti-poverty and environmental organizations dedicated to promoting universal access to electricity service for all Nova Scotians. This submission will proceed by outlining our stance on the following:

- **(I)** Executive Summary;
- **(II)** The Applicable Legal Framework;
- **(III)** Key Evidence;
- **(IV)** Summary of AEC position

Executive Summary

On June 6, 2019, E1 filed a proposed Consensus Agreement with the Board, signed by NSPI, which addresses the issues identified by the Board in its "Final Issues List" in this proceeding, including "the impact of the EfficiencyOne Application on affordability for low income residential customers, including but not limited to tenants."

The AEC has not joined E1 and NSPI in signing the proposed Consensus Agreement ("the Agreement"). While the AEC supports the agreement in part and is not opposing the approval of the proposed Consensus Agreement, these submissions are intended to explain the reasons for the AEC's position.

Specifically, the AEC supports the Agreement's DSM allocation for First Nations and low-income programs, as contained in Appendix A, paragraph 2 of the Agreement[1].

The AEC appreciates that both E1 and NS Power were agreeable to funding this both the First Nations Program and the Affordable Multi Family Housing Program at the funding level described in the Preferred Plan.

Applicable legal framework and principles

In terms of the general principles applicable to this Application, the Board must be satisfied that the proposed Consensus Agreement is in the public interest, and that it fulfills the test of "affordability" while meeting the overarching consideration of "best interests of NSPI's customers" as provided for in PUA s. 79L(8).

In relation to "affordability", as contained in s. 79L(9) the Board has found that long term savings must be considered, as well as short term rate impacts:

> A focus exclusively on short term affordability means that the Board would never get to consider long term costs. That would be to the detriment of ratepayers. The Board does not believe that ratepayers are well served, or that it is in their best interests to focus only on short term costs and thereby deny customers the real long term cost savings that are possible from a balanced and properly implemented DSM program.[2]

These principles guide the determination whether the 'public interest' is met by the proposed Consensus Agreement.

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[1] See *Consensus Agreement between E1 and NSPI*, under matter number M09096; Exhibit E-38, at page 7, para 2.

[2] *Ibid*, para 82.

Key Evidence

Nova Scotians experience among the highest rates for electricity in Canada, while at the same time facing the lowest median incomes[3] and that energy efficiency measures are the most cost effective means of reducing energy costs for consumers. However, on a comparative basis, Nova Scotia has fallen behind other provinces in targeting electricity savings:

> We wish to highlight that Canadian jurisdictions are starting to target electricity savings that are higher than the levels proposed in the plan (saving about 1.3% of electric load per year). The Efficiency Manitoba corporation that is currently being established, has a mandate to reach net annual electricity savings of at least 1.5% of electricity consumption per year. In addition, Prince Edward Island's 2016/17 energy strategy calls for ramping up to annual electricity savings of 2% per year. As a traditional Canadian leader, we encourage Nova Scotia to adopt the proposed savings and budgets and to further consider the benefits of capturing even more cost-effective demand side resources. [4]

A number of those who contacted the NSUARB regarding this proceeding through letters of comment registered concerns regarding the measures approved by the Board in evaluating the benefits of energy efficiency, including lifetime energy savings, customer and wider societal non energy benefits. As articulated by Efficiency Canada:

> The proposed targets should be treated as a minimum because the DSM plan is using a truncated version of the Total Resource Cost (TRC) test that counts customer costs without considering important customer and wider societal non-energy benefits. Other Canadian jurisdictions have started to account for these benefits. In particular, British Columbia requires its utilities to account for participant and non-energy benefits and assigns a uniform 15% benefit adder to the TRC. Ontario also applies a 15% benefit adder to the TRC.[5]

More than 60% of low income Nova Scotians are tenants[6]. Many of those individuals are in "core housing need", and as emphasized by the Investment

[3] *Direct Testimony and Exhibits of Brian Gifford*, page 3, para 2.
[4] Brendan Haley, Efficiency Canada, letter of comment May 27, 2019

[5] Brendan Haley, Efficiency Canada, letter of comment May 27, 2019

[6] *Ibid* at page 4, para 3.

Property Owners Association of Nova Scotia, energy efficiency measures play a key role in addressing affordability, part of the Board's statutory mandate in this proceeding:

> According to Canadian Rental Housing Index using Statistics Canada 2016 Census survey data of this population 43% live in core housing need, spending over 30% of their income on rent and utilities while 21% are spending over 50% of their income on rent and utilities, a further 10% of tenants would fall into the low-income demographic…. With housing affordability an important topic to all public and private stakeholders in Nova Scotia, reducing energy costs is of utmost importance and urgency.[7]

Over half the letters of comment presented to the Board came from small business owners, including both energy efficiency consumers as well as energy efficiency industry participants. Of particular note is the strong support for low income efficiency measures reflected in some of those submissions:

> Low income families being able to reduce their energy bill is undoubtedly a real benefit to their monthly budget and the communities across Nova Scotia. It is a direction and a plan that Nova Scotia businesses and government have to embrace as we face continued pressure on our environment. This is not the time to reduce this program but to take a strong stand and sustain or improve this important program.[8]

> To argue that we can save money by cutting access to simple energy efficiency strategies is ridiculous. Low income renters and homeowners need major electricity efficiency retrofits to lower energy costs, not a short-sighted delay in price increases.[9]

The submissions by 28 groups and individuals by way of letters of comment to the Board represent a wide cross section of Nova Scotia, including small business, non-governmental organisations, five Nova Scotia municipalities, as well as individuals. All were unanimous in their support of E1's application, and efficiency programs, generally, with many specifically noting their support for affordability measures, and low income programs.

Summary of AEC Position

The expert reports filed on behalf of the NSUARB, the Consumer Advocate and the AEC demonstrate that the preferred funding level for the First Nations and

[7] Kevin Russell, IPOANS, letter of comment May 22, 2019
[8] Jeff Domm, small business owner, letter of comment May 14, 2019
[9] Mike Anderson, residential designer and home builder, letter of comment May 14, 2019

Low Income programs, as contained in the DSM resource plan, is necessary in the public interest to provide meaningful access to energy efficiency programs.[10]

The AEC supports efforts by E1 to develop and refine the AMFH Program using a pilot over the last three years, in consultation with stakeholders such as the AEC. The proposed expansion will provide substantial savings to the more than 50% of low-income households who are tenants.

Additionally, measures to strengthen the development of future DSM plan applications, and a new role for E1 in the funding of the NSPI charitable Homewarming program that is designed to allow enhanced gathering of data to inform future measures in relation to low income efficiency programming, as contained in the Agreement appear appropriate.

The AEC raises concerns regarding the level of funding for the DSM resource plan, contained in Appendix A, paragraph 1. This brings to mind the decision of this Board in the 2015 DSM proceeding:

> There is a radical disconnect between the IRP, which is designed to achieve the lowest long term cost for customers, and the NSPI Plan, which appears focused mainly on avoiding a 2016 rate case. In the Board's view, it is in the interests of ratepayers that they be provided a reasonable opportunity to achieve the overall long terms cost savings identified in the IRP[11].

In a similar fashion, the level of funding contained in this proposed Agreement falls short of the preferred level of funding contained in the E1 Application, and we are concerned that this level of funding does not meet the long term goal of affordability, in the best interests of Nova Scotia ratepayers, as interpreted by this Board.

With respect to the level of funding contained in the Agreement, we note the evidence of the experts submitted on behalf of the NSUARB and the Consumer Advocate with respect to the serious negative long term impacts of less than optimal DSM spending, in depriving future generations of the social, economic and environmental benefits of efficiency measures.

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[10] See evidence of the AEC (Gifford); the Consumer Advocate (Love); the UARB counsel (Napoleon/Synapse); The EAC (Mosenthal, Optimal Energy) where it was noted that any reduction from Preferred Plan funding levels would harm the Low Income and First Nations programs, fail to realize optimal DSM levels, and any reduction would impose a disproportionate burden on low income households (Napoleon).

[11] *Supra* note 1, at para 72.

The evidence also indicates that optimal funding for DSM programming is found in the E1 Preferred Plan [12] and will provide far more system wide benefits. Further, postponing transient energy-efficient measures (such as new construction, or addition of new equipment) will have a long term impact as opportunities that are not exploited when they arise, will be lost permanently.[13]

Further, there are concerns that the withdrawal by E1 of the request to implement lifetime energy savings as a new performance target of the 2020-2022 Supply Agreement and the resulting delay in introducing performance indicators that more fully capture energy savings from efficiency measures may have long term effects in delaying and reducing future commitments to rate funded efficiency measures, and is inconsistent with measures and trends in other provinces with respect to energy efficiency programming.

Finally, we are concerned that the proposal to return HST refunds collected through the DSM Rider program through the FAM overlooks the connection with these funds and efficiency programs. Reinvesting these funds in efficiency programs would promote the interest of fair and accurate accounting.

In summary, the AEC urges the Board to approve funding the First Nations and AMFH Programs at the Preferred level, as agreed to in the Consensus Agreement between E1 and NSPI.

All of which is respectfully submitted.

Claire McNeil

Charles DuPlessis

Brian Gifford
On behalf of the Affordable Energy Coalition

[12] See *Direct Testimony of Theodore M. Love* at page 3, para 1, and *Evidence of Alice Napoleon* at page 4, para 3 “*Napoleon*”.
[13] *Direct Testimony of Paul Chernick*, page 9, para 2.

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