2022 **M10473**

NOVA SCOTIA UTILITY AND REVIEW BOARD

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

and

IN THE MATTER OF: **AN APPLICATION by by EfficiencyOne ("E1") to the Nova Scotia Utility and Review Board ("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**

NON-CONFIDENTIAL EVIDENCE OF THE BERWICK ELECTRIC COMMISSION, THE RIVERPORT ELECTRIC LIGHT COMMISSION, THE TOWN OF ANTIGONISH, AND THE TOWN OF MAHONE BAY ("MEUs")

May 20, 2022

This evidence and recommendations are sponsored by Don Regan, superintendent of the Berwick Electric Commission, and Al Dominie, consultant to the MEUs (and formerly the Manager of NS Power's Rates and Regulations Department).

MEU Recommendations in Response to E1's Application for Approval of a Supply Agreement for Electricity Efficiency and Conservation Activities between E1 and NS Power (2023-2025 DSM Plan)

Following the release of the Board's decision in Matter No. M09940 (NS Power's Application to amend its Wholesale Market Backup/Top-up Service Tariff) and NS Power's filing of its 2022-2024 General Rate Application, the MEUs have placed an increased scrutiny on all electricity service cost pressures, including proposed Demand-Side Management ("DSM") expenditures. The MEUs continue to support and favour cost-effective DSM programs and services that increase the affordability of electricity for MEU customers and reduce overall system emissions, particularly in the current environment of rising fuel costs.

As participants in the wholesale market, the MEUs are in a fundamentally different position than NS Power's bundled service customers. This has implications for the analysis of DSM program expenditures in the service territories of the MEUs that need to be taken into account.

In contrast to other customer classes, E1 has confirmed in response to MEU IR-9 that it is currently unable to provide a count of individual DSM participants within each MEU or as a broader MEU Group. As stated by E1, the ProCESS TM model simply counts each Municipal Utility once, considering each Municipal Utility as a customer of NS Power. This is concerning for the MEUs that are operating within the wholesale market, and their individual customers, as E1 modelling groups average rate and bill impacts for program and non-program participants across the Municipal Group.

Further, E1 acknowledges that the MEUs who participate in the wholesale market supply their customer base from the Ellershouse Wind Farm and imports from New Brunswick, yet E1 did not consider alternative approaches to reflect the potential differential in costs and avoided GHG emissions applicable to DSM savings that occur in the service territories of the MEUs (see E1 responses to MEU IR- 2(b) and (c)).

As the MEUs who participate in the wholesale market have different factors for avoided costs (relevant to GHG emissions, peak-demand savings, etc.) than those incurred through NS Power, these electricity system differences require a separate and unique evaluation of E1's proposed spending in MEU jurisdictions. Rather than relying solely on NS Power data, the Board should also direct E1 to consider and provide supplementary information on the Cost-Benefits for programs targeted at the MEU wholesale market participants in all future DSM Plans. Such high-level analysis would serve as a check to ensure that E1's proposed program spending is cost effective and appropriately reflects the savings achieved when carried out in MEU jurisdictions. (**Recommendation #1**)

The MEUs acknowledge that, while E1's Participant Count and Cost-Benefit Analysis modelling do not reflect the realities of the MEUs participating in the wholesale market, to date E1 has performed the Participant Modelling and Cost-Effectiveness Analysis as required by the Board. In recognition of this fact and to address this issue in a timely way, the Board's decision in this matter should explicitly grant E1 additional flexibility to research, pilot, and adjust program delivery targets with respect to the MEUs within the proposed overall funding levels during E1's 2023-2025 program planning period. This would ensure E1 has the flexibility required to target market programs to specific locations and initiatives to best meet the needs and priorities of MEU customers. (**Recommendation #2**)

Granting E1 such flexibility in the Board's decision is critical. As E1 states in response to MEU IR-7(b), any adjustments "…would be limited to the flexibility afforded E1 in the approved Plan, and related compliance filing, and any direction contained in the Order of the NSUARB." For example only, the MEUs note that in response to MEU IR-4(b), E1 confirmed that it has assumed no participation from the MEUs in the Demand Response program as part of the 2023-2025 DSM Plan, yet it understands there may be opportunities for collaboration with the MEUs as well within this program. Flexibility is needed to ensure that all cost-effective opportunities for the MEUs can be explored in collaboration with E1 within the 2023-2025 time period.

Finally, with respect to the DSM spending levels proposed in the 2023-2025 Plan, the MEUs support approval of the amounts requested and as initially and specifically forecast for the MEUs by E1 in response to MEU IR-6, Attachment 1. The MEUs understand that the issue of DSM cost allocation and recovery will be addressed as part of NS Power's General Rate Application, and that actual rate class spending will be determined and reported at the end of each year through

E1's Annual Progress Report. As part of its decision in this proceeding, the Board should indicate participants in the wholesale market may be permitted to pay all of their allocated and Board-approved DSM costs directly to E1, subject to the specific allocations, payment requirements, and any further direction to be confirmed as part of NS Power's General Rate Application. (**Recommendation #3**)

Such an approach would increase the transparency of cost-benefit modelling, verified savings, and actual participant counts occurring for the MEUs separate from NS Power, and foster a stronger relationship between E1 and the MEUs. Payments from the participants in the wholesale market should not need to be made via NS Power when the system baselines for cost-effective DSM are different for the different utilities, and E1 will be working separately with the MEUs with respect to design and delivery of those programs.

Moving forward, the MEUs remain committed to the pursuit of cost-effective DSM expenditures in their service territories. The MEUs intend to work more closely with E1 and the DSMAG to help E1 achieve its objectives, and ensure that MEU participant counts, cost-benefits, and municipal integration of Demand Response programs can be more fully examined in the 2023-2025 period and as part of future DSM Plans.