# EfficiencyOne

**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.

**Reply Submissions of EfficiencyOne**

**M12249**

**FILED WITH THE NOVA SCOTIA ENERGY BOARD**

September 25, 2025

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## 1. INTRODUCTION

On April 30, 2025, EfficiencyOne ("E1") filed its Application for Approval of the 2026 DSM Extension for Demand-Side Management Activities between EfficiencyOne and Nova Scotia Power Inc. ("NS Power"), and for Approval of the Amendment to the 2023-2025 Demand-Side Management Purchase Agreement between EfficiencyOne and NS Power (the "Application"). This Application was filed in response to a March 26, 2025 legislative amendment to the *Public Utilities Act*, RSNS 1989, c 380 which enacted the following changes to the 2023-2025 DSM Plan:

a) the existing 2023-2025 DSM Plan is extended by one additional year, to December 31, 2026;
b) the term of the 2023-2025 DSM Agreement is extended to include the 2026 calendar year, with a new expiry of December 31, 2026; and
c) the demand-side management investment amount is prescribed at $63,750,000.

This is not an application for a new DSM plan. Rather, the March 26, 2025 legislation requires E1 to seek Energy Board approval for 2026 targets for the one-year extension to the existing DSM Plan, which gave rise to this Extension Application. Given this narrower scope, and with support from the parties, E1 requested this matter proceed by way of paper process. The Board approved this request, reserving the right to hold a hearing upon request or upon its own determination that a hearing must be held.

Information Requests (IRs) on the Application were filed June 4, 2025; E1 responded June 25, 2025. The Verification Report of Gil Peach was filed June 4, 2025; IRs on that report were filed June 19, 2025 and answered July 3, 2025. On July 17, 2025, the Board Counsel's consultant filed evidence prepared by Jennifer Kallay of Synapse Energy Economics Inc. ("Synapse"), and the Consumer Advocate filed evidence prepared by Mr. Theodore Love of Green Energy Economics Group ("Green Energy"). On September 4, 2025, E1 filed Reply Evidence, and relied on Econoler, E1's independent evaluation consultant, which was provided as Appendix A to the Reply Evidence. On September 18, 2025, the Small Business Advocate, the Consumer Advocate, and the Industrial Group filed Submissions. E1 is filing this Reply Submission in response to the Submissions above.

## 2. SMALL BUSINESS ADVOCATE

The Submission filed by the Small Business Advocate recommends that stakeholder concerns raised in the 2026 DSM Extension that relate to the upcoming 2027-2031 DSM Plan and its associated regulatory process, be deferred to the next DSM Plan application for 2027-2031. This includes demand response programs cost-effectiveness and concepts of value as raised in the Savings Verification Review ("the Peach Report").

E1 agrees with the Small Business Advocate's recommendation.

## 3. CONSUMER ADVOCATE

The Submission filed by the Consumer Advocate acknowledges that it is satisfied with most of E1's responses to recommendations provided by Green Energy Economics Group ("Green Energy"), the Consumer Advocate's consultant. These include:

- a commitment to evaluation surveys to assess participation of low-income and equity customers in its non-targeted programs;
- preservation of low-income and equity prevalence applied to Efficient Product Installation;
- residential acquisition costs; and
- agreement that savings from Residential Behaviour program are preserved.

Whereas E1, did not concur with Green Energy's recommendation "*that EfficiencyOne readjusts its budgets and allocates 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...*[1] , the Consumer Advocate maintains that the budgets should be re-allocated.

In its Reply Evidence, E1 noted that in looking at the overall plan period of four years (i.e., 2023-2026), the investment allocation for residential programs has decreased by only one percentage point from the 2023-2025 (from 55% to 54%).[2]

[1]M12249, E1 2026 DSM Extension, Exhibit E-16, Consumer Advocate Evidence (filed by Green Energy Economics), July 17, 2025 page 7, lines 19-21.
[2] M12249, E1 2026 DSM Extension, Exhibit E-17, E1 Reply Evidence, September 4, 2025, page 13, line 11-13.

Further, E1 commits to consult on the appropriate design objectives with the Consumer Advocate, Green Energy, and other rate class representatives on the 2027-2031 DSM Plan.[3]

# 4. INDUSTRIAL GROUP

The items raised by the Industrial Group's Submission have been addressed in the following sub-sections.

## 4.1 SCOPE OF ENGAGEMENT

The Submission filed by the Industrial Group asserts that E1's 2026 DSM Extension Application *"lacks the full consultative approach generally employed by E1"*.[4] E1 agrees that its applications are informed by robust and meaningful engagement with stakeholders. While the engagement on the 2026 DSM Extension did not span the typical length of time seen with a DSM Plan development process, E1 disagrees that a consultative approach was not undertaken. As noted in E1's Evidence:[5]

> "The DSMAG consultation timeline in relation to the 2026 DSM Extension has been condensed as a result of the legislation being first introduced in February 2025 and brought into force March 26, 2025. Despite this shortened consultation period, E1 has engaged with the DSMAG in advance of filing in the following ways:
>
> - In March and April 2025, E1 engaged in two rounds of one-on-one meetings to discuss the 2026 DSM Extension (first with key DSMAG members, and then key DSMAG members joined by their consultants); and
> - On April 22, 2025, E1 hosted a DSMAG Technical Briefing for the 2026 DSM Extension."

Detail on E1's engagement with stakeholders on the 2026 DSM Extension was provided in E1's response to Synapse IR-04:[6]

[3] Ibid, page 13, line 15-16.
[4] M12249, E1 2026 DSM Extension, Document 99389, Submission – Industrial Group, September 18, 2025, page 5.
[5] M12249, E1 2026 DSM Extension Application, Exhibit E-1, Evidence, April 30, 2025, page 8, lines 10-18.
[6] M12249, E1 2026 DSM Extension Application, Exhibit E-8, E1 (Synapse) Responses to Information Requests Redacted RIR 1 to 36, June 25, 2025. E1 (Synapse) RIR-04, pages 1-2.

"The table below provides the dates of the one-on-one meetings and a list of the Demand Side Management Advisory Group (DSMAG) members who participated in each meeting. Additionally, EfficiencyOne (E1) notes that it extended an offer of one-on-one meetings with both the Industrial Group and the Kwilmu'kw Maw-klusuaqn (KMK)/Mi'kmaq Rights Initiative. Due to scheduling conflicts E1 and the Kwilmu'kw Maw-klusuaq (KMK)/Mi'kmaq Rights Initiative met on May 8, 2025 after the 2026 DSM Extension was filed."

| Date | DSMAG Members |
|---|---|
| March 25, 2025 | NS Power |
| April 7, 2025 | Consumer Advocate |
| April 7, 2025 | Small Business Advocate |
| April 8, 2025 | Ecology Action Centre & Affordable Energy Coalition |
| April 14, 2025 | Small Business Advocate |
| April 15, 2025 | Consumer Advocate |
| April 16, 2025 | Nova Scotia Department of Energy |
| April 16, 2025 | NS Power |

## 4.2 SCOPE OF EXTENSION APPLICATION

The legislative amendment set out in s. 79J(3) of the Public Utilities Act, directs E1 to submit 2026 targets for the one-year extension of the existing DSM Plan.

> (3) The franchise holder shall submit its targets for the one-year extension to the Board for approval in sufficient time to allow for the Board to approve the extension plans prior to January 1, 2026.

It does not require the filing of a new multi-year DSM plan. E1 therefore seeks approval of revised 2026 targets and associated updates necessitated by the amendment.

By contrast, the Industrial Group asserts in its Submission that the Board's review of this Application should encompass an assessment of the reasonableness of proposed programs and measures, allocation of expenditures, cost-effectiveness of the Plan, and E1's management of spending throughout the term. In essence, the Industrial Group appears to suggest that the current extension Application has not provided the same detailed information as provided in the 2023-2025 DSM Plan Application. Respectfully, the Industrial Group's interpretation is inconsistent with the prescriptive nature of the amendment. Those matters are properly addressed in the forthcoming five-year DSM Plan consultation and application process.

Further, E1 notes that its 2026 DSM Extension Application has indeed provided fulsome information to support the Board's review of its proposed targets for 2026 inclusive of the following:

- portfolio composition and impacts at the measure, program component, program, sector and portfolio level;
- measure level technical tables for energy efficiency and demand response;
- cost-effectiveness results for the current Board approved screening test (Total Resource Cost test) and the Program Administrator Cost test at the measure, program component, program, sector and portfolio level; and
- Rate and Bill Impact Analysis of the 2026 Extension investment.

The legislative amendment extends the existing 2023–2025 DSM Plan through 2026 and requires E1 to submit targets for 2026 for approval. Accordingly, issues relating to program design revisions, modifications to test methodologies, and long-term framework development should be addressed during the 2027-2031 DSM Plan process and within E1's standardized filing protocol.

As the Small Business Advocate notes in its Submission, this Application is "…focused solely on the DSM Plan for 2026…" and that "…the scope of examination for this Application is…not as wide as it would be in the normal course."[7]

It is E1's further position that the following issues raised in Industrial Group's Submission fall outside the scope of this Extension Application, and should instead be dealt with as part of E1's engagement with the Demand Side Management Advisory Group (DSMAG) and application for the upcoming 2027-2031 DSM Plan:

- Review of Demand Response program design concerns and request for detailed analysis and review including consideration of any overlap with NS Power's Critical Peak Pricing (CPP) program

[7] M12249, E1 2026 DSM Extension Application, Document No. 99385, Submission – Small Business Advocate, September 18, 2025, page 1.

and the use of substation customer data for targeted demand response activities in the 2027-2031 DSM Plan.

## 4.3 COST-EFFECTIVENESS TEST

E1 applies the legislatively prescribed cost-effectiveness test at the portfolio level. The Industrial Group takes the position that the level of inquiry for cost-effectiveness should not be at the portfolio level, despite this legislative requirement. In accordance with the Public Utilities Act, E1 follows the legislative requirement to ensure its DSM plan satisfies the applicable cost-effectiveness test at the portfolio level. E1 understands this legislative requirement for evaluating at the portfolio level to mean that E1 must develop a DSM portfolio that has a cost-effectiveness of 1.0 or greater at the portfolio level as a condition precedent to the submission of a DSM Plan to the Board for approval. It is E1's position that cost-effectiveness evaluation at this portfolio level does not limit the Board's ability to consider, approve or reject, any of the more granular information that E1 provides (including measure level cost-effectiveness screening result) in support of its DSM Plan Application.

## 4.4 REMOVING SAVINGS FROM CALCULATION

Mr. Peach, in the Peach Report, recommends removing specific evaluated savings results from the portfolio on validation grounds. E1's independent evaluator, Econoler, provided detailed responses supporting inclusion of these savings, methodology, and data quality controls. E1 adopts Econoler's analysis and submits that the savings should remain in the 2024 evaluated saving results. The Industrial Group recommends that the Board "reject the recommendation of Mr. Peach regarding not counting the savings associated with the residential behavioural program, the residential and BNI demand response programs, and the compressed air component of the BNI customer program."[8] The Industrial Group further comments, "In response to Mr. Peach's recommendations, E1's Evaluator in its reply provided a full explanation for these programs to enable their validation. The Industrial Group finds these explanations persuasive and reasonable and supports that these savings should be included in the calculation."[9]

[8] M12249, E1 2026 DSM Extension Application, Document No. 99389, Submission – Industrial Group, September 18, 2025, page 10.

[9] Ibid., page 7.

E1 supports the position of the Industrial Group that these savings remain in the 2024 evaluated savings results.

## 4.5 REVIEW OF STANDARDIZED FILING FRAMEWORK

The Industrial Group has recommended that the Standardized Filing Framework be reviewed with the Demand Side Management Advisory Group (DSMAG) as part of the E1's engagement with the group on the development of the 2027-2031 DSM Plan. E1 initiated the review with the DSMAG in early 2024 in response to the Board's direction on this item as contained in their Decision on the E1's 2023-2025 DSM Plan. E1 has received initial comments from DSMAG members of E1's recommended changes to the Standardized Filing Framework. E1 is planning to continue engagement with the DSMAG in advance of filing the 2027-2031 DSM Plan.

## 4.6 NS POWER CYBER ATTACK

The Industrial Group has requested that E1 outline any revisions to its 2026 programs in relation to the impacts of the Nova Scotia Power Inc. (NS Power) cybersecurity breach and the Residential Behaviour program component. Currently E1 is not anticipating material changes to the 2026 programs as a result of the cybersecurity breach and the Residential Behaviour program component. E1 is committed to continuing to work with NS Power on this item and to provide regular updates, including any impacts to programs that may arise, to the Board and stakeholders through E1's quarterly and annual progress reporting.

## 4.7 INTRA-TERM VARIANCES

The Industrial Group characterizes a 25% change in planned spending by program and customer class as a "substantial change" and asks the Board to direct tighter within-class controls. While E1 agrees that transparency is important, a narrowing of these caps have significant potential to impair responsive DSM portfolio management. This concern was acknowledged by the Board when the original authority was granted.

In the 2026 DSM Extension Application, E1 responded to the concerns raised by the Industrial Group, which included a commitment to enhance reporting on rate class expenditures and spending variances. E1 outlined several enhancements on rate class reporting which includes year-end forecasts by customer rate class (provided quarterly and by Plan period in the Annual Progress Report) and anticipated variances from the approved Plan, enhanced discussion on rate class spending, including participation results, program activity and participating customer classes, and enhanced discussion on variances to the approved Plan at the program and portfolio level (forecast and/or results to approved Plan).

E1 also provided fulsome responses to the Industrial Group's Information Requests on rate class expenditures. This included approved Plan and actual expenditures and variances ($ million) over the 2016 to 2024 period by rate class[10] and an explanation of the various strategies E1 developed to respond to the Industrial Group's concerns.[11] This included a review of causality of the issue for industrial customers that informed the strategies that can reasonably mitigate the concerns raised by the Industrial Group:

- improvements to the accuracy of the estimates used for rate class allocation of expenditures in E1's DSM Plan;
- a commitment to provide enhanced reporting in its quarterly and annual progress reports; and
- the continued management of program expenditures (including providing explanations for program spending variances compared to the DSM Plan that are greater than 25% in its DSM reporting).

E1 has continued to demonstrate responsiveness to the concerns raised by the Industrial Group on rate class variances and stated, "[w]hile achieving board-imposed performance targets is a priority, E1 remains committed to considering rate class spending when reallocating funding between programs".[12]

Further, E1 provides regular DSM reporting to the NSEB and stakeholders on a quarterly and annual basis that is transparent and robust. As part of the reporting process, stakeholders are provided with opportunities to ask questions to E1 and provide feedback. E1 remains open and responsive to stakeholder and Board questions and comments on its DSM reporting, and works to continually provide report content enhancements.

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[10] M12249, E1 2026 DSM Extension Application, Exhibit E-4, E1 (IG) Responses to Information Requests RIR 1 to 26, June 25, 2025. E1 (IG) RIR-04, Attachment 1.
[11] Ibid., E1 (IG) RIR-08.
[12] Ibid., E1 (IG) RIR-08, page 5, lines 17-19.

### 4.8 NS POWER AMENDMENTS TO SUPPLY AGREEMENT

The extent to which any modifications to the existing Supply Agreement between E1 and NS Power are required due to changes to NS Power's DSM Rate Rider recovery period will be informed by the Nova Scotia Energy Board's (NSEB) decision in the recently filed NS Power General Rate Application (GRA). If changes to the Supply Agreement are required related to the NSEB's decision on the GRA, E1 will work collaboratively with NS Power to revise the Supply Agreement as necessary. The revised agreement will then be submitted to the NSEB for review and approval.

Until such time, E1 anticipates that the current agreement will, subject to specific amendments requested under this Application, remain unchanged for 2026.

## 5. RELIEF SOUGHT

E1 respectfully requests that the Board:

(a) approve the following 2026 targets and associated portfolio consistent with the legislated investment amount of $63,750,000:

i) Incremental annual net energy savings: 116.0 GWh
ii) Incremental annual net demand savings: 18.9 MW
iii) Total available capacity from demand response: 16.3 MW
iv) Incremental annual net energy savings from dedicated low-income and equity programs: 4.0 GWh; and

(b) reject the removal of specific evaluated savings as provided in Mr. Peach's recommendation SVR24-G-1[13] and accept the 2024 DSM Evaluated Savings as filed in Econoler's 2024 DSM Programs Evaluation Reports.[14]

[13] M12249, Exhibit E-2, Savings Verification Review of Efficiency Nova Scotia Program Year 2024 Evaluation Results, H. Gil Peach & Associates, LLC, June 5, 2025, page 16-17. "SVR24-G-1: The Savings Verification study recommends acceptance of the 2024 evaluation estimates for energy savings and demand reduction *except for four programs*. These are the Residential Behaviour program (6.270 GWh; no demand reduction), the Residential Demand Response program (no energy savings, 0.057 MW demand reduction), the BNI Demand Response program, (no energy savings, 8.034 MW demand reduction), and the compressed air part pf the BNI Custom Incentive Program (Custom).

[14] M12186, Exhibit E-2, E1 2024 DSM Programs Evaluation Reports, March 31, 2025.

E1 appreciates the opportunity to submit these Reply Submissions for the Board's consideration of this matter.