2022 Matter No. M10473

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF:

The Public Utilities Act RSNS 1989, c. 380 7

- and-

IN THE MATTER OF AN APPLICATION by **EfficiencyOne** (E1) to the Nova Scotia Utility and Review Board for Approval of a 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 2023-2025 Demand Side Management (DSM) Resource Plan

EVIDENCE
AFFORDABLE ENERGY COALITION (AEC)

This is a Statement of the Affordable Energy Coalition (AEC) in relation to the Application by EfficiencyOne ("E1") for Board approval of a 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 2023-2025 Demand Side Management (DSM) Resource Plan

This submission includes direct testimony from Brian Gifford regarding the scale of energy poverty in the Province of Nova Scotia and the percent of the population experiencing energy poverty and requiring low income efficiency programming under the proposed Agreement.

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 – i.e. service that is not interrupted or inaccessible due to its cost and various cost related procedures. The AEC has advocated for sound policy and practice to enable universal access to electricity services since the early 2000's including several appearances before the UARB.

This submission will proceed by outlining our stance on the following:

(I) Executive Summary;
(II) The Context
(III) Proposed Level of Investment on Low Income Programs
(IV) Proposed Low Income Program elements;
(v) Increased Ambition Over Time;
(VI) Summary of AEC position

APPENDIX: Evidence regarding Level of Investment

Executive Summary

The Affordable Energy Coalition strongly supports the proposed Agreement and in particular the increased investment in low income programs.

This increased investment remains below the level that national estimates of energy poverty in Nova Scotia households would support. We provide evidence to this effect, in contrast to arguments made by others that the investment level is too high.

The level of investment in the proposed Agreement is an essential step toward ensuring the transition to a zero carbon energy system is equitable. With efficiency, including insulation and highly efficient new technology like heat pumps it is possible to reduce household energy costs significantly and reduce energy poverty at the same time as reducing GHGs.

We applaud the important steps in this direction taken in this proposed Agreement and we fully support its approval.

The Context

We are in the midst of a historic transformation of our electricity system primarily driven by the need to decarbonize the system. Nova Scotia's electricity system has one of the highest levels of carbon in the country for historic and geographic reasons. This is the primary reason why we have one of the highest electricity rates in the country.

Decarbonizing the electricity system is not easy but it is easier than decarbonizing other major carbon emitting sectors such as our transportation system. The potential for relatively quick carbon reductions meant that it has been imperative to aggressively pursue decarbonization of our electricity system through efficiency and a shift to renewable power. We applaud this shift.

Nova Scotia's electricity rates increased rapidly from 2001 to 2012. The primary reason for this increase was increases in fossil fuel costs. The over-reliance of our electricity system on fossil fuels created a vulnerability to volatile international prices. From 2001 to 2012 electricity rates increased by. During the same period home oil heating prices increased even more. Our vulnerability to international fossil fuel prices hit consumers in several ways including through electricity rates.

In the intervening years since 2012, fossil fuel prices grew at a slower pace and even declined for awhile but now we once again find ourselves vulnerable to high and volatile international fossil fuel prices.

Since 2007 Nova Scotia has been taking steps to decarbonize the electricity system. This reduces our reliance on costly fossil fuels but transforming the electricity system to a zero carbon system also adds to the costs we must cover. The role that efficiency plays in reducing bills is essential as system costs rise.

Nova Scotia has one of the highest rates of energy poverty in the country because of our high oil and electricity rates, our generally lower incomes and our larger, older, and less well insulated homes.

The role that efficiency plays in addressing both historic and rising energy poverty as we decarbonize is even more crucial. With sufficient investment in low income energy programs, we have the potential to protect the electricity system's most vulnerable customers and even to reduce historic levels of energy poverty through efficiency as we decarbonize the electricity system.

Proposed level of expenditure on low income programs

We support the increased percent of program funding directed at low income programs to 21% of the total or $36 Million over the 3 year Agreement for an average of $12 Million/year.

Some intervenors have questioned the percent of spending on low income programs. We have attached testimony from Brian Gifford, Chair of the AEC, regarding evidence about energy poverty that has emerged in the last few years showing that it is much more widespread than we had thought and that the majority of households that directly experience energy poverty are moderate income households who have as much difficulty paying for substantial efficiency upgrades as low income households do.

Efficiency Canada provides evidence that 37% of Nova Scotians or 147,085 households pay over 6 % of income on home energy. Their reports describe this as the number of households facing energy poverty. We believe some higher income households should be excluded from these figures and we directly received some slightly lower figures for Nova Scotia from Statistics Canada. We propose that until further research is conducted, a better figure is about 26% or 105,000 households. This adjustment combines paying over 6% of income on home energy with ability to pay for efficiency upgrades. It includes all households earning $60,000 per year or less in after tax income who pay over 6% of after tax income on home energy as an estimate for ability to pay.

More work needs to be done but we believe these figures indicate that simply using low income figures does not properly capture how many low and modest income households who cannot afford efficiency upgrades live in Nova Scotia. Energy poverty estimates provided nationally and by AEC support the existing 21% level of programming for low income households as a minimum percent.

Proposed Low Income Program elements

The Affordable Energy Coalition vigorously supports the proposed low income programs in the application submitted by EfficiencyOne and endorsed by Nova Scotia Power.

Low income households and many moderate income households simply can't afford to invest in energy efficiency. This is why the most effective low income programs have 2 key elements: they are at no cost to the customer and they are turn-key – i.e. the program arranges to get the work done. This has been supported by testimony and evidence presented on behalf of Board Counsel by Synapse's Alice Napoleon in past hearings, particularly in the July 2014 hearing regarding the 2015 Agreement.

We support the new Affordable Single-family Homeowner program which will increase the level of investment in the HomeWarming program that coordinates electricity system investments with non electricity investments by the province. The HomeWarming program has successfully delivered annual savings of an estimated $500/ year for low-income households living in electrically heated homes. Over 17,000 households have benefited from both the electrical and non electrically heated parts of the program and its predecessors.

There are many reasons to support the Affordable Single-family Homeowner Program:

1. It ensures that this program element will be in the regulated system as it was before 2015.
   (a) While AEC appreciated the charitable donation that NSP made to HomeWarming we had some concerns that it meant the program was removed from the oversight available through the regulated system.
   (b) To be clear, we encourage Nova Scotia Power to continue to invest in HomeWarming as they have recently promised to do, at least to the end of the 10 year initial period they committed to, which would be 2024.
   (c) The fact that the 10 year NSP commitment ends in 2024, which is during the 3 year period of this Agreement, strengthens the value of having a single family homeowner program within the Agreement
2. This investment is an important step in the right direction for Efficiency Nova Scotia's services as it shifts away from lighting to more comprehensive retrofits. We support this shift toward comprehensive retrofits throughout the Agreement and support this as part of that shift.
3. It is vital that low income Nova Scotians are able to benefit from efficiency related savings as we transition to a zero carbon energy system. This is a vital support for that transition, to ensure it is equitable and leaves no one behind.
4. The current level of saving per household is about 30% of previous bills and GHGs. We believe a target of 50% savings is achievable and makes compelling sense from an overall system point of view in our efforts to shift to a zero carbon economy.
5. We also continue to encourage the program to overcome the artificial barrier to participation in African Nova Scotian communities through an alternative to land title, as E1 indicated in its Response to AEC's IRs is being negotiated with the Land Titles Initiative.

We also support continued funding for the Affordable Multi-family Housing and Non Profit Organizations Program. As we have argued in past hearings, over 50% of low income households are tenants and must benefit from program spending and savings. This is also part of the fair transition to a zero carbon economy.

Finally, we support increases in Mi'kmaw programming, expanding from band owned homes to band owned businesses and additional training and recruitment of Mi'kmaw to join the workforce in this aspect of the Green Economy. We support this as part of the equitable transition to a zero carbon economy.

Increased ambition over time

In our view, it is essential for all parts of our energy system to support a rapid and fair transition to a zero carbon economy. Increasing investments in deeper efficiency measures is vitally important to the transition. We are encouraged to see the rising levels of programming over the three year life of this Agreement and expect to see this trend continue.

We would prefer higher ambition. We believe the percent of NS Power spending on efficiency should increase to 3% as soon as possible, while relying ever more heavily on deeper retrofits with deeper savings.

Summary of AEC position

In summary, the Affordable Energy Coalition fully supports approval of the Agreement as proposed, especially the increased investment in low income programs.

APPENDIX: Evidence regarding Level of Investment – see attached.