2025 **M12282**

NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: **The *Public Utilities Act***

IN THE MATTER OF: **An Application by EfficiencyOne for approval of a New Benefit-Cost Analysis Test for Evaluating Demand Side Management Plans**

INFORMATION REQUESTS

To: EfficiencyOne (“E1”)

From: The Industrial Group

Responses Due: July 4, 2025

Contact Person

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Issued at Halifax, Nova Scotia, this 16th day of June 2025.

Request IR-1:

Reference: E-1, Application, page 5, para 26 (pdf page 6 of 450).

E1 submits that the proposed BCA test is appropriate, reasonable, is in the best interest of ratepayers, and should replace the existing TRC test on a go-forward basis.

(a) Please explain E1’s position regarding how the proposed BCA test is in the “best interest of ratepayers”, specifically compared to the existing TRC test for evaluating DSM plans.

(b) Does E1's assertion that its proposed BCA test is in the "best interest of ratepayers" indicate that electricity rates will be less impacted than with the existing TRC test? Please explain why or why not.

(c) Does E1's assertion that its proposed BCA test is in the "best interest of ratepayers" indicate that there will be a broader diversity of DSM programs and participation than with the existing TRC test? Please explain why or why not.

(d) Does E1s assertion that its proposed BCA test is in the "best interest of ratepayers" indicate that the new cost effectiveness test will continue to determine whether its Plan is affordable and result in the lowest long-term cost of electricity? Please explain why or why not.

Request IR-2:

Reference: E-1, Evidence, page 2 of 38.

Including non-utility impacts reflects both best practice in benefit cost analysis test design, as well as recently enacted provincial legislation. While the relative weight of specific utility and non-utility impacts may change over time, the appropriate question for determining whether to include an impact category in the cost-effectiveness framework is whether it is relevant to DSM activities in Nova Scotia, based on policy priorities and objectives established under legislation.

And References: E-1, Evidence, Section 4.2 – 2026 DSM Plan Extension, page 8; and Section 11, pages 35 – 36

(a) To compare the new BCA test with the existing approved TRC test, for the entirety of the 2026 DSM Plan, at the portfolio level, please compare the new BCA test against the TRC test and provide supporting calculations.

(i) In the calculation provided, do the "non-energy impacts" outweigh the "energy-related" impacts. Please explain.

(b) Please compare the new BCA test against the current TRC test for the three examples provided in section 11 of E1's Evidence.

(i) In the calculation provided, do the "non-energy impacts" outweigh the "energy-related" impacts. Please explain.

(c) How much does the "relative weight" between specific utility and non-utility impacts change as a result of E1's new BCA test compared to current cost effectiveness testing?

Request IR-3:

(a) Approximately how much additional work does E1 anticipate will be required to accomplish its new BCA test compared to the existing TRC for both forecasting and reporting results?

(b) Please provide detail of the work products that will be required to support the new BCA test, including where work will be done internally and where external consultants will be required.

(c) What supporting files does E1 intend to file with its applications in the future to ensure the forecast benefits and costs that make up its proposed BCA test are both transparent and testable by intervenors and the Board?

Request IR-4:

Reference: E-1, Evidence, Section 2.2, page 4.

The National Standard Practice Manual ("NSPM"), which provides a comprehensive framework for cost-effectiveness assessment of Distributed Energy Resources, identifies symmetry as a core principle for an optimal cost-effectiveness test.

(a) Would E1 consider the principle of "symmetry" to include the timeframe over which costs and benefits are measured? Please explain.

(b) For E1's proposed BCA test, please expand on the length of time that it proposes to measure for each component of the forecast costs and benefits.

Request IR-5:

Reference: E-1, Evidence, page 10 line 18 to page 11 line 2.

In keeping with current practice, E1 also commits to providing Program Administrator Cost (PAC) test results to stakeholders in the course of DSM Plan applications, for information purposes.

(a) Please explain what is meant by "for information purposes", considering the mandate of the regulator, and the approvals that will be sought by E1.

(b) Specifically, what is the utility of PAC test results, for E1 and for regulatory proceedings, once provided?

(c) Does E1 agree that the BCA does not dictate the spending on E1's portfolio of programs but rather sets out the benefits and costs?

(d) Would the PAC be supplemental to the BCA to help in determining the appropriate level of spending?

Request IR-6:

Reference: E-1, Evidence, Section 5.2, Jurisdiction to Consider Non-Energy Impacts, pages 11-12.

(a) Is it E1s position that the new legislation to consider non-energy impacts eliminates the Board's conclusion on the meaning of "cost effective" being whether E1's plans are "'affordable' and result in the lowest long-term cost of electricity" (2020 NSUARB 56)? Please explain.

(b) Is it E1's position that there should only be one test to exclusively determine the cost effectiveness of E1's DSM plans?

(c) Is it E1's position that regardless of other potential results, if a DSM plan has an overall portfolio value greater than 1 for its new BCA test, the plan will be deemed cost-effective?

(d) Please explain why E1 has not proposed multiple cost-effectiveness tests given the increased number of objectives, which may or may not be contradictory?

Request IR-7:

Reference: E-1, Evidence, Section 6.1, page 13, new definition of DSM under section 79A(b).

(a) For each of the activities defined under the new section 79A(b) for demand-side management, please explain how E1 plans to track actual costs, load, impacts and assign for the purposes of the DSM variance inter-class “true up” calculation.

(b) Please explain how E1 proposes to track, price out, report, and benchmark the actual non-energy benefits and non-utility system impacts achieved by its DSM plans moving forward.

Request IR-8:

Reference: E-1, Evidence, Section 6.3, page 16, lines 21-27.

The legislation mandates the Energy Board to consider:

- ***Environmental impacts of DSM programs, including contributions to reducing greenhouse gas emissions and other pollutants***

- ***Encouraging practices and technologies that reduce overall energy consumption and improve efficiency***

- ***Other fuel impacts, such as the cost-effectiveness of strategic electrification programs, which can be influenced by the commodity costs of displaced fuels***

Reference: E-1, Evidence, Section 6.3, page 18 lines 1-5.

E1 also notes that the Board is to incorporate “sustainable development” and “sustainable prosperity”, including considerations such as:

- ***environmental impacts of DSM programs generally, including how these programs contribute to reducing greenhouse gas emissions and other pollutants;***

- ***encouraging practices and technologies that reduce overall energy consumption and improve efficiency; and***

• the potential of DSM programs to create green jobs and stimulate economic growth.

(a) Please confirm that at this time E1 is not including the consideration of “green jobs and stimulate economic growth” into the BCA, based on EFC’s recommendation to have this addressed outside of the BCA framework? If not confirmed, please explain.

(b) Please confirm if it E1’s position that all the other above components are included in the proposed BCA test?

(c) Please confirm if is it E1’s position that all of the above considerations are effectively considered within one cost-effectiveness test?

(d) Please pinpoint where the Energy Board is given the jurisdiction to review the impact on the job market or growth in the economy when regulating the activities of E1? If not in the legislation, please elaborate on why E1 believes the Board is able to take this into consideration in approving DSM programs.

(e) Please elaborate on whether E1 has taking into consideration whether there is a possibility that the above points could contradict each other within cost-effectiveness testing when combined? For example, where electrification, which increases electricity usage, effectively eliminates fuel benefits from energy efficiency, which reduces electricity usage.

(f) Will E1’s new BCA test also include costs of potential increased supply requirements on the utility system (i.e. generation, transmission, distribution, grid resiliency, etc.) and customer connection costs for non-utility system costs as a result of future electrification? Please explain.

Request IR-9:

Reference: E-1, Evidence, pages 20-22.

Preamble: E1 indicates that the new BCA test is grounded in the National Standard Practice Manual (“NSPML”) eight principles:

(a) NSPM Principle #1 is outlined in Table 4 as: "*DERs are one of many energy resources that can be deployed to meet utility/power system needs. DERs should therefore be compared with other energy resources, including other DERs, using consistent methods and assumptions to avoid bias across resource investment decisions*." Please provide a detailed description and comparator of all inputs to the proposed E1 BCA test as compared to the assessment inputs used by NSPI for alternative energy resources (e.g., new wind resources, capacity generators, etc.) and indicate, for each input, whether E1's proposed new test uses consistent methods with new system resources.

(b) Please confirm that the NSPM indicates its purpose is to help "guide" the development of BCA tests, but it does not provide "guidelines" as to acceptability or unacceptability of specific BCA tests. If not confirmed, please explain.

(c) The NSPM notes: "*Lost revenues and potential rate impacts are not appropriate to include in cost-effectiveness analyses, and should instead be analyzed separately using rate, bill, and participation analyses*." Please provide a detailed analysis of the ways in which E1 proposes to conduct and file these assessments, and their relevance to future approvals by the NSEB.

Request IR-10:

References: E-1, Evidence, page 26, Table 5; and pages 34-35, Table 9 and 10.

Preamble: E1 has included a number of non-utility system impacts in relation to the new proposed BCA Test, including a "Societal" Sub-category which includes: "Resilience"; "GHG Emissions"; "Other Environmental (air pollutants)"; and "Public Health" that is reportedly embedded in GHG Emissions and Other Environmental categories. At Table 9, E1 elaborates that the consideration of "Public Health" includes "Changes in medical outcomes and costs", and this is included in the new BCA.

(a) Please provide the legislative reference affording the Energy Board jurisdiction to take into consideration "public health" in regulating utilities or E1. If not in the legislation, please elaborate on why E1 believes the Board is able to take public health into consideration.

(b) Please further explain how “medical outcomes and costs” overlap, or are embedded within GHG Emissions and Other Environmental considerations?

Request IR-11:

Reference: E-1, Appendix A, Attachment 2, National Standards Practice Manual, at Appendix A pages 230 –236 of 302.

Please provide a detailed explanation of how E1 proposes to address the contents of Appendix A of the NSPM (Rate Impacts) including which tests would be applied, and at which stage of the BCA approval?

Request IR-12:

Reference: E-1, Appendix A, Attachment 2, National Standards Practice Manual, at Appendix E page 262 of 302.

Appendix E of the NSPM (Table E-1) provides a conceptual overview of BCA tests, noting five possible “perspectives” or vantage points that can be emphasized in BCA analysis (e.g., the vantage point of the utility, versus the vantage point of the participating customer, versus the vantage point of the non-participating customer). Please provide a detailed assessment of the proposed BCA (or additional information to be filed with the BCA) to show how the following will be taken into account:

(a) The vantage point of the utility (e.g., traditionally through a Utility Cost or Program Administrator test).

(b) The vantage point of the participating customer (e.g., traditionally provided through a Participant Cost test).

(c) The vantage point of the non-participating customer (e.g., traditionally provided through the Rate Impact Measure, or the Utility Cost test).

Request IR-13:

References: E-1, Appendix B; and Evidence, page 4 of 38.

(a) Please explain why only American jurisdictions were reviewed in preparation of E1’s filing?

(b) Please provide analysis undertaken on DSM cost effectiveness metrics utilized by Canadian jurisdictions.

(c) For each jurisdiction reviewed (including any Canadian jurisdictions not included in the Application), please provide a list of all benefit-cost analysis tests considered to determine cost-effectiveness, and any other DSM tests (including rate payer impact tests) that are also used to evaluate DSM plans.

(d) For each jurisdiction reviewed (including any Canadian jurisdictions not included in the Application), please explain whether or not electrification, solar-PV and storage are evaluated in a combined manner with energy efficiency and demand side management plans.

(e) For the jurisdictions that do include electrification, solar-PV and/or storage within DSM plans, please discuss if these jurisdictions include all of these activities within a single benefit-cost analysis test to determine cost-effectiveness or if they separate any activities for the purposes of BCA testing.

Request IR-14:

Reference: E-1, Appendix B.

Does the requested approval of a new BCA include the following as approved values, or are they inputs that would be considered at each future DSM Plan review:

(a) use of a 2% social discount rate?

(b) The NEB proxy adders shown in Table 14?

Request IR-15:

Please provide a mathematical representation of the proposed BCA test, including each value that would be summed as part of the “benefit” portion of the calculation, and each that would be summed as part of the “cost” portion of the calculation, and indicate where each of the following will be accounted for:

(a) Incentives paid to customers

(b) Incentives paid to energy efficiency industry participants

(c) Utility administrative costs.

Request IR-16:

Please indicate if, or how, the proposed BCA test can help inform the appropriate level of incentives or subsidies for participation in efficiency initiatives and provide an example.