

E1 Responses to Investment Property Owners Association of Nova Scotia (IPOANS)
Information Requests
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Request IR-01:

DSM INCENTIVE, PAYBACK & NET PRESENT VALUE CALCULATIONS

DSM initiatives range from simple bulb replacements, appliance removals, rebates on new appliances to complicated residential, commercial and institutional retrofits, as well as programs to reduce energy for newly constructed structures, to name only some of the programs.

Different DSM initiatives have differing capital costs, program administration costs, and widely diverging life expectancies.

The below chart summarizes some of the items that could be considered for building level DSM programs :

Expected Lifespan of Investment - DSM initiatives	
Typical Examples	
Item	Years
Building Envelope	
Exterior Wall Insulation	50-80
Windows	50
Mechanical Equipment	
High efficiency Pumps	5 to 10
Insulated electric resistance hot water heater tank	5 to 7
Geothermal system - well system	100+ ?
Geothermal heat pump	15 to 30
Heat Pumps - exterior type condenser units	10 to 15
ERV/HRV Units - heat / energy recovery	20-30+ years
Lighting	
LED Bulb – 10,000 hour rated life, 24/7 operation	approx 1.5
LED Bulb – 50,000 hour rated life – 24/7 operation	approx 5
Other Electrical	
PV Solar Panel – Guaranteed 85% output at year 25	30 to 40+
Major appliance - washer, dishwasher, refrigerator	6
<i>stated design life of major appliance manufacturers</i>	

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1 **Should a DSM initiative that can be shown to have a longer term life be awarded an incentive**
2 **that is proportionate to its anticipated lifespan? For example, should a LED bulb put in service**
3 **with a lifespan of one to two years receive the same incentive as a better insulated wall with**
4 **greater thermal resistance to heat loss that is expected to last 80 years ?**

5
6 Response IR-01:

7
8 EfficiencyOne's (E1) response assumes that by "*... receive the same incentive ...*", IPOANS means
9 an incentive set with the same first-year incentive unit cost (\$/kWh of first-year savings), not the
10 same absolute dollar amount of incentive.

11
12 E1 believes lifetime savings should be a consideration when choosing which measures receive
13 incentives; however, incentives should not necessarily be proportional to lifetime savings without
14 other considerations and constraints. Likewise, first-year incentive unit cost is not and should not
15 be the only consideration when setting incentives.

16
17 Please refer to E1's response to IPOANS IR-02.

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Request IR-02:

DSM INCENTIVE, PAYBACK & NET PRESENT VALUE CALCULATIONS

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Please comment on the pros and cons of using a lifecycle approach to DSM benefits and incentive calculations. As part of this, please comment on using a multi-year savings approach that reflects the anticipated lifespan of the initiative versus Year 1 anticipated savings method.

Response IR-02:

In general, lifetime savings play a more important role in helping EfficiencyOne (E1) determine which measures it should include in its portfolio than they do in determining what the specific incentive should be for any single measure.

E1 employs Balanced Plan Principles in preparation of DSM Resource Plans which, among other things, require balance of the following aspects:

- pursuit of both short-term and long-term energy and capacity avoidance;
- program delivery costs, including incentives;
- consideration of non-electric and non-energy benefits;
- diversity of program delivery;
- maintenance of market presence and business relationships, and
- access to programs by all market sectors.

In addition, E1 considers stakeholder input on program design, as well as overall portfolio risk, as it is required to meet contracted Performance Targets for first-year energy and peak demand savings, within the approved investment amount.

Measures under consideration for inclusion in the portfolio are examined through the lens of the Total Resource Cost (TRC) benefit-cost test, which is agnostic to the level of incentive. It does, however, consider the net present value of lifetime benefits, which are strongly influenced by

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1 the lifetime savings that each measure provides. Measures with long lifetimes tend to be building
2 envelope measures, and the suppliers and installers of these measures represent a key market
3 sector for DSM programming. Balancing the considerations above, E1 arrived at a portfolio design
4 that includes a wide range of products including some with long measure lives, as well as some
5 that are available through different delivery channels, and which produce savings for a shorter
6 period of time.

7
8 The incentives for each of these measures are generally set to help customers overcome barriers
9 to choosing high-efficiency technologies instead of standard-efficiency technologies, in concert
10 with marketing and educational interventions, not to specifically reward long lifetime savings.
11 Retail price of high-efficiency equipment, as well as the incremental difference in price between
12 standard- and high-efficiency equipment, are therefore key considerations which inform E1's
13 incentives.

14
15 For any particular DSM measure, there is a wide range of potential incentive levels that could be
16 considered appropriate. Extremely low incentives (relative to product prices) would produce no
17 impact at all, as they would not influence customer decisions. Extremely high incentives (relative
18 to product prices) may constitute an unnecessary expense if the same volume of customers
19 would still choose the high-efficiency equipment with a lower incentive. Between those two
20 extremes is a wide range where relatively higher incentives produce higher participation rates
21 (and savings), and relatively lower incentives produce lower participation rates (and savings). E1
22 regularly adjusts its incentives within these theoretical bounds to produce desired participation
23 outcomes, in pursuit of its contracted first-year energy and peak demand savings targets, within
24 its approved investment amount. Relatively high incentive unit costs (incentive amount per kWh
25 of resulting first-year energy savings) for measures and program components with high lifetime
26 savings are generally accepted – particularly because the typical customer cost barrier for these
27 products is high, and a higher incentive is required to influence customer decisions.

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1 E1 currently follows a Nova Scotia Utility and Review Board (NSUARB) approved incentive-setting
2 process that examines several data points associated with incentives, which differ by program,
3 but which include at least incremental cost and first-year unit cost for rebate-type programs. In
4 some cases, retail price and simple payback are considered, as well as the results of project-level
5 TRC and Program Administrator Cost test ratios for projects through the Custom program.

6
7 An incentive-setting approach that solely valued lifetime savings (i.e. if E1 selected a lifetime
8 incentive unit cost, in terms of incentive amount per kWh of lifetime savings, and applied it to all
9 measures) could lead to discontinuation of incentives for some measures with short measure
10 lives, as the calculated incentive could cover an insignificant portion of product costs and have
11 no impact on customer decision-making. Some customers who do not own their own homes, or
12 do not have the resources to make building envelope improvements may no longer have access
13 to DSM programming under a scenario where E1 solely pursued measures with long lifetime
14 savings, instead of balancing the multiple objectives noted above.

15
16 The measure-level incentives included in the 2023-2025 DSM Resource Plan model are estimates
17 based on the best information available at the time of the plan development and may be subject
18 to change. E1 requires flexibility to be responsive to market conditions and evaluation results as
19 part of the implementation of any DSM Plan.

20
21 E1 does report to the NSUARB on both Performance Targets and Performance Indicators.
22 Performance Targets are first-year energy savings and demand savings and form a contractual
23 obligation for E1. Performance Indicators are also considered important for E1 to report, for
24 example lifetime savings, but are for informational purposes only.

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Request IR-03:

ENERGY SAVING VS. SELF GENERATION - DISTINCTIONS

Is a program distinction made between energy saving and energy self-generation pertaining to the installation of renewable energy equipment? As both efforts serve to assist DSM efforts, please provide the rationale for the distinction.

Response IR-03:

EfficiencyOne (E1) acknowledges that behind-the-meter generation (i.e. self-generation) can decrease the need for grid-supplied electricity on a particular customer site.

Forms of customer behind-the-meter generation are considered as Demand Side Management or *Energy Efficiency and Conservation Activities*, in that they provide the same grid-facing effect as energy efficiency measures, namely the provision of energy and/or demand savings to the Nova Scotia electricity system.

The Public Utilities Act defines Energy Efficiency and Conservation as, *inter alia*, “the delivery of a reduction in the amount of electrical energy or capacity that Nova Scotia Power Incorporated would otherwise be required to supply to its customers.”¹

E1 currently provides limited support for customer sited renewables through its Custom program component and Direct Installation program (marketed as Small Business Energy Solutions).

¹ Public Utilities Act, RSNS 1989, c 380, at 79A (b).

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1 **Request IR-04:**

2
3 **ENERGY SAVING VS. SELF GENERATION - DISTINCTIONS**

4
5 **If so, is there a sub distinction made between different types of renewable energy sources and**
6 **equipment such as air source heat pump vs. ground source vs. solar PV. All extract energy from**
7 **the surrounding environment – be it air, ground or sun.**

8
9 Response IR-04:

10
11 EfficiencyOne (E1) offers established/prescriptive rebates on equipment such as air source heat
12 pumps and ground source heat pumps, as the incremental energy savings related to these
13 measures (which consume electricity to operate) are well established. Customer-sited
14 renewables, as a source of generation and with several variables affecting production, is currently
15 considered on a case-by-case basis under the Custom program and as a custom measure within
16 the Direct Installation program (Small Business Energy Solutions). The project/facility must be
17 assessed as a whole, to determine what amount of renewable production is used on site (i.e.
18 offsetting the participant's on-site electricity usage) and provide detailed information on the
19 proposed measures. Other than the method(s) in which energy savings are claimed/quantified
20 (or rather, which programs support the measures), E1 does not make further distinction between
21 them.

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Request IR-05:

ENERGY SAVING VS. SELF GENERATION - DISTINCTIONS

If there are distinctions made between these different types of renewable energy sources for DSM calculations and incentives, please provide an explanation for the rationale.

Response IR-05:

Please refer to EfficiencyOne's response to IPOANS IR-04.

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Request IR-06:

BASELINES USED FOR DSM BENEFITS, SAVINGS & INCENTIVES

Regarding new construction projects, given that building code and energy code requirements continue to improve almost annually, what is the normal baseline used for modelling new construction incentives?

Response IR-06:

The baseline for projects participating in the New Construction service, an offering in the Custom program component, is the applicable energy code for commercial buildings in effect in Nova Scotia at the time the building permit is issued. Commercial buildings are defined as those that must comply with Part 3 of the Building Code. Nova Scotia adopted the National Energy Code of Canada for Buildings (NECB) 2017 effective January 2020. Given the recent release of the NECB 2020, it is expected that Nova Scotia will introduce a new energy code for Part 3 buildings within the next two years. The New Construction baseline will change when the new code is in effect.

EfficiencyOne will provide notice to participants and partners when a baseline change is planned. The baseline for Custom New Construction projects is further defined within the New Construction Program Guide, which provides clarity to participants on areas within the NECB that are ambiguous. The Program Guide is reviewed annually, and updated as needed, to reflect findings from evaluation, energy modeling software changes, and program changes such as eligibility criteria and incentive levels. The New Construction Program Guide is available on the Efficiency Nova Scotia website at: <https://www.efficiencyns.ca/business-program/commercial-new-construction/>

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Request IR-07:

BASELINES USED FOR DSM BENEFITS, SAVINGS & INCENTIVES

Does the baseline vary from the applicable National Building Code and/or National Energy Code and/or Nova Scotia Building Code requirements? If so, why is the baseline higher than the code threshold imposed on the project by the Authority Having Jurisdiction [“AHJ”]?

Response IR-07:

The current baseline for the New Construction service, in the Custom program component, is set by the National Energy Code of Canada for Buildings (NECB) 2017, which is also adopted into the Nova Scotia Building Code and is in effect for all municipalities in the province. The energy requirements established under Part 9.36 of NECB do not apply to New Construction projects, as only Part 3 buildings are eligible for Custom incentives.

The NECB baseline applies for all participating projects, including those that are exempt from permitting requirements (e.g. provincially owned buildings), with the exception of modifications made for Variable Refrigerant Flow (VRF) heat pump measures in multi-unit residential buildings where natural gas is available (please refer to EfficiencyOne’s (E1) 2020-2022 DSM Resource Plan matter M09096). E1 has published a New Construction Program Guide for participants, as a supplement to the NECB, which provides detailed requirements and clarifies common NECB interpretation questions. The Program Guide (available on Efficiency Nova Scotia’s website at <https://www.efficiencyns.ca/business-program/commercial-new-construction/>) also outlines requirements and criteria for energy-saving features in a new building that are not covered within the scope of the NECB, such as efficient process equipment or location specific exceptions (i.e.

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- 1 variable refrigerant flow heat pump measures in multi-unit residential buildings where natural
- 2 gas is available).

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Request IR-08:

BASELINES USED FOR DSM BENEFITS, SAVINGS & INCENTIVES

Regarding #2 above, if there is a spread between the permitting requirement by the AHJ and the baseline, why does the project proponent not receive an incentive for this amount? Does this not underestimate DSM benefits achieved by Efficiency NS? As well, would it not shortchange proponents, actually causing a disincentive for project proponents to pursue DSM initiatives?

Response IR-08:

If a project demonstrates energy code compliance through the Performance Path (Part 8) of the National Energy Code of Canada for Buildings (NECB), the permit requirement and EfficiencyOne (E1) program requirement are equivalent; therefore, there would be no difference in total modeled energy savings for standard commercial buildings. The Prescriptive Path of NECB does not support assessment of energy savings and is not eligible for the New Construction service.

If a project includes energy-saving measures outside the scope of the NECB (such as efficient process equipment), the project will demonstrate higher energy savings in the New Construction service than it would for a permit application, as the building permitting process only considers systems for which energy performance requirements are established by the NECB.

All Authorities Having Jurisdiction (AHJ) in Nova Scotia follow the NECB 2017 requirements. The New Construction service also follows these requirements, while also conducting independent review, evaluation and verification processes in alignment with E1's regulatory requirements.

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Request IR-09:

ENERGY STORAGE :

To what degree have energy load shifting technologies been investigated and analyzed as an alternative method of limiting Nova Scotia’s peak energy load as a demand side management strategy to create systemwide annual savings as compared to the instantaneous energy use approach regarding creation and calculation of demand side management incentives ?

Please differentiate between energy storage technology approaches that could be used as alternatives using the following three general categories, developed with a simplistic breakdown based on the technology’s maturity of development :

- i) High technology – e.g., Battery energy storage**
- ii) Medium technology – e.g., Phase Change Materials, underground borehole thermal energy storage [BTES] etc**
- iii) Low Technology – e.g., Simple mass and volume based thermal storage – concrete floor radiant floor heating, hot and cold water storage in tanks, thermal brick energy storage, etc.**

Response IR-09:

EfficiencyOne (E1) has investigated and analyzed several types of ‘energy load shifting’ technologies as a means and form of demand-side management in Nova Scotia. Those investigations are described, below, and categorized by the technologies’ ‘maturity of development’ as expressed in the information request.

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1 E1 wishes to note that energy shifting, as described in the question, may be a means of producing
2 winter peak demand savings, but these techniques do not produce energy savings when analyzed
3 on an annual basis.

4
5 Specific incentives for demand-focused initiatives were first proposed by E1 as part of the 2019
6 DSM Resource Plan—prior to this, E1 supported only those measures which also produced annual
7 energy consumption reductions. E1 currently provides support for demand saving measures
8 through its Custom program component, and none of the technology areas referred to below
9 (e.g. high technology) are excluded, so long as they have the ability to produce demand savings
10 during the system coincident winter peak demand period, which is currently defined as occurring
11 between 5-7 PM, December through February, on a non-holiday weekday.

12
13 i) High Technology

14 E1 explored the control of customer-sited batteries as part of the 2023-2025 DSM Plan
15 Demand Response (DR) program. This offering utilized a Guidehouse forecast of expected
16 battery adoption and was found to be cost-effective on the basis of recruiting these battery
17 customers to participate in DR. The DR battery offering in E1's 2023-2025 DSM Plan is
18 proposed to launch in 2024 and achieve savings contributing to the 2025 target.

19
20 E1's Custom program component currently offers a \$/kW incentive to projects that can
21 reliably demonstrate peak demand savings. Battery projects, or projects that include
22 batteries are eligible for this incentive, provided they meet all Custom program eligibility
23 criteria.

24
25 ii) Medium Technology

26 E1 is aware of Neothermal Energy Storage Inc., which is attempting to produce a phase-
27 change based residential energy storage appliance and is monitoring the development of

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1 that technological solution. E1 does not have detailed knowledge of the costs associated
2 with that product. E1 has not investigated underground borehole energy storage for the
3 development of incentive programs.

4
5 iii) Low Technology

6 E1 currently offers rebates for both residential and Business, Non-Profit & Institutional
7 (BNI) customers for electric thermal storage systems. Rebates are offered for various
8 system sizes, ranging from room units to larger central systems. E1 has performed technical
9 analyses examining customer bill savings for these measures, met with a cross-section of
10 industry participants, and examined in detail the demand savings potential based on
11 various model types.

12
13 E1 has also examined hot water energy storage as part of the 2019 DSM Potential Study –
14 water-heating-based energy storage was examined for residential, small commercial, and
15 small industrial customers. The 2019 DSM Potential Study assumed technology enablement
16 costs of \$374 for residential customers and \$214 for small commercial and small industrial
17 customers, associated with the purchase and installation of control equipment. E1 is
18 currently working with NS Power to implement a DR pilot that relies on the control of
19 domestic hot water equipment, and hot-water-based DR also features in the proposed DR
20 program for 2023-2025.

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Request IR-10:

ENERGY STORAGE :

To what degree have energy load shifting technologies been investigated and analyzed as an alternative method of limiting Nova Scotia’s peak energy load as a demand side management strategy to create systemwide annual savings as compared to the instantaneous energy use approach regarding creation and calculation of demand side management incentives?

Please comment on costs and benefits of both diurnal [i.e., daily] and seasonal energy storage systems and compare to the current instantaneous energy load DSM approach.

Response IR-10:

EfficiencyOne’s (E1) 2023-2025 DSM Resource Plan includes both diurnal energy storage measures, as well as other “instantaneous measures” such as other demand reduction and demand response measures, and energy efficiency measures. The energy storage measures contained within the 2023-2025 DSM Resource Plan consist of “Residential ETS System (Central)” and “Residential ETS System (Room)” as well as the use of domestic hot water load control within the direct load control program component pathway in the Demand Response (DR) program.

For electric thermal storage (ETS) systems, E1 estimates spending of \$240,000 over the course of 2023-2025, to realize \$1.53 million in avoided cost benefits from 0.8 MW of demand savings. The total resource cost results for these measures are high – they range from 2.0 to 2.7 depending on the particular measure and year.

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1 For domestic hot water-based direct load control, Guidehouse has provided an estimate of total
2 savings within the 2023-2025 DSM Resource Plan period of 5.5 MW. The expected E1 investment
3 across the same period is \$4.6 million.

4
5 In the context of the Total Resource Cost (TRC) test, the overall expected net present value (NPV)
6 of costs for the direct load control DR option is \$33.56 million. The overall benefit is \$20.7 million.
7 The overall TRC ratio for the direct load control DR option, of which hot water based direct load
8 control is a part, is 0.62.

9
10 For behind-the-meter battery control, Guidehouse has provided an estimate of total savings
11 within the 2023-2025 DSM Resource Plan period of 1.7 MW. The expected E1 investment across
12 the same period is \$0.95 million.

13
14 In the context of the TRC test, the overall expected NPV of costs for the behind-the-meter battery
15 option is \$3.05 million. The overall benefit is \$19.37 million. The overall TRC ratio for the behind-
16 the-meter battery control DR option is 6.35.

17
18 As E1 has not investigated seasonal energy storage, E1 cannot comment on its costs and benefits.
19 These three options may be compared with the overall energy efficiency portfolio to provide a
20 relative assessment of the costs and benefits of the energy efficiency portfolio in general, which
21 can serve as proxy for “instantaneous energy load DSM.” Over 2023-2025, the total energy
22 efficiency portfolio will invest \$163.0 million, to produce \$539.9 million in ratepayer benefits
23 (412.7 GWh of first-year energy savings, and 78.8 MW of first-year demand savings). The TRC test
24 result, including carbon, is 2.9.

25
26 Using the relative total resource test results as a comparator, ETS systems and control of behind-
27 the-meter battery systems possess a higher ratio of total benefits to total costs when compared

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- 1 to the 2023-2025 DSM Resource Plan energy efficiency portfolio as a whole, as well as hot water
- 2 based direct load control. Hot water-based direct load control offers a lower ratio of TRC costs
- 3 and benefits when compared to either the energy efficiency portfolio as a whole, or ETS systems.

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Request IR-11:

ENERGY STORAGE :

To what degree have energy load shifting technologies been investigated and analyzed as an alternative method of limiting Nova Scotia's peak energy load as a demand side management strategy to create systemwide annual savings as compared to the instantaneous energy use approach regarding creation and calculation of demand side management incentives ?

Is there an argument to be made that DSM incentives should or must be developed to support diurnal and seasonal load shifting method and technologies as a DSM approach ?

Response IR-11:

EfficiencyOne (E1) currently provides retrofit support for demand-focused measures as part of its Custom program component. These incentives are offered as either \$250 per kilowatt of demand savings, or a blended amount of \$0.07 per kilowatt-hour of energy savings as well as \$150 per kilowatt of demand savings. In addition, the 2023-2025 DSM Resource Plan includes hot-water-based direct load control activities, as part of the proposed demand response program. Seasonal or diurnal energy storage projects are not excluded from these incentives.

E1 continuously evaluates opportunities for additional rebate support for demand and energy saving measures.

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Request IR-12:

DSM PROGRAMS FOR AFFORDABLE HOUSING & LOW INCOME HOUSING PROVIDERS :

The requirements of the Affordable Multiple Family Housing programs could be said to be very onerous relating to allowable rental levels, and the commitment for essentially a contractual self imposed rent control. This is in an inflationary period not seen for the last 50 years in Canada. Whilst other non-electricity costs such as water, property taxes, insurance, etc. continue to skyrocket, rental housing providers must commit to lower than CPI increases. Even with the Nova Scotia Rental Cap program in place, residential landlords are allowed to roll new leases to market rates to soften the blow of other non-electric operating costs that are often increasing at rates of that are multiple factors of the program restriction levels.

Please provide the rationale and justification for the existing program requirements regarding rent increase restrictions in today's hyper inflationary environment.

Response IR-12:

EfficiencyOne recognizes that inflation concerns can affect participants' willingness to commit to the operating agreement in the Affordable Multi-family Housing and Non-Profit Organization program component. This operating agreement allows for an annual increase in affordable rent levels that do not exceed the national all-item Consumer Price Index (CPI). The operating agreement requires a minimum of four affordable units, and minimum of 50 percent of total units to be affordable, in order to participate in the program component. These affordable housing units would be held to the affordability requirements of the operating agreement, whereas the rent level of any remaining units can be established by the participant.

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- 1 Participation in the Affordable Multi-family Housing and Non-Profit Organization program
- 2 component helps to offset some of the impacts of inflation. The energy efficiency retrofits
- 3 rebated through this program component, at up to 80 percent of eligible retrofit project costs,
- 4 can mitigate inflationary pressures through reduced operating costs, such as power bills and
- 5 maintenance.

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Request IR-13:

DSM PROGRAMS FOR AFFORDABLE HOUSING & LOW INCOME HOUSING PROVIDERS :

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Could the program eligibility be expanded to use an alternative criteria such as “participation in a CMHC National Housing Strategy affordable housing program and/or participation in a Housing Nova Scotia affordable housing program” as prerequisites as an alternative to the existing prerequisites to broaden eligibility while still serving to encourage energy efficiency measures for affordable housing, albeit with a broader definition of affordable housing ?

Response IR-13:

The Affordable Multi-family Housing and Non-Profit Organization program component does not currently pre-qualify participant applications based on participation in other affordable housing programs; however, EfficiencyOne (E1) is aware that this is performed in some other jurisdictions. In 2022, E1 plans to perform consultation with stakeholder groups to review the current eligibility criteria, including the maximum rental rate tables. If any changes are to be made to eligibility criteria based on these consultations, these changes will be introduced in 2023.

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Request IR-14:

DSM PROGRAMS FOR AFFORDABLE HOUSING & LOW INCOME HOUSING PROVIDERS :

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With the Province having intervened heavily to limit rental increases in the last two years, what is the rationale and the benefit for the program wading into rent control measures in any event, given that energy costs still only represent a small fraction of total property operating costs?

Response IR-14:

Energy efficiency programs that provide services and benefits to low-income residents are critical to ensure an equitable net-zero future. By executing an agreement that secures affordable housing, the Affordable Multi-family Housing and Non-Profit Organizations program component can offer a more robust suite of services as well as higher financial incentives than other energy efficiency programming.

The Affordable Multi-family Housing and Non-Profit Organizations program component offers a wide variety of retrofit options and can help building owners with more than just the cost of

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- 1 energy. Other potential benefits include lower maintenance costs, higher occupancy rates,
- 2 increased tenant satisfaction (leading to lower tenant turnover), higher indoor air quality and
- 3 reduced risk of mold, avoided future capital repair and replacement costs, and an increase in
- 4 property value.

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1 **Request IR-15:**

2
3 **DSM PROGRAMS FOR AFFORDABLE HOUSING & LOW INCOME HOUSING PROVIDERS :**

4
5 **The requirements of the Affordable Multiple Family Housing programs could be said to be very**
6 **onerous relating to allowable rental levels, and the commitment for essentially a contractual**
7 **self imposed rent control. This is in an inflationary period not seen for the last 50 years in**
8 **Canada. Whilst other non-electricity costs such as water, property taxes, insurance, etc.**
9 **continue to skyrocket, rental housing providers must commit to lower than CPI increases. Even**
10 **with the Nova Scotia Rental Cap program in place, residential landlords are allowed to roll new**
11 **leases to market rates to soften the blow of other non-electric operating costs that are often**
12 **increasing at rates of that are multiple factors of the program restriction levels.**

13
14 **Using the CMHC definition of affordable housing, is the additional level of rent control required**
15 **under the program limiting program uptake amongst affordable housing providers?**

16
17 **Response IR-15:**

18
19 **The Affordable Multi-family Housing and Non-Profit Organization program component has seen**
20 **higher levels of concern regarding the operating agreement than in previous years, however**
21 **participation in the program component has remained steady. EfficiencyOne will continue to**
22 **monitor this trend and consult with stakeholders on an ongoing basis to ensure the operating**
23 **agreement balances the need to provide affordable housing with the needs of property owners.**

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Request IR-16:

DSM PROGRAMS FOR AFFORDABLE HOUSING & LOW INCOME HOUSING PROVIDERS :

The requirements of the Affordable Multiple Family Housing programs could be said to be very onerous relating to allowable rental levels, and the commitment for essentially a contractual self imposed rent control. This is in an inflationary period not seen for the last 50 years in Canada. Whilst other non-electricity costs such as water, property taxes, insurance, etc. continue to skyrocket, rental housing providers must commit to lower than CPI increases. Even with the Nova Scotia Rental Cap program in place, residential landlords are allowed to roll new leases to market rates to soften the blow of other non-electric operating costs that are often increasing at rates of that are multiple factors of the program restriction levels.

Has an analysis been done to determine if the drastic restrictions in rental rates required by the AMH program will only serve to cause a further deterioration in the quality of Nova Scotia's rental housing stock, as rental housing providers simply cannot afford to properly maintain the properties given the following :

- i) The highest CPI figures in Canada and Nova Scotia for approximately fifty years;
- ii) Restrictions on rent increases at well below CPI;
- iii) Operating cost increase well over CPI

Response IR-16:

Participation in the Affordable Multi-family Housing and Non-Profit Organization program component does not cause deterioration in the quality of Nova Scotia's rental housing stock. Participating buildings can undergo significant upgrades. Many of these upgrades that would

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1 have been delayed due to high up-front costs can now proceed due to the current incentive levels
2 offered, in addition to zero interest financing provided by Nova Scotia Power.

3
4 Currently, the operating agreement allows for an annual increase in affordable rent levels that
5 do not exceed the national all-item Consumer Price Index (CPI). The operating agreement
6 requires a minimum of four affordable units, and minimum of 50 percent of total units to be
7 affordable, in order to participate in the program component. These affordable housing units
8 would be held to the affordability requirements of the operating agreement, whereas the rent
9 level of any remaining units can be established by the participant.

10
11 EfficiencyOne is monitoring inflation trends and consulting with stakeholders on an ongoing basis
12 to ensure the operating agreement balances the need to provide affordable housing with the
13 needs of property owners.