Nova Scotia POWER
An Emera Company

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

June 10, 2022

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

Dear Ms. Henwood:

Re: EfficiencyOne – 2023-2025 Demand Side Management (DSM) Plan 2023-2025 Application (M10473) – NSPI Rebuttal Evidence

On March 11, 2022, EfficiencyOne (E1) filed an application (E1 Application) with the Utility and Review Board (NSUARB) for approval of a Demand Side Management (DSM) Supply Agreement between E1 and Nova Scotia Power Inc. (NS Power, Company) and a DSM Resource Plan for 2023-2025 which will form part of the DSM Supply Agreement. The E1 Application contained what E1 referred to as a "settlement" DSM Resource Plan (Settlement Plan) and an Alternate scenario. E1 requests approval of the Settlement Plan with energy savings of 412.7 GWh and 96.7 MW of demand savings (78.8 MW from energy efficiency and 17.9 MW from demand response) based on a total investment level of $173 million across the three year period.

Under s. 79L of the *Public Utilities Act* (Act), Nova Scotia Power Incorporated (NS Power, Company) is deemed to be a co-applicant. On March 11, 2022, NS Power filed a letter with the NSUARB advising the NSUARB that it had been consulted by E1 on its 2023-25 DSM Resource plan and that it was satisfied with the outcome of the consultation with E1 regarding the 2023-2025 proposed investment level under the Settlement Plan of $173 million.

At the request of E1, the NSUARB established a paper hearing process to review the E1 Application and the Consumer Advocate (CA), Small Business Advocate (CA), the Affordable Energy Coalition (AEC), Ecology Action Centre, Heritage Gas, counsel for the Industrial Group (IG), the Investment Property Owners' Association of Nova Scotia

(IPOANS), Kwilmu'kw Maw-Klusuaqn Negotiation Office (KMKNO), the Assembly Of Nova Scotia Mi'kmaq Chiefs (ANSMC), Membertou First Nation, the Municipal Utilities (MEUs) and the Nova Scotia Department of Natural Resources And Renewables each registered to participate in the proceeding.

On April 29, 2022, NS Power responded to information requests (IR) on the Application from the NSUARB staff and counsel for the IG. E1 responded to IRs from the CA, SBA, AEC, counsel for the IG, IPOANS, NSUARB staff and Board Counsel consultant, Synapse Energy Economics Inc.

On May 20, 2022, evidence was filed by the CA, SBA, AEC, IG, Membertou and Synapse and a statement from ANSMC and KMKNO (collectively, Intervenor Evidence).

NS Power has reviewed Intervenor Evidence, the majority of which appears supportive of E1's Application.

NS Power would like to reiterate its support of E1's Settlement Plan.

E1's proposed plan represents an increase in DSM spending in the province, and the largest portion of that will help support programs for low-income Nova Scotians and First Nations in the province. These sectors have traditionally been under-served and, as such, NS Power remains pleased with the increase in this area set out in the Settlement Agreement.

DSM contributes to reduction of greenhouse gas (GHG) emissions. E1's Settlement Plan will not only provide substantial electricity efficiency benefits, but will also assist with GHG reduction goals. Working together with E1 and other stakeholders is critical to achieving the government's 2030 energy targets in a way that supports a just energy transition.

The majority of the comments and recommendations contained in the Intervenor Evidence are directed to E1 as the DSM franchise holder and architect of both the Settlement Plan and the alternative scenario set out in the E1 Application. However, there are items which NS Power also wishes to address.

The following are NS Power's rebuttal comments on the Intervenor Evidence.

1. Avoided Costs

The CA's consultant, Theodore Love, makes the following recommendation on the issue of avoided costs:

> I support the recommendations of David Hill and further recommend that, if the Board approves a plan, E1 should work with Nova Scotia Power to develop an updated set of avoided costs that aligns with current legislation and any Integrated Resource Plan ("IRP") assumptions. These avoided costs should be subjected to the same stakeholder process undertaken for the development of the plan, with the goal of including updated cost effectiveness results as part of E1's next annual report.[1]

The avoided costs methodology used in the 2023-2025 DSM Plan was recently developed following a thorough and lengthy stakeholder consultation process. For the purposes of DSM program planning, avoided cost data will not be required again until 2025, when it will be required for the preparation of the 2026-2028 DSM Resource Plan. NS Power confirms that it will work with E1 and the DMSAG in advance of the 2026-2028 DSM Resource Plan to discuss any updates to avoided costs. This timing will allow for the alignment of updated costs with changes that may arise in the long-term planning environment. NS Power has committed to ongoing evergreening of the IRP from time to time, so there will be more current updated scenarios from which to base updated avoided costs, if appropriate/necessary, in advance of the 2026-2028 DSM Plan development.

2. Municipal Utilities

The MEU submission includes the following recommendation:

> 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

[1] Exhibit E-20 - Evidence of Theodore Love, pages 14-15, lines 23-24 and 1-4.

> further direction to be confirmed as part of NS Power's General Rate Application.[2]

The MEU evidence appears to the suggest the creation of a separate DSM regime specific to the Municipal Utilities participating in the wholesale market. While NS Power does not object to permissible administrative efficiencies that would assist those Municipal Utilities in the payment of their allocated DSM costs, the Company does not support any changes to the current DSM program evaluation and approval processes as part of the 2023-2035 DSM Plan along the lines of that suggested by the MEUs. First, the current legislative framework for DSM under the Act only addresses the supply of DSM to supply Nova Scotia Power Incorporated in the context of a DSM supply agreement between NS Power and E1. Second, even if permissible under the Act, such an issue should be subject to a separate regulatory proceeding where the implications of such changes could be fully considered by NS Power, E1 and other interested parties.

3. Demand Response

The IG's consultant, Mark Drazen, provides the following comments regarding the proposed costs for the development and implementation of demand response (DR) programs:

> Developing more demand control load is worthwhile. NS Power can certainly benefit from increased ability to reduce system peak demand. However, this is essentially a rate design matter; which can and should be handled mostly by NS Power. E1 can play a role as a supplier of equipment (smart thermostats, batteries and the like), although this, too, is often considered a utility (or utility-supplied) service.
>
> //
>
> It is unclear how much value is added by having E1 work on developing and demand control rates, alongside of NS Power.[3]

Mr. Drazen recommends as follows:

> Next, much of the development and implementation of small customer interruptible rates can and should be handled by NS Power. While E1 can play a useful role in supplying equipment, NS Power should be the party that develops and administers the service. The $10 million E1

[2] Exhibit E-23 - Evidence of the Berwick Electric Commission, the Riverport Electric Light Commission, the Town of Antigonish, and the Town of Mahone Bay, pages 3-4.
[3] Exhibit E-21, Evidence of Mark Drazen, page 12, lines 1-6 and 8-9.

> budget for this work should be reduced, save and except the direct costs of equipment.[4]

NS Power has no objection to the amount proposed for DR programs in the Settlement Plan. The Company has successfully collaborated with E1 on DR programs such as the ongoing pilot to assess the DR potential of residential electric water heater controllers and inform the viability of a future large-scale program. While NS Power agrees that rate design is a matter to be handled by the Company as the public electric utility, there is a role for E1 in implementation of DR programs as the DSM franchise holder in Nova Scotia.

NS Power also continues its support of E1's request for the Application to be proceed by paper process. No party has requested an oral hearing and, based on the Intervenor Evidence, NS Power believes outstanding issues can be address through written submissions.

Yours truly,

Brian Curry
Director Regulatory

c: David Landrigan
S. Bruce Outhouse, QC
James R. Gogan
Participants (M10473)

[4] Exhibit E-21, Evidence of Mark Drazen, page 15, lines 6-10.