THE BRETON LAW GROUP

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File No. 41736-149

July 11, 2022

Nova Scotia Utility & Review Board
3rd Floor, 1601 Lower Water Street
Halifax, Nova Scotia B3J 3S3

**Attention: Crystal Henwood, Regulatory Affairs Officer / Clerk**

Dear Ms. Henwood:

**Re: M10473 – EfficiencyOne Application for Approval of Supply Agreement for Electricity Efficiency and Conservation Activities between E1 and Nova Scotia Power (NS Power), the establishment of a final agreement between the parties, and approval of a 2023 – 2025 Demand Side Management (DSM) Resource Plan**

Enclosed please find EfficiencyOne's Reply Submission to be filed in the above noted matter.

I trust you will find all in order and confirm 5 hard copies will be delivered to the Board office for filing.

Yours very truly,

**THE BRETON LAW GROUP**

James R. Gogan

cc. M10473 Participants

# EfficiencyOne

IN THE MATTER OF *The Public Utilities Act,* R.S.N.S. 1989, c.380, as amended.

- and -

IN THE MATTER OF An Application by EfficiencyOne for Approval of the 2023-2025 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.

# REPLY SUBMISSION OF EFFICIENCYONE

## M10473

DATE FILED

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## 1. EXECUTIVE SUMMARY

Within their closing submissions, NS Power[1], the Consumer Advocate[2], the Affordable Energy Coalition [3], the Municipal Electric Utilities[4], and the Small Business Advocate[5] have all confirmed and/or reiterated their general support of the 2023-2025 DSM Settlement Plan and its proposed investment level.

The Industrial Group within its closing submission submitted several requests to the Board. It has requested that the Board provide specific direction to E1 regarding the incentive setting process, measures which fail the Total Resource Cost (TRC) test and the justification thereof, and the use of the most current Statistics Canada data within a compliance filing. The Industrial Group has requested:[6]

1. The Board direct E1 to provide payback information in its measure level tables and where a payback period is three years or less, to adjust incentives and/or justify the inclusion of the measure on some other basis;
2. E1 be directed to justify on an individual basis measures which fail the TRC test; and
3. The Board direct E1 to incorporate the most current Statistics Canada data into its investment levels as part of E1's compliance filing.

For the reasons which follow, E1 respectfully asks the Board to reject the above mentioned requests/recommendations.

## 2. INCENTIVE SETTING PROCESS AND PAYBACK ANALYSIS

The Industrial Group has requested that the "*Board direct E1 to provide this information in its measure level tables and where a payback period is three years or less, to adjust incentives and/or justify the inclusion of the measure on some other basis*."[7]

[1] M10473, E1 2023-2025 DSM Plan Application, Closing Submission of NS Power, filed on July 4, 2022, page 1.
[2] M10473, E1 2023-2025 DSM Plan Application, Closing Submission of the Consumer Advocate, filed on June 30, 2022, page 2.
[3] M10473, E1 2023-2025 DSM Plan Application, Closing Submission of the Affordable Energy Coalition, filed on July 4, 2022, page 3.
[4] M10473, E1 2023-2025 DSM Plan Application, E-23, Evidence of the Berwick Electric Commission, the Riverport Electric Light, Commission, the Town Of Antigonish, and the Town Of Mahone Bay ("MEUs"), filed on May 20, 2022, page 3; and Closing Submission of the MEUs, filed on July 4, 2022.
[5] M10473, E1 2023-2025 DSM Plan Application, Closing Submission of Small Business Advocate, filed on June 30, 2022, page 3.
[6] M10473, E1 2023-2025 DSM Plan Application, Closing Submission of the Industrial Group, filed on July 4, 2022, pages 7-8.
[7] *Ibid.,* page 3.

As stated in E1's Rebuttal Evidence, payback periods are a factor considered in assessing incentivization[8], but they are not determinative. The Industrial Group is asking E1 to parse measures selected for program inclusion with a focus on payback periods only. However, there are many factors beyond payback periods that must be considered in the selection of measures under a comprehensive incentivization methodology.[9] While a payback period provides customers insight into the relationship between the investment of an energy-saving measure and annual cost savings, it does not provide insight into other decision making considerations such as the level of disruption to a household or business during renovation, the amount of time and effort required to find and secure contractors, or uncertainty due to lack of knowledge regarding particular technologies and their performance. Addressing such factors involved in customer decision making is more complex than establishing a three-year payback. Mark Drazen's evidence itself notes that a three-year payback period was chosen for use in his analysis for illustrative purposes.[10] To remove or adjust a measure based on its payback periods alone overlooks the context and numerous elements of a fully developed DSM Plan.

Measures are selected for inclusion within DSM programs by considering E1's Guiding Principles, the overall objectives of the DSM Plan, and E1's duty as Nova Scotia's DSM Administrator. The selection of measures is within the expertise of E1, and to restrict its flexibility in this regard encroaches upon E1's statutory responsibilities and jurisdiction in relation to DSM Plan design and implementation in this province.

## 3. JUSTIFICATION OF INDIVIDUAL MEASURES

The Industrial Group has requested that *"E1 be directed to justify on an individual basis measures which fail the TRC test."*[11] It is E1's position that this request diverges from the current Board-approved methodology and industry best practices which require cost-effectiveness screening to be performed at the Program Level.[12] In addition to the above, E1 as an experienced DSM administrator requires the ability to identify and select measures for inclusion within an overall cost effective DSM program/portfolio mix. Doing so allows E1 to consider customer experience and delivery efficiencies by bundling measures in more

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[8] M10473, E1 2023-2025 DSM Plan Application, N-29 E1 Rebuttal Evidence, filed on June 10, 2022, page 16, lines 4-20.
[9] *Ibid.,* page 16, lines 4-10.
[10] M10473, E1 2023-2025 DSM Plan Application, E-21, Evidence of Drazen Consulting Group, Inc., on Behalf of the Industrial Group, filed on May 20, 2022, page 7, lines 1-8.
[11] Closing Submission of the Industrial Group, filed on July 4, 2022, page 5.
[12] N-29 E1 Rebuttal Evidence, page 12, lines 11-14; M03669, Board Decision, at paras 87-88, June 30, 2011; M10473, E1 2023-2025 DSM Plan Application, Exhibit E-1, E1 2023-2025 DSM Resource Plan Application, Appendix E: Evidence of Scott Robinson, page 12, lines 9-10.

comprehensive packages, maintaining market presence and business relationships, and avoiding revisits and lost opportunities, particularly in whole home programs where some measures may represent a one-time chance to achieve energy savings.

As stated in its Closing Submission, E1 is committed to reviewing cost-effectiveness testing methodologies through the DSM Advisory Group. In doing so, E1 will work in partnership with DSM Advisory Group members to identify the optimal cost-effectiveness testing approach for Nova Scotia for future plans.[13]

## 4. LOW-INCOME INVESTMENT AND STATISTICS CANADA DATA

The Industrial Group has recommended that the "*Board direct E1 to incorporate the most current Statistics Canada data into its program planning when setting investment levels as part of E1's compliance filing.*"[14] The Industrial Group also noted that although it is not taking a position regarding the Board's jurisdiction to approve E1's policy choices within the 2023-2025 DSM Plan Application, it asserts that such decisions warrant further consideration in light of statutory provisions.[15]

Regarding this "policy decision" to increase investment in low-income and underserved markets under the 2023-2025 DSM Plan, respectfully, E1 is statutorily empowered to make such decisions. E1 aims to provide equitable DSM programming opportunities by virtue of its role to exclusively provide "reasonably available, cost-effective electricity efficiency and conservation activities" pursuant to s.79C(2)(a) of the *Public Utilities Act* [Emphasis added]. E1's efforts under the 2023-2025 DSM Plan to overcome systemic barriers that have long hindered DSM program delivery and savings opportunities for various groups are aligned with its statutory ability as the franchise holder to provide reasonably available, cost-effective electricity efficiency and conservation activities to all NS Power customers.

2016 Census data was used as a starting point for E1 in determining its level of investment in low-income and underserved programs. Historically, investment in low-income programming averaged 8% of the overall DSM investment in Nova Scotia. The Settlement Plan sees a substantial increase in the investment in low-income and underserved markets.

[13] M10473, E1 2023-2025 DSM Plan Application, E1 Closing Submission, filed on July 4, 2022, page 14, lines 8-9.
[14] Industrial Group Closing Submission, filed on July 4, 2022, page 7.
[15] *Ibid*., page 6.

To be clear, the investment in low-income and underserved markets is not a pure mathematical calculation based on statistical data relating to low-income prevalence in Nova Scotia. A strict formulaic approach to low-income and underserved communities is yet a further restriction on E1 as an experienced DSM administrator and franchise holder that is statutorily empowered to provide reasonably available DSM programs within this province.

E1 has listened to stakeholders and advocacy groups for low-income and underserved communities and E1 has developed a DSM Plan that prioritizes the removal of systemic participation barriers and features the continuation of successful programs, the development and implementation of new initiatives, and the expansion of related education and outreach opportunities. The need to invest in underserved markets is a policy decision upon which the majority of stakeholders are aligned. E1 respectfully submits that much like the measure selection and incentivization processes discussed above, the manner in which this is accomplished remains the function of the DSM Administrator.

## 5. CONCLUSION

E1 requests the Board reject the directives requested by the Industrial Group with the understanding that meaningful discussion will continue within the DSM Advisory Group.

All of which is respectfully submitted.