Response to Information Requests

In Reference to DIRECT EVIDENCE OF MELISSA WHITTEN

Request IR-1:

Regarding recommendation 1 on page 16,

a) Is it Daymark's position that non-energy benefits relating to "amenity", "empowerment" and "pride" cannot be independently quantified?
b) Please explain whether Daymark is able to quantify non-energy benefits relating to "amenity", "empowerment" and "pride", and if so, why that was not done in this proceeding.
c) Please explain why reviewable evidence showing that non-energy benefits relating to "amenity", "empowerment" and "pride" can be independently quantified must be provided by a party not associated with this application.

Response to IR-1:

a) It is Daymark's position that non-energy benefits relating to "amenity", "empowerment" and "pride" should be independently quantified if these benefits are to be included in a BCA test. More importantly, it is Daymark's position that Efficiency One (EOne) has not shown in its Application, (Exhibit E-1), nor in Appendix B to its Application, that it has been able to separately quantify the non-energy benefits it has identified as "amenity", "empowerment" and "pride". Daymark understands the symmetry being espoused by EFG but does not believe it is imperative, especially if customer non-energy benefits such as these discussed in this paragraph are not transferrable to the next owner of the property/equipment.

   EOne's evidence defines these individual host benefits terms only briefly through examples provided in a summary table as proxy adders (Exhibit E-1, Appendix B, *Development of a Jurisdictional Benefit Cost Analysis Framework for Nova Scotia*, Report by Energy Futures Group (EFG), Table 14, p. 45 of 68). EOne has accepted EFG's imperative and as the author of the report in Appendix B, EFG recommends that its ***proxy*** adders should be expressed as percentages of a combination of benefits that include "amenity", "empowerment" and "pride" depending on the measure category and customer segment. (Exhibit E-1, Appendix B, Table 14, *Consultant Team Host Customer NEB Proxy Adder Recommendations*, p. 45 of 68.) Daymark views the very meaning of proxy adders as non-quantified. Daymark does not feel it appropriate to use a proxy or guess when there is no derivation of the amounts.

Importantly, EFG says these proxy adders are only assumptions "deemed to represent the combined value of non-energy benefits." (Exhibit E-1, Appendix B, definition of Proxy Adder, p. 9 of 68.) EFG also provides a table showing which among the 50 states in the US include Host Customer Impacts. Among these, only 7 states include "comfort" (amenity and pride were not listed at all) where the results for these 7 states was either "Yes" or "Broadly", but no quantification was provided and no definition of "Broadly" was provided to distinguish it from the answer "Yes".. (Exhibit E-1, Appendix B, Page 67 of 68, Section VII, Appendices, F. *National Energy Screening Project Summary of Host Customer Impacts*.)

Having reviewed EOne's evidence in which these three non-energy benefits were presented and finding EFG's support lacking, it is Daymark's position that EOne and EFG have the burden of proof to show that amenity, empowerment and pride are not just feelings held by certain participants in the DSM program but rather are inputs to transactions that can be separately valued across all participants and measures to ensure that any proposed proxy adder applied now, or in the future, is not over-stated.

b) Daymark does not view its role in reviewing EOne's evidence in this proceeding as being required to quantify non-energy benefits relating to "amenity", "empowerment" and "pride". As stated in a) above, it is Daymark's view that this responsibility lies with EOne and EFG. The Daymark team was unable come up with any way to quantify these non-energy benefits that would prove that they exist, or that if they do exist, that they would be material.

Despite these concerns, Daymark would be willing to participate in a continuation of the intervenor stakeholder proceedings, if and when EOne and EFG are ready and able to discuss specifically how they would carry out a quantification process.

c) It is Daymark's view that reviewable evidence showing that non-energy benefits relating to "amenity", "empowerment" and "pride" can be independently quantified must be provided by a party not associated with this application. Daymark's recommendation for this requirement is consistent with EOne and EFG's proposed Benefits-Cost Test that uses fuel price information reported by independent organizations, for example, prices for natural gas reported by NYMEX or similar sources used in Canada and Nova Scotia.

Daymark offers the following example of how benchmarking costs for an investment, including non-energy benefits, against a third-party market pricing service is considered a best practice for procurement decisions. There is a strong but still nascent market for Renewable Diesel (RD99), a drop-in fuel that can readily replace the existing fossil alternative Ultra Low Sulphur Diesel (ULSD). The market for RD99 benefits from the availability of daily spot pricing collected and reported by Oil Price Information Service (OPIS). Daily spot prices for ULSD are readily available through OPIS as well, along with ULSD futures pricing posted by NYMEX. (NYMEX can be viewed by anyone at this time, however OPIS requires a subscription service.) These sources are trusted by market participants because they reflect prices reported by willing buyers and sellers and thus are not proxy values assigned by one of the contracting parties. Interestingly, recently RD99 has traded at only a few cents per gallon above the price for ULSD, suggesting that it is possible that buyers and sellers find that the benefit (which may include pride or empowerment) of participating in the renewable option does not necessarily command a material premium.