

Synapse Energy Economics Responses to the Industrial Group Information Requests
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1 **Request IR-1:**

2 **Reference: Exhibit E-9, page 6-7.**

3 **Synapse cites Step 1 as being to articulate Nova Scotia’s applicable policy goals related**
4 **to distributed energy resources (DER).**

5 (a) **Please confirm or otherwise explain whether Synapse has considered**
6 **the *Public Utilities Act*, section 79L(4) requirement that DER activities**
7 **are “...in the best interests of Nova Scotia Power Incorporated’s**
8 **customers...” as one part of the applicable policy goals for DERs.**

9 (b) **Is it Synapse’s understanding that movement towards a broad**
10 **societal-type BCA test (as proposed by E1) is now permitted because**
11 **the “best interests” of customers should be read more broadly than**
12 **in previous regulator decisions (i.e., the best interests of customers**
13 **is now about more than rates and reliability, etc.)?**

14 (c) **If the Energy Board were to adopt a PAC test as the primary test (with**
15 **information from the societal-type BCA test further informing**
16 **program and measure adoption), is it Synapse’s contention that such**
17 **an approach would be inconsistent with the Nova Scotia policy**
18 **goals? If yes, please explain how such an approach would be**
19 **inconsistent with the Nova Scotia policy goals?**

20 **Response IR-1:**

21 (a) Synapse considered the factors that the Energy Board must take into
22 account when evaluating whether a DSM application is in the best interest
23 of customers. See response to IR-1(b).

24 (b) Synapse’s understanding is that the *Energy Reform Act* and the *Energy*
25 *and Regulatory Boards Act* broaden what the Energy Board should account
26 for in regulatory decision making to include sustainable development and
27 sustainable prosperity as well as greenhouse gas emission reductions (see

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the Evidence of Courtney Lane on page 19, lines 17-20 and page 20 lines 1-2).

- (c) It is unclear what is meant by “with information from the societal-type BCA test further informing program and measure adoption”. However, the adoption of a primary BCA test that does not include the societal impacts of resilience, greenhouse gas emissions, and health impacts from criteria air pollutants would be inconsistent with Nova Scotia policy goals. Please see the Evidence of Courtney Lane at Table 3 on page 16 and page 20, lines 7-15 for a list of the policy goals that justify the inclusion of the above listed societal impacts in E1’s proposed BCA test.

Request IR-2:

Reference: Exhibit E-9 page 23.

- (a) **Does Synapse’s support of the E1 proposed BCA test consider the source of funds for the DER programming? Specifically, given the funds for the programming are derived from utility rates, does Synapse expect there should be a closer linkage between the benefits/costs included in the BCA test to the utility function, rather than the societal perspective (i.e., as might be appropriate if the funding was from tax revenues, or federal transfers)? If not, why not?**

- (b) **If the BCA results for a particular DER measure are materially aided by inclusion of such factors as comfort, amenity, empowerment, and pride, do such benefits meet the normal utility principles for inclusion in electricity rates, such as being used, useful, necessary, and prudently acquired to provide utility service?**

Response IR-2:

- (a) Yes. Synapse’s support for E1’s proposed BCA test does consider the fact that DER programs are funded by ratepayers. Synapse does not think there should be a closer linkage between the benefits/costs included in the BCA

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1 test to the utility function. A BCA test that only links benefits/costs to the
2 utility function is essentially the PAC (also known as the utility cost test or
3 UCT). A PAC/UCT would not fully reflect Nova Scotia's policy goals as
4 listed in the Evidence of Courtney Lane at Table 3 on page 16.

5 (b) It is Synapse's understanding that the Energy Board will evaluate the cost-
6 effectiveness of the DSM plans at the portfolio (i.e., plan) level and not for
7 individual DER measures. Therefore, a determination of prudence, and by
8 extension whether the portfolio is necessary to meet E1's energy and
9 demand savings targets, would not occur for an individual DER measure.
10 However, if a DER measure is cost-effective according to E1's proposed
11 BCA test, which includes host customer non-energy impacts like comfort,
12 amenity, empowerment, and pride, then it would be considered "useful"
13 because the DER measure provides a benefit to customers. Once that
14 measure is installed by the customer and operational it could be considered
15 "used" though that principle is typically applied to utility-owned and
16 operated assets.