IN THE MATTER OF The Public Utilities Act, R.S.N.S. 1989, c. 30 as amended

-and-

IN THE MATTER OF An Application by EfficiencyOne for Approval of Supply Agreement for Electricity Efficiency and Conservation Activities between EfficiencyOne and Nova Scotia Power Inc., the establishment of a final agreement between the parties, and approval of a 2023 – 2025 Demand Side Management ("DSM") Resource Plan

CLOSING SUBMISSION OF SMALL BUSINESS ADVOCATE

Mr. Chair, Mr. Vice Chair and Board Members, please accept this closing submission on behalf of the Small Business Advocate ("SBA").

The application before the Board is for the approval of EfficiencyOne's ("E1") 2023-2025 Demand Side Management Resource ("DSM") Plan and the corresponding approval of the supply agreement between E1and Nova Scotia Power Inc ("NSPI").

The SBA retained John Athas, Daymark Energy Advisors ("Mr. Athas"), to review the application and he filed evidence on May 20, 2022. Mr. Athas highlighted a number of concerns he had with the application, including but not limited to the funding of measures that do not pass cost effectiveness tests and allocation of investment that does not maximize energy savings and carbon reduction.

Mr. Athas recommended to the Board that E1 not be approved to fund measures with Total Resource Cost ("TRC") test ratios below 0.9 and further recommended that the Board consider requiring E1 to reallocate a significant percentage of the proposed funding above the previously set 2022 levels towards the most cost-effective measures or programs. The purpose behind the second recommendation was for E1 to maximize energy savings thereby achieving system wide cost savings and increasing carbon reduction, thus assisting the province in achieving its decarbonization goals.

E1 filed rebuttal evidence on June 10, 2022 and provided refutations against the recommendations suggested by Mr. Athas. First, E1 stated that program-level cost effectiveness screening, not measure-level, represents industry best practice and that the Board has determined that program level screening is appropriate[1]. Second, E1 contends that maintaining a 50/50 residential-Business, Non-Profit and Institutional (BNI) investment target allocation is consistent with E1's Guiding Principles and the Standardized Filing Framework, and concerns were not raised by stakeholders

[1] Exhibit N-29. E1 Rebuttal Evidence Filed June 10, 2022. Page 12.

during development of the current plan before the Board[2]. E1 notes that mid-course adjustments are possible and continually evaluated.

The SBA and Mr. Athas concur with E1 that the Board has approved of cost-effectiveness screening at the program level. However, we contend that holding the program to a higher standard than what is required can only improve system savings and cost-effectiveness. Almost by definition, an investment into a measure which fails to achieve a cost-effectiveness ratio of at least 1.0 would be better spent investing in new clean generation, transmission, or bill credits depending on the desired outcome. We recognize DSM programs' ability to provide support to all three of the categories of benefits listed above simultaneously, and therefore recommend re-allocation of investment from measures failing to produce a TRC ratio of 1.0 into those that pass the cost-effectiveness test. Failure to do so makes the plan more expensive for ratepayers and achieves less savings for participants than could otherwise be achieved.

The SBA and Mr. Athas recognize that some of the measures that fall below the TRC ratio of 1.0 are designated for low-income programs, and low-income programs are not exempt from the requirement of passing the TRC test in Nova Scotia. This ultimately negatively impacts the overall TRC test results in the filing. We want to underscore that the SBA supports the overall investment for low-income programs, and do not believe that the TRC requirement of 1.0 should be applied to these programs in the same way we submit that it should be applied to other sectors. We point to testimony filed by Synapse on May 20, 2022 in response to concerns about a focus on investment:

> The focus on investment may do little to ensure low-income populations experience the benefits of energy efficiency. Energy efficiency targeting low-income populations offer these customers a way to manage their bills. Low-income customers generally spend a large portion of household income on energy bills; that is, they have high energy burdens. In general, reducing energy burdens for this population produces proportionally large benefits, both for these customers and for ratepayers as a whole (e.g., through reductions in arrearages and collection expenses.)[3]

The SBA agrees with this response and reinforces that developing and adopting a performance metric specifically for low-income customers outside of the other measures could ensure funds are effectively spend and that actual benefits of energy efficiency can be realized by low-income sectors – without negatively impacting the TRC test and funds spent in other sectors.

The SBA and Mr. Athas also concur with E1 that the Guiding Principles and the Standardized Filing Framework are important components when drafting the DSM plan, as is continued engagement with stakeholders through the DSM Advisory Group ("DSM AG"). Nevertheless, the SBA understands the Principles and Framework are not binding guidelines driving program design. Mr. Athas' suggestion in formulating future plans is simply to utilize the Principles and Framework as a starting point while understanding funds may need to be shifted to other programs

[2] Exhibit N-29. E1 Rebuttal Evidence Filed June 10, 2022. Page 2.
[3] Exhibit N-25. Synapse Evidence Filed May 20, 2022. Page 30.

or rate classes to ensure the plan is achieving the most savings for the least amount of the ratepayers' money.

Finally, the SBA and Mr. Athas would highlight issues not being raised by stakeholders at the DSM AG meetings does not indicate a tacit approval by that entity of every detail of the proposed three-year plan. In cases such as this where exact plan details and metrics are unknown until the plan is filed with the UARB, stakeholders cannot fully understand the implications of the plan.

The SBA and Mr. Athas are generally supportive of the 2023-2025 DSM Resource Plan as proposed by E1 but encourage the Board to adopt the recommendations contained in Mr. Athas' testimony. The SBA looks forward to continuing working with E1 and NSPI through the DSM AG process through this plan and in the formulation of the next.

Thank you for the opportunity to provide this closing submission.

Dated at Bedford, Nova Scotia this 30th day of June, 2022.

Melissa P. MacAdam
for
E.A. Nelson Blackburn, Q.C.
SMALL BUSINESS ADVOCATE