



2022

Matter No. M10473

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF: The Public Utilities Act RSNS 1989, c. 380 7

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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

The Ecology Action Centre

This is a Statement of the Ecology Action Centre (EAC) 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

The EAC is a member-based environmental charity in Nova Scotia. We take leadership on critical environmental issues from biodiversity protection to climate change to environmental justice.

Since 1971, the Ecology Action Centre has been working at the local, regional, national and more recently, international level to build a healthier and more sustainable world.

We are grounded in community, and a strong voice and watchdog for our environment. We work to catalyze change through policy advocacy, community development, and building awareness. We take a holistic approach to the environment and our economy to create a just and sustainable society.

The Context

We are in the midst of a climate crisis, a “code red for humanity” according to the UN’s António Guterres after the Intergovernmental Panel on Climate Change (IPCC) released the second part of its four-part, Sixth Assessment Report (AR6) in February 2022. The report left no space for doubt - climate change is unequivocally the result of human activities and at the current 1.1°C of global warming we are already seeing increasing impacts, including from extreme weather events around the world.

The urgency of the climate crisis is driving a historic transformation of electricity systems around the world, particularly in places where the system is highly reliant on carbon. Nova Scotia’s electricity system has both some of the highest levels of carbon in the country, as well as some of the highest electricity rates.

It is not an easy undertaking to decarbonize the electricity system but it can be done faster than decarbonizing other major carbon emitting sectors such as our transportation system and the potential for relatively quick carbon reductions meant that it has been necessary to aggressively pursue decarbonization of our electricity system through both efficiency and shifting to renewable power.

The instability of fossil fuel costs has been a driver of Nova Scotia’s electricity rates rapidly increasing between 2001 and 2012. The over-reliance of our electricity system on fossil fuels created a vulnerability to volatile international prices. Our vulnerability to international fossil fuel prices hits consumers in several ways including through electricity rates. Even if there are a few years of increases at a slower pace, the last few months have once again shown how volatile they can be.

Nova Scotia has been taking steps to decarbonize the electricity system for more than fifteen years to reduce our reliance on costly fossil fuels. This transformation of the electricity system towards a zero carbon system also adds to the costs. This is another role efficiency plays: helping to reduce bills as system costs rise.

Nova Scotia’s high oil and electricity rates, lower incomes and older less well insulated stock of housing means that the province has one of the highest rates of energy poverty in the country. Efficiency can help to address both the historic and rising energy poverty as the province moves to decarbonize even faster. When there is sufficient investment in low income energy programs, the electricity system’s most vulnerable customers can be better protected from those rising costs through efficiency.

DSM Investment Level

The Ecology Action Centre supports the 2023-2025 Demand Side Management (DSM) Resource Plan and we applaud many of the important steps for investment in low income programs.

The total investment level for this plan would be \$173 million over the three-year period which is a welcome increase and improvement over previous plans but still not the level of ambition or investment that is needed to tackle energy poverty, help Nova Scotians reduce their bills and most urgently, help Nova Scotia to accelerate its shift towards decarbonization. We believe that with more investment, we could achieve greater incremental cumulative net energy savings than the estimated 412.7 GWh and cumulative system peak demand savings of 96.7 MW. Though this is an increase from previous plans it is not enough investment to move us towards an equitable transition to a zero carbon energy system. We would like to see the percent of NS Power spending on efficiency increase to 3% as soon as possible, while relying ever more heavily on deeper retrofits with deeper savings.

Proposed level of expenditure on low income programs

Targeting energy-poor and hard to reach households is a common gap in energy programs that needs to be addressed.

An increased level of investment in low-income households allows the province to address key barriers to efficiency goals. A frequently overlooked barrier includes non-energy upgrades needed in many buildings that inhibit energy upgrades from taking place. Structural deficiencies, mold remediations, and other major renovations are often projects that stand in the way of implementing retrofits and efficiency upgrades.

Ensuring that low-income households are considered through an energy efficiency lens, ensures that low-income populations can participate in a just transition and fuel switching programs that will allow the province to meet its climate objectives.

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 but we agree with the Affordable Energy Coalition that more work needs to be done to better understand these numbers and to better 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. We know that even more funding for programs related to affordability are needed but support this increase as a good start.

We know that 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. We support developing programs that incorporate these features.

Conclusion

Efficiency Nova Scotia has demonstrated that negative perceptions of increased energy rates can be avoided by offering households the opportunity to lower their bills by adjusting consumption behaviors to comply with DSM. Nova Scotia's model of energy efficiency program provision has been a leader in Canada in doing this.

Demand-side management also helps to build capacity for a just transition. Distributing consumption more evenly across a timeframe reduces peak energy demand, shifts household energy consumption behaviors, and builds capacity for clean energy moving forward.

At this moment, when more efficiency is urgently needed to both address the climate crisis and to help Nova Scotians with the transition to a decarbonized electricity system, we need to find ways to accelerate the increase of DSM. We need a higher percentage of spending on efficiency and this DSM plan needs to set the stage for a far more ambitious plan after 2025. We hope that the dialogue and negotiations for the next round will be even more collaborative and will find a common pathway there.

Sincerely,

Kimberley Fry

Efficiency Coordinator

Ecology Action Centre

