2025 M12249

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: **The *Public Utilities Act,* RSNS 1989, c.380, as amended**

- and -

IN THE MATTER OF: **An Application by EfficiencyOne for approval of the 2026 DSM Extension for Demand-Side Management Activities between EfficiencyOne and Nova Scotia Power Inc., and for approval of the amendment to the 2023-2025 Demand-Side Management Purchase Agreement between EfficiencyOne and Nova Scotia Power Inc.**

INFORMATION REQUESTS

To: EffiicencyOne ("E1")

From: The Industrial Group

Responses Due: June 25, 2025

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Issued at Halifax, Nova Scotia, this 4th day of June, 2025.

Request IR-1:

Please file the 2026 DSMAG Extension PowerPoint presentation from April 22, 2025.

Request IR-2:

Preamble: At pages 2-3, E1 outlines its performance targets for the 2026 DSM Extension which appear generally lower than the annual targets under the original 2023-2025 DSM Plan approved by the Board.

(a) Please confirm this understanding or explain otherwise.

(b) Where E1 is relying on the increased prescribed investment amount of $63.75 million for 2026, on what basis does E1 justify a lower performance target with a higher investment for the year?

Request IR-3:

Reference: Page 3, Table 1.

With respect to the benefits shown for demand response, please confirm that the negative numbers means that the cost of demand response outweighs its net benefits. If not confirmed, please explain.

Request IR-4:

(a) Please provide a table broken down a) by rate class, b) by year from 2016 through 2024, showing the DSM program budget c) as approved, d) actual expenditures by year and e) variance by year.

(b) Please provide the same data for 2025 Q1 and Q2 actual and forecast to year-end.

Request IR-5:

(a) Please define quantitatively what E1 considers a “substantial change to any customer class on an annual basis”.

(b) What efforts is E1 taking to avoid such changes and resultant rate impacts at the time of true-up for the four-year plan (and in future)?

Request IR-6:

Reference: Page 4.

This process is already well underway, given the consultation sessions that have already taken place for the 2026-2030 DSM Plan.

Preamble: The extension application further includes at Appendix A, Table 22, that the “Other Enabling Strategies” budget for 2026 is $3 million which includes: DSM Plan development and reporting, stakeholder engagement, regulatory initiatives, the development of the 2027-2031 DSM Resource Plan, etc. E1 further states E1 has increased the budget “to support the development of the 2027-2031 DSM Resource Plan and initiation

of an updated Potential Study to inform the new Independent Energy System Operator's first IRP"".

(a) Please confirm the original budget approved in the 2023-2025 DSM Plan for the development of the 2026-2030 DSM Plan, including the anticipated regulatory expenses in relation to that Plan?

(b) How much of that budget has already been spent?

(c) Has E1 taken into account any underspend from 2025 in relation to the planning and development of the five-year DSM Plan which has now been deferred to 2026? Please explain.

(d) Please confirm the specific budget in the 2026 DSM Extension that is related to the development of the 2027-2031 DSM Plan, along with the overall regulatory budget for the year.

(e) Where E1 notes that much of the process for the development of the new DSM Plan has already taken place, please explain why the budget would need to be increased, rather than decreased for 2026?

Request IR-7:

Reference: Page 5, lines 17-21.

The single change to the design objectives employed in the development of the 2026 DSM Extension, was to reduce the percentage investment range for low-income and equity to 15-20 percent (down from 17 to 22 percent under the 2023-2025 DSM Plan). This change was made to account for updated census data showing that the percentage of low-income Nova Scotians had reduced from 17.2 percent to 14.9 percent.

(a) Please provide a link to the Statistics Canada data on which E1 relies and how this relates to the investment level (include the calculation if applicable).

(b) Does E1 now accept that the most updated census data should be used when planning investments in low-income and equity programs? If not, please explain the rationale for the change in the 2026 Plan.

(c) If there are factors other than Statistics Canada data which informs the level of investment, please discuss and explain the weighting to be assigned to each factor.

Request IR-8:

Preamble: At page 6, E1 states it was directed to "take notice of the concerns raised by the Industrial Group and be prepared to address them in its pending application".

(a) What does E1 understand to be the concerns which were raised by the Industrial Group?

(b) Please provide particular and specific examples how E1 has addressed each of the concerns raised by the Industrial Group.

(c) Does E1 believe the Industrial Group's concern with respect to rate class spending variances is limited to transparency in reporting? If not, please explain.

Request IR-9:

(a) Please explain the "enhanced discussion on variances" referenced on page 6-7.

(b) Please describe the specific steps being taken by E1 to manage inter-class reallocation of budgetary amounts, including a discussion of whether E1 is able to and has imposed caps on program components; has planned for and imposed caps on availability; yearly limits etc.? In responding, please discuss steps taken during the 2023-2025 Plan, if any, and going forward, in 2026.

Request IR-10:

Please provide particulars of all changes to the modelling inputs referenced on page 16 (including lines losses, avoided costs, discount rates, annual energy savings, peak demand savings, incremental costs, and incentives). For each change, please explain the rationale.

Request IR-11:

Reference: Page 23, Table 5: 2026 Program Savings and Investment.

(a) Please confirm that the residential energy efficiency programs cumulatively do not pass the total resource cost (TRC) test at 0.9.

(b) If E1 had as an objective that at the residential sector level, the programs should cumulatively pass the TRC tests, what would E1 do to achieve this?

(c) Please confirm that the demand response program does not pass the TRC test cumulatively with a total of 0.7.

(d) If E1 had as an objective to achieve at minimum a 1.0 TRC for the Demand Response program, how would it do so?

(e) Where the residential demand response cost far outweighs the benefits, why are these included as part of E1's plans?

Request IR-12:

Reference: Page 24.

(a) Please confirm that the two directives (e) and (f) were two recommendations of the Industrial Group in matter M10473.

(b) Please confirm that there is nothing explicit in these directives which limit compliance to multi-year plans. If not confirmed, please identify the specific wording from the Board on which E1 relies, that stated these directives only needed to be complied with when filing a multi-year plan.

(c) Has E1 turned its mind, on an individual basis, for each measure that fails cost-effectiveness testing? If so, please explain the process and how this is accounted for. If not, why not?

(d) Has E1 considered measure payback information when considering proposed incentive levels? If so, please explain the process of that consideration and how it has been accounted for. If not, why not.

(e) Please provide a list of measures in the 2023-2025 DSM Plan which failed cost-effectiveness testing (provide the TRC for each) and indicate whether each of these measures have been included in the proposed 2026 DSM Plan (include the 2026 TRC).

(f) Where there are measures which did not pass the 1.0 TRC, please provide E1's justification for continuing the measure in the 2026 Plan.

(g) Please provide a list of all measures in the 2023-2025 DSM Plan where the payback period was three years or less and identify which of each of these measures are proposed, to form part of the 2026 Plan.

(h) For those measures which are proposed to be included in 2026, please provide the incentive level for each, and indicate whether it has remained the same, gone up or gone down since the 2023-2025 Plan and why.

Request IR-13:

Reference: Appendix A, page 4, Table 1: Approved 2023 – 2025 Plan and 2023 and 2024 Results.

Please populate the table with 2025 Q1 and Q2 results and 2025 forecasted to year-end.

Request IR-14:

Reference: Appendix A, page 27.

In the 2025 DCRR matter, the Industrial Group raised concerns regarding DSM costs shifts and unexpected cost impacts between rate classes arising from variations in E1's planned and actual DSM program spending by customer class through mid-course adjustments. E1 notes that it is the actual spending by rate class that is reported to NS Power for purposes of collecting by rate class through the DSM Rate Rider and that the mid-course adjustment is not used for these purposes.

(a) Does E1 understand that NSPI trues up load variances in the DSM rider (on a two-year lag) during the currency of a multi-year plan, i.e. intra-class true-up? If not, please explain E1's understanding.

(b) What, if any impact to E1's programming and spending does this have?

(c) Does E1 understand that at the end of a multi-year plan, mid-course adjustments i.e. program approved budget and spending are trued up in the DSM rider, in addition to the lagging load variance? If not, please explain.

(d) Where E1's overall budget is set, is this essentially an inter-class true-up?

(e) What, if any, impact to E1's programming and spending does this inter-class true-up have?

(f) What, if any, impact to E1's programming and spending would elimination of the end-of-plan period inter-class true-up have? Please explain.

Request IR-15:

Reference: Appendix A, page 27, Table 8: 2026 DSM Extension Rate Class Expenditures.

(a) Please provide a breakdown by program component of the proposed expenditures for each of the Large Industrial and Medium Industrial Classes in 2026 showing the forecast expenditures, cost, energy savings, and demand savings.

(b) Please provide a breakdown by program component of the actual expenditures for each of the Large Industrial and Medium Industrial Classes in 2023 and 2024, 2025 to date and forecasted showing the actual expenditures, energy savings, and demand savings.

Request IR-16:

Reference: Appendix A, page 28.

Each year, spending by rate class is influenced by the mix of participating customers or program activity, particularly in the BNI sector, where the exact timing of project completions can be difficult to predict. E1 understands the importance of reporting on rate class spending variances and is committed to enhancing the rate class spending reporting (refer to Section 10, Reporting). E1 will also continue to ensure that programs provide equity and access to all Nova Scotians so the benefits to those participating continue to be realized.

(a) While the exact timing of project completions can be difficult to predict, what steps has E1 taken to understand and manage project completions (and payout of incentives)?

(b) Does E1 agree that it is good business practices to proactively manage expenditures? If so, does E1 agree this extends to managing program expenditures?

(c) Please list all steps that could be taken by E1 to manage the timing of projects and payouts of incentives.

Request IR-17:

Reference: Appendix A, page 42, Section 6. Demand Response.

Did E1 prepare final reports on the demand response pilots which identify the "valuable insights and learnings" referenced on page 42? If so, please provide copies.

Request IR-18:

(a) With respect to Table 20, page 43 and the residential demand response program components, please compare E1's offerings to NSPI's SmartGrid NS pilot.

(b) Please discuss how demand response (DR) events are determined and called (e.g., are there seasons, schedules, time frames for demand response, notification requirements, etc.).

(c) What is the upfront incentive to install batteries and what is the performance-based incentive to participate in DR events?

(d) If there is a document for customers outlining this program, please provide.

Request IR-19:

Reference: Appendix A, page 44, 6.1.2 BNI Demand Response.

(a) Please discuss and define “peak events”, and how these are called, any limits in terms of days, seasons, hours etc. In providing your answer, please compare the BNI DR peak events with the Critical Peak Pricing program peak events.

(b) Who provides notice and how it is provided to customers.

(c) Who is eligible to enroll? Is there a document for customers that outlines the program? If so, please provide.

(d) What is the $/kW payment for BNI curtailment?

(e) Is there a penalty for failing to curtail when called on? If so, please explain.

(f) Who are “high potential customers”?

Request IR-20:

Reference: Appendix A, Page 45, Section 7. Enabling Strategies.

(a) Please expand Table 22 to include the investment for each year from 2023, 2024 and 2025 (separately) planned and actual and provide a breakdown of the investment by area of focus.

(b) Please identify which of these costs are directly assigned to specific customer classes (and which class).

Request IR-21:

Reference: In Appendix A, page 51 it refers to increased rebates in the spring and fall campaigns for LED lighting.

(a) What percentage of the cost of the product(s) was covered by the incentive in each of these campaigns?

(b) Please explain the “LED baseline changes in 2025” and why increased rebates were required.

(c) Did E1 have data or information that suggested that consumers would not purchase LEDs absent higher incentives? If so, please provide.

Request IR-22:

Reference: Appendix A, Attachment 3 – 2026 DSM Extension Energy Efficiency Technical Tables.

Preamble: In Section 1.6 of EfficiencyOne 2026 DSM Extension Evidence, page 7 of 25, states that; "Consistent with the concept of an extension to the existing Board approved DSM Plan, there are no new programs contemplated under the 2026 DSM Extension".

This Excel file compares to Appendix A, Attachment 4 excel file (Measure Level Technical Tables for 2023 – 2025) from M104173 with Appendix A, Attachment 3 excel file in this matter (Measure Level Technical Tables for 2026).

(a) For Attachment 3 – please provide a working excel file that calculates values within cells – especially for ratios (TRC Ratio, PAC Ratio, Net-to-Gross Ratio, etc.).

(i) Please specify the values used in the TRC Costs (column AD), Total TRC Net Resource Benefits (column AE) and PAC Costs (column AG).

(b) Please align 2026 measures with the 2023 – 2025 tables such that individual measures can be compared – as of now the measure names for 2026 do not reconcile to the 2023 – 2025 measures.

(c) Please provide an excel file that specifically compares per unit incentives and per unit direct installation costs proposed in the 2026 plan to 2023 – 2025 levels by measure.

(d) Where 2026 incentive and/or direct installation costs have increased compared to the 2025 plan levels, please explain the justification for each increase.

(e) Please confirm that the "gross per unit one-time incremental measure cost" provided in Column J is the total cost to both administrators and participants. If not confirmed, please provide a column that includes a total participant and administrator investment on a per unit basis by measure.

(f) Please compare the proposed unit DSM Administrator Cost (per unit incentive + direct installation cost) to total measure cost on a per unit basis (both administrator and participant upfront cost) for each measure.

Request IR-23:

Reference: Appendix A, Attachment 4 – 2026 DSM Extension Demand Response Technical Tables, '19b. BC Ratios Cost Categories' tab & 'BCA by Cost Category' tab

(a) Please provide a version of the table provided in Tab 19b, aligning with E1's 2026 proposed plan, that includes annual costs and annual avoided costs by year, and split each DR option by rate class.

(b) For the tab "BCA by Cost Category", please provide an excel file that calculates the TRC, PAC, PCT, RIM and SCT ratios for each DR sub-option based on the costs provided in each row (including the formulas in the calculation columns).

(i) For the Societal Cost Test values, please explain what societal costs and benefits have been included.

Request IR-24:

Reference: E1 Evidence, Section 3.2: Updates to Avoided Cost Calculation, pages 15 & 16 of 25 & Appendix A - Attachment 1: Tables 2 – 4, pages 4 – 6 of 8.

(a) In Attachment 1, Table 2 & 3 states that the actual avoided costs of energy are used for the years 2026 to 2055. As these are forecast years, please explain what is meant by the term "actual".

(b) Please provide the comparable annual avoided costs of energy for the forecast years 2026 – 2055 as used in the 2023 – 2025 DSM Plan (for Tables 2 & 3).

(c) Per Tables 2 and 3 of Attachment 1, please explain qualitatively the sustained and meaningful drop in avoided costs after 2029.

Request IR-25:

Reference: Appendix B, Attachment 1 –2026 Summary Results.

Please provide an updated excel file that layers in the total rate impacts from the 2023 – 2025 DSM Plan with the rate impacts from the 2026 DSM Plan for each rate class by year.

Request IR-26:

Reference: Appendix B, page 13 of 24, and pages 15-16 of 24.

On page 13 of Appendix B, E1 states that:

> *When examining non-participant bill impacts, it is important to note the broad reach of E1's point-of-sale rebate program components, Instant Savings and the Instant Rebates portion of Business Energy Rebates (BER-IR). These offerings provide discounts on products that can be installed in every home and business;* ***in larger classes it is assumed that each customer does participate every year, either directly or indirectly through contractors that perform work in their facilities.*** *The result is that there are likely very few actual non-participants in the General, Large General, Medium Industrial, Large Industrial and Municipal classes.* ***[emphasis added]***

(a) For each of the industrial rate classes, please provide the number and percentage of customers who have participated in EE and DR programs in each of the 2023 – 2025 Plan years so far. Please provide on a per program component basis if possible.

(b) Please provide the distribution of industrial customers for each rate class anticipated to participate in the 2026 DSM Plan (i.e. participants vs. non-participants).

(c) Based on the answer to the above, how is the average bill increase calculated for non-participant bills for each industrial rate class (0.3% increase for small industrial, 0.1% increase for medium industrials, and 0.1% increase for large industrials).