EfficiencyOne

IN THE MATTER OF: The Public Utilities Act

- and -

IN THE MATTER OF:
EfficiencyOne 2024 Audited Financial Statements,
December 31, 2024

M12241

EfficiencyOne Responses to Information Requests (RIRs)

E1 (NSEB) RIRs 01-06

FILED
July 16, 2025

Request IR-01:

The program support expenses for the DSM fund have increased significantly, by approximately 600% or $2.6 million. Please provide a detailed explanation for this increase.

Response IR-01:

Program support expenses include costs for development of the DSM Plan and other regulatory matters which are primarily driving the increase year over year. While the 2023-2025 DSM Plan did include an increase in regulatory costs from 2023 to 2024, the actual increase was more than expected. The costs included in the DSM Plan are estimates only based on the activities or matters known at the time of filing. In addition to EfficiencyOne's (E1) consultant costs, the program support costs also include the regulatory assessment and flow through costs from the Nova Scotia Energy Board's (NSEB) counsel and consultants, the Consumer Advocate and consultants, and the Small Business Advocate and consultants, where E1 has no insight into the magnitude of these costs.

Legislative changes and the development of a new Benefit Cost Analysis framework, as directed by the Nova Scotia Utility and Review Board (NSUARB), significantly impacted the work completed on the DSM Plan in 2024.

Legislation was introduced in October 2022 to amend the Public Utilities Act (Bill 228) that expanded the term of future DSM Plans to five years rather than three years, meaning E1's next DSM Plan would be for 2026-2030 rather than 2026-2028, and the expansion of E1's mandate to include strategic electrification. As a result, there have been additional costs incurred by E1 in the development of the next DSM Plan, which include engagement of a third-party consultant to provide strategic support for strategic electrification and changes to modelling, including both model inputs and outputs to accommodate strategic electrification, changes to the Rate and Bill Impact Analysis model to incorporate new resources being explored for E1's five year DSM Plan (e.g., solar-PV and strategic electrification) and additional support for development of a five-year Plan rather than three years.

The NSUARB's Decision on the 2023-2025 DSM Plan included a directive for E1 to work with the Demand Side Management Advisory Group (DSMAG) to "assess and develop an optimal DSM cost-effectiveness testing methodology"[1] or benefit cost analysis (BCA). E1 engaged Energy Futures Group (EFG) to lead the work with the DSMAG through a comprehensive engagement process including several workshops and one-on-one meetings; to prepare the final report; to provide support for E1's Application to the NSEB and to provide support for the subsequent regulatory process. This directive was not anticipated at the time of the 2023-2025 DSM Plan filing. Accordingly, the related costs were not included in the 2023-2025 DSM Plan cost estimates.

[1] M10473, NSUARB Decision, page 26, para 73, September 6, 2022.

Request IR-02:

DSM incentive expenses have increased by 50% or $14.7 million, with notable increases in implementation DA, upstream to DA, and customer rebate categories. Please provide a detailed explanation for this increase.

Response IR-02:

The increase in DSM incentive expenses is the result of the increased incremental annual net energy savings achieved and the mix of program components. In 2024, EfficiencyOne achieved 172.8 GWh of incremental annual net energy savings as compared to 131.6 GWh in 2023. Incentive costs are driven by the level of program participation and the measures that participants select. As a result, incentive costs often do not directly correlate to savings achieved at an aggregate level. Incentives flow to customers either directly (customer rebates) or through service provided by third parties (Implementation Delivery Agent [DA] and Upstream DA) with these costs directly influenced by the level of participation at a program component level.

Request IR-03:

Website-related costs for the DSM fund have increased. Please provide an explanation for this rise in expenditure.

Response IR-03:

Efficiency Nova Scotia's (ENS) website is usually the first, and the main point of access for customers to get information about all ENS programs and services, and is not limited to DSM. Based on customer feedback solicited through an ongoing survey launched on the website in 2023, customers cited challenges related to finding relevant information, navigating through the website and accessibility. In addition, the website's age made updating tools and functionality difficult and maintenance more expensive. The increased investment in 2024 addressed improved navigation and accessibility, providing easier access to information and improved user experience.

Request IR-04:

The deferred revenue balance for the DSM fund reflects a return of funds totaling $3.369 million in 2024. Please clarify the nature and reason for this return.

Response IR-04:

Under the terms of the Supply Agreement for Electricity Efficiency and Conservation Activities between EfficiencyOne (E1) and Nova Scotia Power Inc. any surplus realized by E1 in delivering the performance targets at the end of the contract term is required to be reported to the Nova Scotia Utility and Review Board (NSUARB) and refunded to Nova Scotia Power Inc. unless E1 is directed to do otherwise by the NSUARB.[1] The $3.369 million returned in 2024 from the 2020-2022 DSM Plan period represents $2.875 million of underspend and $0.494 million of interest earned.

[1] M10473, Exhibit 31, E1 2023-2025 DSM Plan Compliance Filing, Executed Supply Agreement, Appendix C, Schedule B, page 1, October 4, 2022.

Request IR-05:

Please provide a comprehensive breakdown of the estimated $18 million in future commitments related to the DSM Fund and its associated programs, as outlined in Note 11 of the financial statements.

Response IR-05:

Future commitments related to the DSM Fund and its associated programs are provided in Table 1, below.

Table 1: DSM Commitments by Program (in millions)

Residential Programs	**($ million)**
Home Energy Assessment	1.5
Mi'kmaw Home Energy Efficiency Project	0.5
Affordable Multi-Family Housing	0.9
Low Income Homeowner Service (Affordable Single-Family Homes)	5.3
Business, Non-Profit and Institutional Programs	**($ million)**
Custom	6.3
Small Business Energy Solutions	2.7
Business Energy Rebates	0.8
Total DSM Program Commitments	**18.0**

E1 Responses to Nova Scotia Energy Board (NSEB) Information Requests
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Request IR-06:

Salaries and benefits expenses for the Provincial Fund have risen by approximately 46%. Please confirm whether any part of this increase has been allocated to the DSM Fund.

Response IR-06:

No increases in the Provincial Fund salaries and benefits in 2024 have been allocated to the DSM Fund. EfficiencyOne attributes expenses, including salary and benefits expenses, associated with a specific fund to that fund directly. The Nova Scotia Utility and Review Board-approved Cost Allocation Methodology is used to allocate shared expenses.