Please refer to: Michael Murphy
Email: mmurphy@pinklarkin.com
Assistant: McKayla Cameron
Assistant's email: mcameron@pinklarkin.com

September 18, 2025

VIA EMAIL

Crystal Henwood
Regulatory Affairs Officer/Clerk of the Board
Nova Scotia Energy Board
3rd Floor Summit Place
1601 Lower Water Street
Halifax NS B3J 3S3

Dear Ms. Henwood:

RE: M12249 – EfficiencyOne – 2026 DSM Extension Application

Please accept the following submissions on behalf of the Consumer Advocate in the above-noted matter.

Overview

On April 30, 2025, Efficiency One ("E1") filed an application with the Nova Scotia Energy Board (the "Board") to extend its 2023-2025 DSM Plan and DSM Agreement for an additional year. Given recent legislative amendments, the Consumer Advocate sees no basis to oppose the extension application, subject to a few modifications as recommended in the evidence of Theodore Love (Green Energy Economics Group), and discussed further below.

Background

On March 25, 2025, the Government of Nova Scotia enacted a legislative amendment to the *Public Utilities Act* that extended the term of EfficiencyOne's ("E1") existing 2023-2025 DSM Plan, as well as E1's DSM Agreement with Nova Scotia Power Inc. ("NS Power"), by one additional year, such that both will now expire on December 31, 2026. In addition, the legislative amendment also prescribed E1's DSM investment at $63,750,000. As a result, E1 applied to the Nova Scotia

Energy Board (the "Board") for an order approving its targets for the extended 2026 DSM year, along with amendments to the Board-approved 2023-2025 DSM Purchase Agreement.[1]

In many ways, the 2026 DSM Extension is "essentially a continuation of the 2023-2025 DSM Plan."[2] However, there are some changes, including updated avoided cost assumptions; phased out Residential lighting measures; updated measure costs and altered savings values; and the termination of the Green Heat and Appliance Retirement program components.[3]

In the course of this proceeding, E1 provided responses to Information Requests filed by the Board and various parties. Additional evidence has also been filed by Board Counsel Consultant, Jennifer Kallay of Synapse Energy Economics Inc. ("Synapse"), as well as the Consumer's Advocate's consultant, Theodore Love of Green Energy Economics Group ("GEEG").

Synapse has recommended that the Board approve both the energy efficiency and demand response portion of the 2026 DSM Extension as filed, but expressed concerns with respect to lack of relevant data and information concerning certain aspects of the DSM program.

GEEG also recommended that the extension be granted, but "with a few modifications." Those modifications are described in the GEEG report as follows:

- To ensure the same sector budget allocation is used, E1 should readjust its "budget and allocate an additional $2.1 million to the residential sector to make the residential sector budgets $27.6 million and maintain the 55% allocation of spending from the 2025 plan year. Some of this funding should be used to offset the drop in provincial funding for the Affordable Multifamily Housing program."[4]
- In providing projections for incidental low-income savings, E1 should make allocation estimates based on the methodology used for low-income attribution in future reported savings.
- E1 should "only apply the overall low-income prevalence to all participants, unless the number of known low-income participants is greater, in which case that number should be used."[5]

In addition, GEEG also recommended that a "deep and detailed look should be taken as the resident energy efficiency program offerings for the next phase of the portfolio to ensure that the appropriate mix of programs and measures has been chosen to acquire a sufficient quantity of

[1] E-1, Application, p. 1
[2] Exhibit E-15, Synapse Evidence, p. 4
[3] Exhibit E-15, Synapse Evidence, p. 4
[4] Exhibit E-16, GEEG Evidence, p. 7
[5] Exhibit E-16, GEEG Evidence, p. 9

cost-effective savings for residential ratepayers."[6] GEEG further recommended that "[s]urveys should be conducted for each of the programs to get a better assessment of the percentage of low-income customers participating in the programs not dedicated to low-income customers,"[7] and the Board "should not adopt recommendation SVR2024-Behaviour-5 from the 2024 Savings Verification Report to discontinue counting savings for the Efficiency Insights program."[8]

In its Reply, E1 responded to GEEG's recommendations as follows:

- E1 declined to readjust its budget to maintain the 55% allocation of spending for the residential sector from the 2025 plan.[9]
- E1 agreed with GEEG's concerns regarding recommendation SVR2024-Behaviour-5 from the 2024 Savings Verification Report.[10]
- E1 confirmed that there are "no differences in low-income and equity allocations methods, assumptions, and formulas between the 2026 DSM Extension estimates and its methodology for future reported savings.[11]
- E1 agreed with GEEG's recommendation to conduct surveys for each of its low-income programs, with some qualifications (i.e. surveys will be executed exclusively for programs that involve some level of low-income and equity participation; and the scheduling of these surveys will remain flexible to ensure alignment with each program's planned evaluation timeline).[12]
- E1 disagreed with GEEG's recommendation to apply the overall low-income prevalence of 14.9% to the EPI program,[13] stating that the double-counting issue raised would be minor.
- E1 confirmed it will carry out, "as part of the 2027-2031 DSM Plan development, a comprehensive review of the residential energy efficiency program offerings. E1 plans to work with the Consumer Advocate, GEEG, and other stakeholders to develop a portfolio of residential ratepayer offerings where costs are reasonable and are reflective of current and projected market conditions. E1 commits to regular and direct engagement to discuss these residential programs. This approach is consistent with E1's ongoing dialogue with stakeholders through the DSMAG."[14]

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[6] Exhibit E-16, GEEG Evidence, p. 5
[7] Exhibit E-16, GEEG Evidence, p. 9
[8] Exhibit E-16, GEEG Evidence, p. 15
[9] Exhibit E-17, E1 Reply, p. 12-13
[10] Exhibit E-17, E1 Reply, p. 13-14
[11] Exhibit E-17, E1 Reply, p. 14
[12] Exhibit E-17, E1 Reply, p. 14
[13] Exhibit E-17, E1 Reply, p. 15
[14] Exhibit E-17, E1 Reply, p. 16-17

Submissions

The Consumer Advocate has reviewed the evidence filed in this matter, including E1's application and reply evidence, as well as the evidence filed by Synapse and GEEG. On review, the Consumer Advocate sees no basis to oppose the extension as requested.

The Consumer Advocate further acknowledges that E1 has accepted or otherwise clarified some of GEEG's recommendations, and is satisfied with these responses. Specifically:

- Request for surveys: As noted above, GEEG recommended that E1 should conduct surveys to assess participation of low-income customers in programs not dedicated to low-income customers. E1 agreed to do this in its Reply Evidence, but said that the timing needed to align with each program's planned evaluation (p. 14). This is reasonable, but we would suggest that these evaluations should be conducted within the next year to be in place for the next phase.

- Allocation of Low-Income Savings: GEEG recommended that in providing projections for incidental low-income savings, E1 should make allocation estimates based on the methodology used for low-income attribution in future reported savings. As noted above, E1 confirmed that there are "no differences in low-income and equity allocations methods, assumptions, and formulas between the 2026 DSM Extension estimates and its methodology for future reported savings.[15]

- Low Income Prevalence: GEEG suggested that E1 should "only apply the overall low-income prevalence to all participants, unless the number of known low-income participants is greater, in which case that number should be used."[16] E1 disagreed with GEEG's recommendation to apply the overall low-income prevalence of 14.9% to the EPI program,[17] stating that the double-counting issue raised would be minor, given that the portion of customer that do not report income is small (10%). While double counting is still possible, the Consumer Advocate acknowledges that the impact may not be material. The Consumer Advocate intends to explore this issue further once additional information becomes available through E1's intended surveys.

- Rising Residential Acquisition Costs: E1 agrees that residential savings acquisition costs are rising. The Consumer Advocate looks forward to working closely with E1 and the DSMAG to determine the best way to address this trend.

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[15] Exhibit E-17, E1 Reply, p. 14
[16] Exhibit E-16, GEEG Evidence, p. 9
[17] Exhibit E-17, E1 Reply, p. 15

- <u>Behaviour Programs:</u> GEEG recommended that the Board should not adopt recommendation SVR2024-Behaviour-5 from the 2024 Savings Verification Report to discontinue counting savings for the Efficiency Insights program. E1 agreed. Notably, the Consumer Advocate understands the program has been suspended due to the cyber attack on NS Power and the uncertainty around resumption of activity. The Consumer Advocate would encourage E1 to continue to engage with the DSMAG on the best way to address this issue going forward.

While the Consumer Advocate is satisfied with E1's responses to the issues raised by GEEG (subject to our comments above), GEEG also recommended that EfficiencyOne should reallocate $2.1 million from other sector budgets back to the residential sector to maintain the 55% spending allocation from the 2025 plan year. GEEG also recommended that the additional funding should be used, in part, to offset the drop in provincial funding for the Affordable Multi-Family Housing program.

E1's Reply Evidence acknowledges the imbalance and only says that they "plan to consult on the appropriate design objectives with the Consumer Advocate, GEEG, and other rate class representatives on the 2027-2031 DSM Plan."[18] Respectfully, the Consumer Advocate states that this is not satisfactory, and maintains that the budget should be reallocated for the reasons provided by GEEG.

We thank for the Board for the opportunity to provide these submissions.

Yours truly,

Pink Larkin

Michael Murphy,
on behalf of David Roberts,
Consumer Advocate

[18] Exhibit E-17, E1 Reply, p. 13