Nova Scotia
POWER
An Emera Company

PO Box 910 • Halifax, Nova Scotia • Canada • B3J 2W5

THE BRETON LAW GROUP

Suite 300, 292 Charlotte Street, Sydney, NS B1P 1C7

Brian Curry
E-Mail: brian.curry@nspower.ca

James R. Gogan
E-Mail: jim@bretonlawgroup.com

November 27, 2020

Crystal Henwood
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: M09096 – EfficiencyOne (E1) Application 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

Dear Ms. Henwood:

By Order dated September 16, 2019 in the above matter, the Nova Scotia Utility and Review Board (NSUARB, Board) approved the DSM Plan for 2020-20202 with certain investment levels in each year as well as the form of Supply Agreement for the DSM activities between NS Power and E1 (2020-2022 DSM Supply Agreement).

A copy of the executed 2020-2022 DSM Supply Agreement was filed with the NSUARB on November 18, 2019.

NS Power has been impacted by the ongoing global COVID-19 pandemic. However, the extent of the future impact on the Company's finances and cash flow are unknown at this time and largely dependent on future developments, including the duration and severity of the pandemic.

Given the level of uncertainty NS Power is confronting going into 2021, the Company entered into discussions with E1 to adjust the allocation of the approved investment amounts in 2021 and 2022. Specifically, NS Power has requested and E1 has agreed, subject to NSUARB approval, that NS Power will defer $2 million of its payment obligation in 2021 to 2022 (decreasing the investment from $36.6M to $34.6M in 2021 and correspondingly increasing investment in 2022 from $39M to $41M). There are no other changes to the 2020-2022 DSM Supply Agreement proposed. The total amount to be paid by NS Power to E1 over the three-year term of the contract and the 3-year cumulative annual energy savings and cumulative annual demand savings will remain unchanged.

The proposed amendment provides NS Power with greater financial flexibility to adapt to the unknown impacts of the COVID-19 pandemic. In the event NS Power determines the impacts are less severe as 2021 unfolds, the Company will have the option under the proposed amendment (exercisable by December 1, 2021) to revert back to the original investment levels in 2021 and 2022. In addition, this change will also better align with the modifications made by E1 to its spending profile as a result of the impacts of the COVID-19 pandemic, which has E1 deferring more of the three year plan into 2022.

NS Power and E1 are requesting NSUARB approval to amend the funding terms contained in Schedule B of the 2020-2022 DSM Supply Agreement as outlined in the attached Appendix A.

NS Power and E1 thank the NSUARB in advance to for its consideration of this request and would be pleased to respond to any questions the NSUARB would have. All correspondence should be directed to the undersigned.

Yours truly,

Brian Curry
Senior Regulatory Counsel

James R. Gogan
Counsel to EfficiencyOne

c. Judith Ferguson, NS Power
Chris Smith, NS Power
Stephen MacDonald, EfficiencyOne
Gina Thompson, EfficiencyOne

THIS FIRST AMENDING AGREEMENT dated as of the ___ day of _____________, 2020 (the "**Effective Date**").

BETWEEN:

NOVA SCOTIA POWER INCORPORATED, a body corporate

("NSPI")

-and-

EFFICIENCYONE, a body corporate

("EfficiencyOne")

WHEREAS:

A. EfficiencyOne and NSPI (collectively "the Parties") entered into an agreement for the supply of cost-effective Electricity Efficiency and Conservation Activities made effective as of January 1, 2020(the "Agreement");

B. The form of the Agreement was approved by the UARB by Order dated September 16, 2019; and

C. EfficiencyOne and NSPI have mutually agreed to amend certain terms of the Agreement as provided for herein.

NOW THEREFORE in consideration of the promises and the mutual covenants and obligations herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

1. All capitalized terms utilized in this First Amending Agreement shall, unless otherwise defined herein, have the meanings ascribed thereto in the Agreement.

2. The DSM Supply Agreement is amended, as of the Effective Date of this First Amending Agreement, by deleting Schedule "B" of the Agreement and replacing it with Schedule B attached hereto, such that references to Schedule B in the Agreement shall be deemed to be references to Schedule "B" attached hereto.

3. Except as specifically amended herein, the Agreement continues in full force and effect.

4. Pursuant to section 26.7 of the Agreement, this First Amending Agreement, and the amended terms of the Parties shall be subject to the approval of the UARB. Upon approval by the UARB, this First Amending Agreement, together with the Agreement, shall represent the entire agreement between the Parties with respect to the subject matter of the Agreement.

5. This First Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein.

6. This First Amending Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns.

7. This First Amending Agreement may be executed and delivered by the Parties in counterparts, each of which when so executed and delivered shall be deemed to be an original and when taken together shall be deemed to be one and the same instrument. The electronic delivery, including, without limitation, by email or facsimile transmission, of any signed original of this First Amending Agreement shall be the same as the delivery of an original.

Executed as of the day and year first above written.

NOVA SCOTIA POWER INCORPORATED

____________________________ per: ____________________________
Witness Name:
Title:

____________________________ per: ____________________________
Witness Name:
Title:

EFFICIENCYONE

____________________________ per: ____________________________
Witness Name:
Title:

SCHEDULE A

COMPENSATION

Schedule B (Page 1 of 2)

Compensation

I. Net Contract Price

The figure below identifies the Contract Price to be paid by NSPI allocated for each year of the Term.

	2020	2021**	2022**	Total
UARB Approved Investment Amount	$34,400,000	$34,600,000	$41,000,000	$110,000,000
2016 – 2018 DSM Plan Underspend	($7,261,586)	$0	$0	($7,261,586)
Net Contract Amount to be Paid by NSPI	$27,138,414	$34,600,000	$41,000,000	$102,738,414

The Parties acknowledge that any surplus realized by EfficiencyOne in delivering the Performance Targets at the end of the Term shall be reported to the UARB and refunded to NSPI[1] unless EfficiencyOne is directed to do otherwise by the UARB.

EfficiencyOne has returned the bank interest earned of $246,630 (included in the 2016-2018 DSM Supply Agreement underspend of $7,508,216) in 2018 ($45,440) and in 2019 ($201,190). Therefore, the underspend applied to 2020 will be $7,261,586.

**Notwithstanding the amounts set out in the figure above, NSPI shall have the option to adjust the allocation of the Contract Price in 2021 and 2022 by increasing the Net Contract Amount to be paid by NSPI in 2021 to $36,600,000 and decreasing the Net Contract Amount to be paid by NSPI in 2022 to $39,000,000; provided, however, the total Net Contract Amount to be paid by NSPI over the Term shall total $102,738,414. To exercise such option, NSPI

[1] Together with all accumulated interest earned by EfficiencyOne on such surplus.

must notify EfficiencyOne in writing, on or before, five p.m. Atlantic Standard Time on December 1, 2021. In the event NSPI exercises its option hereunder: (a) NSPI shall pay the resulting $2 million increase in the Net Contract Amount to be Paid by NSPI in 2021 by no later than December 31, 2021; and (b) the payments to be paid by NSPI in 2022 (as set out in section II below) shall be reduced to $3,250,000 per month to account for the $2 million reduction in the Net Contract Amount to be Paid by NSPI in 2021.

II. Payments

In accordance with Section 4.3 of the Agreement, the monthly payments to be made by NSPI to EfficiencyOne over the Term shall be as set out below. The monthly payment amounts referred to following are exclusive of required HST. HST shall be remitted to EfficiencyOne in addition to these monthly amounts.

On the First Business Day of:	2020	2021	2022
January	2,261,535	2,883,334	3,416,667
February	2,261,535	2,883,334	3,416,667
March	2,261,535	2,883,334	3,416,667
April	2,261,535	2,883,334	3,416,667
May	2,261,535	2,883,333	3,416,667
June	2,261,535	2,883,333	3,416,667
July	2,261,535	2,883,333	3,416,667
August	2,261,535	2,883,333	3,416,667
September	2,261,535	2,883,333	3,416,666
October	2,261,535	2,883,333	3,416,666
November	2,261,535	2,883,333	3,416,666
December	2,261,529	2,883,333	3,416,666
Total	27,138,414	34,600,000	41,000,000