THE BRETON LAW GROUP

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File No. 41736-149

March 11, 2022

Nova Scotia Utility & Review Board
PO Box 1692, Unit "M"
Halifax, Nova Scotia
B3J 3S3

Attention: Crystal Henwood, Regulatory Affairs Officer / Clerk

Dear Ms. Henwood:

Re: 2023-2025 DSM Resource Plan and Supply Agreement

This letter is an accompaniment to EfficiencyOne's filing of today's date with the Nova Scotia Utility and Review Board ("NSUARB"), seeking approval of EfficiencyOne's proposed 2023-2025 Demand Side Management ("DSM") Resource Plan ("Plan") and Supply Agreement for Electricity Efficiency and Conservation Activities between EfficiencyOne and Nova Scotia Power Inc. ("NS Power") (the "Parties").

EfficiencyOne is pleased to advise that the attached Plan is being submitted on the basis of agreement reached between EfficiencyOne and NS Power, both on the investment level of $173 million as well as proposed 412.7 GWh of incremental cumulative net energy savings and 96.7 MW of cumulative system-peak demand savings.

This agreement followed from a stakeholder engagement and scenario development which began in March of 2021. This robust engagement process has resulted in the agreement reached with NS Power as well as significant alignment among stakeholders on key aspects of the Plan. The extent of stakeholder engagement is referenced in further detail in the 2023-2025 DSM Plan (Appendix A). EfficiencyOne wishes to thank NS Power, and the stakeholders represented through the DSM Advisory Group for their constructive input and comments throughout the engagement process, which has culminated in this settlement Plan.

In support of its Application for Approval of the 2023-2025 DSM Resource Plan, EfficiencyOne's filing includes:

- Notice of Application

- Evidence on behalf of EfficiencyOne, which includes:
    a. Appendix A: 2023-2025 DSM Plan;
    b. Appendix B: Forward Looking Rate & Bill Impact Analysis;
    c. Appendix C: Alternate Scenario;
    d. Appendix D: Direct Testimony of Dr. David Hill;
    e. Appendix E: Direct Testimony of Scott Robinson;
    g. Appendix F: Proposed form of 2023-2025 Supply Agreement; and
    h. Appendix G: Proposed form of 2023-2025 Supply Agreement (redline).

In accordance with Section 79 of the *Public Utilities Act,* EfficiencyOne and NS Power are proposing to enter in an agreement (the "DSM Supply Agreement"), subject to NSUARB approval through this Application, through which EfficiencyOne would provide NS Power with electricity efficiency and conservation activities ("EECA") in accordance with the *Electricity Efficiency and Conservation Restructuring (2014) Act* ("Act") for the 2023-2025 term. The proposed DSM Supply Agreement included with this filing is consistent with previous agreements reached between EfficiencyOne and NSPI. It is a commercial agreement governing the relationship between the parties and manner in which EECA will be provided by EfficiencyOne to NS Power. It incorporates the requirements of the Act which provide that the Agreement:

(a) Not be terminable or terminated unless the franchise holder's franchise is terminated or the termination is approved by the Board;
(b) Describe the EECA that the franchise holder will provide to NSPI; and
(c) Identify the amount that NS Power will pay to the franchise holder for the supply of EECA.

Included in the Plan is funding for a Demand Response ("DR") initiative. During the extensive stakeholder engagement process, DR was identified as an emerging area by certain stakeholders including NS Power. This is a new portfolio item which proposes an additional 17.9 MW of capacity to the electrical grid by the end of 2025. Demand Response will contribute toward the overall 96.7 MW of cumulative system-peak demand savings projected under the 2023-2025 DSM Plan and complements existing and future demand reduction activities. EfficiencyOne intends to work collaboratively with NS Power and other stakeholders, directly and through the Demand Side Management Advisory Group ("DSMAG") in furtherance of these activities. Recognizing that DR is an introductory initiative, EfficiencyOne is proposing that the assessment of these activities be measured as a Performance Indicator for the 2023-2025 Plan with the option to have this reassessed through subsequent applications.

The proposed energy and demand targets identified in the Plan will direct energy savings closer to optimal IRP levels; the Plan includes enhancements to existing programs, continuation of Pilot Projects and the development of new initiatives aimed at increasing accessibility and removing barriers to program participation. The Plan proposes energy savings of 412.7 GWh, and peak demand savings of 96.7 MW, with total three-year investment of $173 million.

The 2023-2025 Plan was developed based upon:

- EfficiencyOne's experience as DSM Administrator;
- An evaluation of EfficiencyOne's 2020-2022 suite of programs and services;
- Market conditions (e.g. program and measure saturation);
- Environmental requirements, including legislation mandating greenhouse gas emissions reductions;
- NS Power's 2020 IRP;
- Operational data;
- Program impact and process evaluations, including evaluated savings results, Delivery Agent input and participant feedback;
- Extensive stakeholder and engagement.

Consistent with existing reporting requirements, EfficiencyOne confirms it will report quarterly (among other factors) on performance indicators by program with respect to the Performance Indicators set out in Schedule C to the Supply Agreement including:

- Annual incremental energy savings (reported by program and rate class);
- Cumulative annual energy savings (reported by program and rate class);
- Annual lifetime energy savings (reported by program and rate class);
- Annual incremental system-peak demand savings (reported by program and rate class);
- Annual incremental demand response savings ;
- Cumulative annual system-peak demand savings (reported by program and rate class);
- Total ratepayer benefits;
- Total spending (reported by program and rate class);
- Customer satisfaction; and
- Reporting on low-income program participation, expenditures, and savings through a variety of methods, including estimation based on geographic census information.

In past DSM proceedings, EfficiencyOne's Annual Progress Report, Evaluation and Verification reports, filed on March 31, were considered during the DSM application. Following NSUARB approval of the 2020-2022 DSM Plan, the Board had directed, through its May 11, 2020 correspondence, that these reports be considered by stakeholders and interested parties through the DSM Advisory Group. This approach has been successful, with stakeholder questions addressed through this process. EfficiencyOne requests that the Board give consideration to continued review of these filings through the DSM Advisory Group rather than forming a part of this regulatory proceeding.

EfficiencyOne appreciates the Board's willingness to consider having this Application proceed by way of paper process in light of the agreement reached with NS Power, and the alignment among rate class representatives.

Respectfully,

THE BRETON LAW GROUP

James R. Gogan

cc. Bruce Outhouse, Q.C., Board Counsel
Brian Curry, NSPI Counsel
Stephen MacDonald, EfficiencyOne
Sarah MacDonald, EfficiencyOne
Gina Thompson, EfficiencyOne
Kate McDonald, EfficiencyOne