M09096

IN THE MATTER OF: **THE PUBLIC UTILITIES ACT**

- and -

IN THE MATTER OF: **An application by EfficiencyOne for Approval of a 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**

REPLY SUBMISSIONS

OF

HERITAGE GAS LIMITED

July 11, 2019

In its Closing Submission dated July 4, 2019, EfficiencyOne ("E1") specifically requested approval of the terms and conditions of the Settlement Agreement between E1 and Heritage Gas Limited ("Heritage Gas"), submitting at page 14 that the proposed course of action set out in the Settlement Agreement, "... will allow both parties to understand the impact of EfficiencyOne's Custom Incentives program in this discrete market", being electric heat pumps and associated measures in multi-unit residential buildings in areas where natural gas is available.

E1 also stated at page 15 that the Settlement Agreement will provide an opportunity to study and determine the appropriate manner in which to address the concerns which have been raised by Heritage Gas in this proceeding.

Consistent with the timelines for the anticipated study set out in Appendix "A" of the Settlement Agreement, Mr. MacDonald on behalf of E1 noted at page 62 of the transcript as follows:

> "So to complete the terms of reference by June 30th, 2019, the study by September 30th, 2019, and the evaluation by October 15, 2019, those funds would come from E1's 2019 approved budget."

The Berwick Electric / AREA Closing Submission specifically noted that as stated by Mr. MacDonald, the study does not form part of the consensus funding but rather will be conducted from 2019 levels, and Berwick / AREA Electric "would agree with this approach".

Nova Scotia Power Inc. ("NS Power") noted at page 9 of its Closing Submission that:

> "NS Power is not a party to the Heritage Settlement but does not oppose its approval by UARB as part of this process."

Interestingly, however, after making this statement NS Power goes on to state as follows:

> "However, given that the 2019 DSM Plan has already been approved by the UARB, NS Power requests the UARB confirm that the existing Custom Incentive Program under the 2019 DSM Plan will continue and not be restricted. In addition, it is NS Power's expectation that the Company and other Intervenors will be given an opportunity to participate in this Study process as well as the opportunity to review the Study and provide comments on any recommendations from the Study prior to their implementation. Any recommendations arising from [the] Study should also be presented to the UARB through a UARB established process to obtain stakeholder input."

Notably, NS Power did not ask any questions of E1 with respect to the Settlement Agreement. In this regard, with respect to NS Power's first request that the UARB confirm that the existing Custom Incentive Program under the 2019 DSM plan will continue and not be restricted, the Settlement Agreement which NS Power does not oppose approval of, specifically provides at paragraphs 4, 5 and 6 of Appendix "A" of the Settlement Agreement after laying out the study time frames noted above, as follows:

> “4. During the period of the Study, and the subsequent evaluation and review period, and, if required, review and determination by the Nova Scotia Utility and Review Board (the "NSUARB"), E1 will not enter into any further financial incentive commitments related to the Study Measures.
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> 5. During the period of the Study, and the subsequent evaluation and review period, and, if required, review and determination by the NSUARB, E1 shall be permitted to carry on with general advertising and promotion related to the Custom Incentive Program and the Study Measures; however, E1 will refrain from actively or directly soliciting new program participants related to the Study Measures.
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> 6. Existing documented commitments under the Custom Incentive Program for the Study Measures will not be subject to any restrictions through this Settlement Agreement.”

Appendix “A” of the Settlement Agreement constitutes the actual settlement terms, and of the seven paragraphs of Appendix “A” three deal directly with the item raised by NS Power and specifically provide to the contrary. As Heritage Gas had specifically raised concerns in regard to the Custom Incentive Program having potential unanticipated effects in relation to electric heat pumps and associated measures in multi-unit residential buildings in areas where natural gas is available, the Settlement Agreement specifically dealt with ensuring that such potential unintended effects did not continue during the period of the study. Thus, it would be completely contrary to substantive elements of the Settlement Agreement, the approval of which NS Power does not oppose, for the Board to confirm the request made by NS Power, which is inconsistent with the terms of the Settlement Agreement, and on which NS Power did not pose a single question at the oral hearing.

NS Power also states that it has an expectation that it and other intervenors will be given the opportunity to participate in the study process as well as to review the study and provide comments on any recommendations prior to their implementation, and that such recommendations should be presented to the Board through a Board established process to obtain stakeholder input.

As noted in Heritage Gas’ Final Closing Submission at page 2, E1 confirmed during cross-examination that other ratepayer parties would have the opportunity to provide input when the outcome of the study is brought back to the Board.

The terms of the Settlement Agreement and its timing do not provide for third party participation in the study process. Heritage Gas raised a discrete concern which E1 agreed to have evaluated to determine if recommended changes could be developed to address the issue in question between the two parties and be brought back to the Board for consideration with appropriate input at that time. In order to ensure that the issue raised by Heritage Gas was dealt with in a timely manner the Settlement Agreement provided for completion of the Terms of Reference by June 30, 2019. The Terms of Reference have been completed and a third party independent demand side management consulting organization has been retained to carry out the study. In accordance with the Settlement Agreement the study is to be completed by September 30 and evaluation and review by E1 and Heritage Gas is to be completed by October 15.

The Small Business Advocate in his Closing Submission noted his view was that it would be appropriate for the study Terms of Reference to be provided to the DSMAG for feedback. As noted above, the issue in question is very discrete, and was fully described in the evidence of ICF Consulting Canada Inc. ("ICF") filed on behalf of Heritage Gas. The intent of the study is to evaluate E1's Custom Incentive Program related to electric heat pumps and associated measures in multi-unit residential buildings in areas where natural gas is available, and provide recommendations based on best practices in light of the potential for the unanticipated consequences that could arise from such programs as noted in the ICF evidence.

Accordingly, Heritage Gas submits that it is appropriate for the Board to approve the Settlement Agreement between Heritage Gas and E1 for the reasons set out in the Closing Submissions of each of Heritage Gas and E1 and these Reply Submissions, specifically providing ratepayer parties with the opportunity for input when the outcome of the study is brought back to the Board.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.