



EfficiencyOne

IN THE MATTER OF *The Public Utilities Act, RSNS 1989, c. 380, as amended*

-and-

IN THE MATTER OF An Application for Approval of a New Benefit-Cost
Analysis Test for Evaluating Demand Side Management
Plans

Closing Submissions of EfficiencyOne

M12282

Filed with the NOVA SCOTIA ENERGY BOARD

October 14, 2025

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1. INTRODUCTION

On May 16, 2025, EfficiencyOne (“E1”) submitted its Application for Approval of a New Benefit-Cost Analysis Test for Evaluating Demand Side Management (“DSM”) Plans (the “Application”) to the Nova Scotia Energy Board (“NSEB” or “the Board”). This submission was made in accordance with the Board’s directive issued in its September 6, 2022 Decision in M10473, which instructed E1 to collaborate with the Demand-Side Management Group (“DSMAG”) prior to the 2026-2028 DSM Plan application, in order to assess and develop an optimal methodology for DSM cost-effectiveness testing.¹

Through this Application, E1 requests approval for its proposed benefit-cost analysis test (“Proposed BCA”), which was developed with assistance from Energy Futures Group (“EFG”) following more than a year of discussions with the DSMAG. The Application is accompanied by a September 19, 2025 partial Consensus Agreement (“PCA”), signed by some DSMAG members and intervenors, including the Consumer Advocate (“CA”), the Small Business Advocate (“SBA”), and East Coast Environmental Law (“ECEL”). In addition to the PCA signatories, the BCA is supported by Kwilmu’kw Maw-Klusuaqn and Efficiency Canada. These PCA parties indicate that the Proposed BCA “is a suitable DSM cost-effectiveness testing methodology for Nova Scotia,” contingent on the clarifications and amendments detailed in the PCA. The PCA primarily addresses adjustments in the proposed host customer non-energy benefits proxy values for the 2027-2031 DSM plan and outlines steps for the proposed evergreening process.

E1 submits that the Proposed BCA, in combination with the PCA, responds to the Board’s direction to develop an optimal DSM cost-effectiveness methodology for Nova Scotia. It is appropriate, consistent with legislative direction and in the public interest, as supported by the written and oral evidence having been put before the Board in this matter.

¹ M10437, NSUARB Decision, E1 2023-2025 DSM Plan (Re), 2022 NSUARB 137, September 6, 2022, page 26, para 73.

2. CONTEXT AND USE OF THE COST EFFECTIVENESS TEST IN DSM PLAN REVIEW

Cost effectiveness testing has long been utilized in the evaluation of DSM plans in Nova Scotia, serving as a foundational element in the Board's assessment process to ensure proposed programs deliver measurable benefits and value to ratepayers. This established practice reflects a commitment to rigorous and transparent analysis in support of effective demand-side management.

This Application presents and seeks approval to adopt a new jurisdictionally specific benefit-cost analysis test for Nova Scotia. The Proposed BCA test will replace the current Total Resource Cost (TRC) test, which has been widely acknowledged by intervenors throughout this matter's regulatory proceeding to have notable deficiencies. The Proposed BCA test has been developed by following the principles and guidance from the National Standard Practice Manual ("NSPM"), and reflects Nova Scotia policy priorities and directives. By introducing this updated methodology, E1 aims to address the limitations of the TRC test and enhance the rigour and relevance of DSM cost-effectiveness evaluation consistent with best practices and Nova Scotia specific legislative requirements.

Currently the Board uses the TRC test to determine cost-effective DSM. Prior to 2011, the Board applied the TRC test at the measure level. This approach was adjusted in 2011, when the Board approved E1's request that the cost-effectiveness analysis be applied at the program level:²

[160] The Board agrees that changing the TRC test from the measure level to the program level will provide [Efficiency Nova Scotia Corporation] ENSC with benefits and flexibility. The Board approves ENSC's request to apply the TRC test at the program level starting January 1, 2012.

The approach was reconfirmed by the Board in its 2022 decision relating to the E1 2023-2025 DSM Plan Application:³

² M03669, NSUARB Decision, Efficiency Nova Scotia Corporation 2012 DSM Plan, (Re), 2011 NSUARB 99, June 30, 2011, page 49, para 160.

³ M10437, NSUARB Decision, E1 2023-2025 DSM Plan (Re), 2022 NSUARB 137, September 6, 2022, page 45 – 46, paras 126 – 127.

[126] In Matter M03669, the Board established that the TRC test be applied at the program level when evaluating the cost-effectiveness of E1's proposed DSM plans. The Board finds that TRC testing at the program level, as opposed to the measure level, remains appropriate for the current application. The Board agrees with E1 that screening at the measure level is a restrictive application of the cost-effectiveness test.

[127] Applying the TRC test at the measure level could prevent E1 from proactively considering potential or future market development and may reduce the overall net economic benefits of efficiency investments. In many cases, measures which fail the TRC individually may be combined into programs which, cumulatively, are cost-effective. Furthermore, focusing on measure cost-effectiveness could deny E1 the opportunity to deliver a portfolio of DSM services that are accessible on an equitable and non-discriminatory basis and responsive to the current market. The Board agrees with E1 that measures which fail the TRC test can provide strategic or long-term benefits, such as stimulating demand for newer technologies to achieve economies of scale or increasing access to income-eligible customers.

In 2022, the level of the cost-effectiveness analysis was further amended through legislation related to subsection 79H(2) of the *Public Utilities Act*, which now provides for evaluation of a DSM plan at the portfolio level:⁴

The Energy Board, in evaluating a franchise holder's application pursuant to Section 79L, shall evaluate the proposed cost-effective demand-side management at the portfolio level that would be the aggregate amount of demand-side management programs.

It is important to reiterate that this Application is limited in scope to seeking approval for the replacement of the existing primary cost-effectiveness test, the TRC test, with the Proposed BCA test. No other amendments are proposed to the form or content of the information that E1 has historically provided in support of the approval of a DSM Plan. The supporting materials and data, to be included with future DSM

⁴ *Public Utilities Act*, RSNS 1989, c 380, s 79H(2).

Plan applications, remain consistent with previous practices, and Board direction, thereby ensuring continuity in the Board's review and evaluation process.

3. RELEVANT LEGISLATION

3.1 OVERVIEW OF RELEVANT STATUTORY PROVISIONS

E1 is the franchise holder, granted the exclusive right to supply Nova Scotia Power Incorporated (NS Power) with reasonably available, cost-effective DSM pursuant to section 79A and following of the *Public Utilities Act*.⁵ For the purposes of this act, "DSM" is defined as follows:⁶

- (b) "demand-side management" means activities, programs or plans relating to
- (i) the efficient use of electricity,
 - (ii) the conservation of electricity,
 - (iii) the alteration of the consumption pattern of an end user of electricity that has the effect of reducing demand during Nova Scotia Power Incorporated's periods of highest demand,
 - (iv) strategic electrification of energy end uses currently powered by fossil fuels in a manner that reduces overall greenhouse gas emissions and electricity costs,
 - (v) the delivery of a reduction in the amount of electrical energy or capacity that Nova Scotia Power Incorporated would otherwise be required to supply to its customers, or
 - (vi) any other prescribed activities, plans or programs.

In 2022, the *Public Utilities Act* was amended. The amendment replaced "electricity efficiency and conservation activities" with "demand-side management" in section 79A(b), and replaced subsection (iv), with the new section referenced above. As a result of this amendment, E1's legislated mandate now includes:

- efficient use of electricity,

⁵ *Public Utilities Act*, RSNS 1989, s 79C(2).

⁶ *Ibid*, s 79A(b).

- conservation of electricity,
- peak reduction of electricity, and
- strategic electrification, leading to a reduction in (greenhouse gas) GHG emissions and electricity costs.⁷

In 2024, Nova Scotia enacted the *Energy Reform Act (2024)*, which enacted two new acts relevant to DSM: the *Energy and Regulatory Boards Act* and the *More Access to Energy Act*.⁸ These legislative actions broadened the Nova Scotia Energy Board's mandate to include sustainable development, sustainable prosperity, and climate goals aligned with the *Environmental Goals and Climate Change Reduction Act*.

The following provisions are relevant to Board DSM decisions:

The *More Access to Energy Act*:

- 2** The purpose of this Act is to
- (a) increase competition and innovation in the Province's energy sector;
 - (b) ensure the provision of a safe, secure, reliable and economical energy supply in the Province;
 - (c) ensure a transparent, efficient and coordinated approach to Provincial energy-supply planning;
 - (d) provide for competitive procurement practices for new energy-system resources;
 - (e) support the sustainable development, sustainable prosperity, energy efficiency and greenhouse gas emissions reduction goals of the Province articulated in the *Environmental Goals and Climate Change Reduction Act*; and
 - (f) provide for a phased transition of the system operator from Nova Scotia Power Incorporated to an Independent Energy System Operator.

⁷ M12282, E-1, E1 Evidence and Application, PDF page 23 line 24 – PDF page 24, line 38.

⁸ *Energy Reform (2024) Act*, SNS 2024, April 2024, Part I: *Energy and Regulatory Boards Act* (Schedule A), Part II: *More Access to Energy Act* (Schedule B).

3 In this Act, [...]

“sustainable development” has the same meaning as in the *Environment Act*;⁹

“sustainable prosperity” has the same meaning as in the *Environmental Goals and Climate Change Reduction Act*;¹⁰

The *Energy and Regulatory Boards Act*:

6 (2) In approving or fixing rates, tolls, charges, tariffs, capital applications and all other matters over which the Energy Board has authority, the Board shall give appropriate consideration to the extent to which such rates, tolls, charges, tariffs, capital applications or other matters

(a) support competition and innovation in the provision of energy resources in the Province;

(b) support the development of a competitive electricity market;

(c) ensure the provision of safe, secure, reliable and economical energy supply in the Province;

(d) support sustainable development and sustainable prosperity; and

(e) support such other factors as prescribed by the regulations,

with the goal of approving rates, tolls, charges, tariffs, capital applications or other matters that are consistent with the purpose of this Act, the *More Access to Energy Act* and the regulations.

6 (3) Subject to subsection (4), the Energy Board shall regulate [...]

⁹ *Environment Act*, SNS 1994-95, c 1, s 3 (aw).

¹⁰ *Environmental Goals and Climate Change Reduction Act*, SNS 2021, c 20, s 2(l).

1 (b) the franchise holder granted a franchise pursuant to Section 79C of the
2 *Public Utilities Act*; [...]
3

4 Thereby, these Acts together provide the Energy Board with the authority and direction to consider
5 sustainable development and sustainable prosperity in their DSM-related decisions.
6

7 The direction provided to the Board and its oversight of DSM responsibilities is closely aligned with Nova
8 Scotia's overarching legislative and policy commitment to addressing climate change and reducing
9 greenhouse gas (GHG) emissions. This alignment is not incidental but deliberately embedded within the
10 province's statutory framework. Specifically, the *Energy and Regulatory Boards Act* explicitly mandates
11 that the Board consider how its decisions contribute to the province's climate action objectives. Section
12 6(2) of the *Energy and Regulatory Boards Act* requires the Board to evaluate whether its decisions promote
13 sustainable development and sustainable prosperity, thereby ensuring that regulatory approvals are
14 consistent with the purposes of both the *Public Utilities Act* and the *More Access to Energy Act*. Further,
15 Section 2 of the *More Access to Energy Act* reinforces this direction by listing among its core purposes the
16 advancement of sustainable development, sustainable prosperity, energy efficiency, and greenhouse gas
17 emissions reduction goals of the Province articulated in the *Environmental Goals and Climate Change*
18 *Reduction Act*. This statutory language provides the Board with a clear mandate to integrate climate and
19 sustainability considerations into its regulatory decisions, including those relating to DSM initiatives.
20

21 The legal framework empowers the Board to look beyond traditional utility cost considerations and to
22 actively incorporate broader societal objectives into its decision-making process. The Board is thus
23 authorized—and required—to give weight to the long-term environmental, social, and economic benefits
24 of DSM programs, such as reduced GHG emissions, increased energy efficiency, and enhanced sustainable
25 prosperity for Nova Scotians. This approach ensures that regulatory approvals for rates, tariffs, and DSM
26 programs are not made in isolation, but rather in a manner that supports the province's policy goals of
27 climate mitigation, energy transition, and sustainable development.
28

29 Accordingly, the Board's authority to consider climate and sustainability objectives in its DSM-related
30 decisions is firmly grounded in law, ensuring that the transition to a low-carbon, energy-efficient future is
31 not only a policy aspiration, but a legal requirement that guides regulatory practice in Nova Scotia.

3.2 ALIGNMENT OF PROPOSED BCA WITH STATUTORY PROVISIONS

As is discussed further below, E1 asserts that its Proposed BCA aligns with the above-noted policy and legislative objectives of the province, by incorporating utility system impacts, other fuel impacts, GHG impacts, host-customer impacts and criteria air pollutants impacts into the cost-effectiveness testing framework. Thereby, the Proposed BCA helps the Board fulfill its obligations to consider these matters when making decisions regarding DSM cost-effectiveness.

In designing the Proposed BCA, EFG followed the NSPM. NSPM's Principle 2 requires alignment between the test and policy goals, as set out in EFG's report:¹¹

Principle 2	Align with Policy Goals Jurisdictions invest in or support energy resources to meet a variety of goals and objectives. The primary cost-effectiveness test should therefore reflect this intent by accounting for the jurisdiction's applicable policy goals and objectives.
--------------------	--

Indeed, the testimony of Ms. Lane (Synapse, consultant to the Board Counsel) indicates that it is the mere existence of these policies that are important for the purpose of incorporating them into a cost-effectiveness test, not the fact that there is direct legislation requiring them to be incorporated into such a test: ¹²

Q. And if these -- if the interpretation of the amendments, and particularly in respect of sustainable development and sustainable prosperity, as advocated by E1, is not accepted by the Board, then we can cut out some of those societal factors; correct?

A. I don't think that's the case. As I don't have the page in my testimony, but there is, let me find it, Table 3 on page number 16, shows the relevant policies, and there's definitely more than one policy pointing for the inclusion of things like resilience, greenhouse gas emissions, health impacts from criteria air pollutants. I think especially

¹¹ M12282, E-1, E1 Evidence and Application, Table 4: NSPM BCA Guiding Principles, PDF page 32.

¹² M12282, Hearing Transcript, 23 September, 2025, Courtney Lane (Synapse, consultant to the Board Counsel), page 496 lines 7 – page 497, line 6.

important is the *Environmental Goals and Climate Reduction Act*, which specifically indicates energy efficiency as a tool in meeting Nova Scotia's carbon reduction goal of 0 percent by 2050. So I think those societal impacts would still be relevant, even if the prosperity was removed.

E1 therefore submits that the Proposed BCA appropriately incorporates the objectives of sustainability, GHG reduction and equitable access through incorporation of utility system and non-utility system impacts, the latter including other fuel impacts, GHG impacts, host customer impacts and criteria air pollutants impacts, in line with NSPM guidance.

4. OVERVIEW OF PROPOSED BCA FRAMEWORK & QUANTIFICATIONS, WITH PCA CONSIDERATIONS

4.1 CORE ELEMENTS

E1 is requesting the Board approve the Proposed BCA as the new cost-effectiveness test for DSM, which is to be screened at the portfolio level.

In designing the Proposed BCA, EFG followed the NSPM. None of the experts contest the quality of guidance provided by the NSPM. In fact, Ms. Lane describes the NSPM as "sound economic guidance",¹³ and Mr. Bowman (on behalf of the Industrial Group) also notes:¹⁴

A. The manual is -- yeah, yes, it's a very useful and much needed and seminal piece at the time it came out to give guidance to what was a bit of a hodgepodge of jurisdictions trying to figure out how to do energy efficiency. I think it put a really good framework on things and helped people to know how to think about something without being really prescriptive about what's right and what's wrong. Most of it does not tell you what's right and what's wrong; it tells you how to impose a framework to sort through your own questions.

¹³ M11282, E-9, Evidence of Courtney Lane (Synapse), page 3, line 9.

¹⁴ M12282, Hearing Transcript, 23 September 2025, page 401, lines 5 – 15.

1 Furthermore, Mr. Bowman agrees that the NSPM is policy-neutral, not advocating for any particular test,
2 whether it be a traditional cost-effectiveness test or a jurisdictional-specific test.¹⁵ This was also confirmed
3 by Mr. Neme (EFG) who explained:¹⁶

4
5 When I teach classes around the NSPM one of the things that we do is we put up a slide
6 that says your jurisdiction may have policies that drive you to have a cost-effectiveness
7 test that makes the most sense for you for your jurisdiction that's identical to the utility
8 cost test or the Program Administrator Cost test; those terms are interchangeable. It could
9 drive you to have a societal test. It could drive you to have a TRC-type test. It really all
10 depends on your policy goals. So if the provincial policy goals were just around reducing
11 utility system costs we would have recommended the PAC test as the test for the Province.

12
13 So I think what I'm trying to say is that implicit in a process that attempts to establish the
14 test that makes most sense for Nova Scotians based on Nova Scotia policy is a
15 consideration of whether the PAC test is the right test or not. It just became very clear
16 from the review of the policies of the Province that that's not consistent with -- that would
17 not be consistent with policy objectives of the Province, but it was considered along with
18 any other potential outcome but, again, driven by a kind of structured process related to
19 assessing what the policy objectives in the Province are.

20
21 EFG designed the Proposed BCA Test using the policy-neutral guidance of the NSPM, and with
22 consideration of the jurisdictional specific legislation and policies.

23
24 The Proposed BCA includes consideration of utility system impacts. Notwithstanding Mr. Bowman's
25 suggestion that "[t]he Proposed BCA is fundamentally delinked from the utility and its customers"¹⁷; E1
26 wishes to be clear that the Proposed BCA does, in fact, address utility system impacts. A table from E1's

¹⁵ M12282, Hearing Transcript, 23 September 2022, page 401, line 16 – page 402, line 1.

¹⁶ *Ibid*, page 258, line 8 – page 259, line 19.

¹⁷ M12282, E-14, Evidence of Patrick Bowman on behalf of the Industrial Group, Revised, page 13, line 21.

Application and Evidence sets out the impact categories that are included in the Proposed BCA, compared against the TRC test which is currently used by the Board for cost-effectiveness testing.¹⁸

Table 5: Comparison of Input Categories for TRC Test and Proposed New BCA Test

Impact Category	Sub-Category	BCA Test	TRC Test
Utility System	Electric • Generation • Transmission • Distribution • General	All	All
	Gas	Only Commodity Costs*	Not Included
Non-Utility System	Other Fuels	All	Not Included
	Host Customer	All (costs and benefits)	Costs Only
	Societal	Resilience**	Not Included
		GHG Emissions	Avoided Cost of Carbon Included under Electric Utility System Benefits No Societal Costs Included
		Other Environmental (air pollutants)	Not Included
		Public Health***	Not Included
*Commodity costs are embedded in the “Other Fuels” category.			
**Resilience is embedded in “Host Customer” category.			
***Public Health impacts embedded in “GHG Emissions” and “Other Environmental” categories.			

The Proposed BCA does not reduce the categories of utility system impacts from those that are included in the TRC test.

What the Proposed BCA does also include, however, are new non-utility system impact categories and a symmetrical approach of applying both benefits and costs to each non-utility system impact category. More specifically, the Proposed BCA adds consideration of both costs and benefits of other fuel impacts,

¹⁸ M12282, E-1, E1 Evidence and Application, Table 5, PDF page 37, line 11.

1 host customer impacts, and societal impacts (including those related to resilience, GHG emissions, other
2 environmental (air pollutants) and public health), to the cost-effectiveness test. The Proposed BCA,¹⁹ and
3 the PCA,²⁰ support the inclusion of the following host customer impact categories: Asset Value, Operation
4 and Maintenance (O&M) Costs, Productivity, Economic Well-Being, Comfort, Amenity, Health & Safety,
5 Empowerment and Pride.

6
7 By way of the PCA, the CA, SBA and ECEL have signaled their support for the Proposed BCA, subject to the
8 amendments and clarifications provided within the PCA, discussed further below. Section (a) of the PCA
9 states:²¹

- 10
11 a) The proposed benefit cost analysis (“BCA”) test framework, as set out in the
12 Application, is a suitable DSM cost-effectiveness testing methodology for Nova Scotia,
13 subject to the clarifications and alterations set out in this Consensus Agreement.

14
15 Beyond the general concerns of incorporating non-utility impact categories, E1 notes that no intervenor
16 raised any specific concerns with either the “Other Fuels” or “Societal” non-utility impact categories.

17 18 4.2 HOST CUSTOMER NON-ENERGY IMPACT PROXY VALUES

19 E1 is also seeking approval of the Board to include certain quantifications for use in the 2027-2031 DSM
20 Plan. In line with the PCA, E1 is seeking the host customer non-energy impact categories be quantified
21 using proxy values for use in the 2027-2031 DSM Plan, subject to an evergreen review process thereafter.
22 The proposed proxy values, as set out in the PCA, constitute the following:²²

¹⁹ M12282, E-1, E1 Evidence and Application, Table 8: Host Customer Impacts, PDF page 43.

²⁰ M12282, E-32, Partial Consensus Agreement, Appendix “A”, s b), Table 1, page 2.

²¹ *Ibid*, s a), page 2.

²² *Ibid*, s d), Table 2, page 3.

Table 2: Host Customer Non-Energy Impact Proxy Values

Host Customer Impact – by measure category and customer segment	Non-Income Qualified/Target Market Segment	Income Qualified Target Market Segment
Building Shell Measures (air sealing, insulation)	12% (reduced from the Application's proposed 20%)	30% (reduced from the Application's proposed 40%)
BNI Custom Measures	12% (reduced from the Application's proposed 20%)	30% (reduced from the Application's proposed 40%)
Other Equipment Energy Efficiency	10%	20%
Demand Response	NM	NM
Distributed Generation (on site solar)	5%	10%
Distributed Storage (on site battery)	10%	20%
Solar + Storage	10% (reduced from the Application's proposed 15%)	20% (reduced from the Application's proposed 30%)
Beneficial Electrification	10%	20%
Electric Vehicle (managed charging, VtG)	0%	0%

E1 notes that, pursuant to the PCA, the above proposed proxy values provide certain reductions from values set out in the original Application (being the values for (i) Building Shell Measures, (ii) BNI Custom Measures, and (iii) Solar + Storage. In addition, for host customer non-energy impacts the values of amenity, empowerment, and pride were set to zero for the 2027–2031 DSM Plan.²³

Mr. Neme explained the reasoning behind EFG's original proxy values as follows:²⁴

...Our report referenced three of the states that have their own proxy values and the ones that we proposed were within the range of those. We also, as David noted, looked very carefully at the Massachusetts non-energy benefits, and I think they are arguably the

²³ *Ibid*, s c), page 2.

²⁴ M12282, Hearing Transcript, 23 September 2025, page 214, lines 1 – 8.

1 jurisdiction that has studied them the most carefully, and found ours to be consistent, if
2 not conservative, relative to theirs.

3
4 He then went on to explain the support for the adjusted values as set out in the PCA:²⁵

5
6 Now, she [Ms. Lane] makes reference to the Skumatz report, which we talked about a
7 couple of times, that did a much more expansive review of non energy benefits across the
8 entire U.S., therefore referenced several other jurisdictions that we did not reference in
9 ours, and Ms. Lane points to the fact that the average non-low-income adders in that study
10 were found to be 12 percent. We had 10 percent for non-weatherization programs and
11 then 20 for the other two types of programs. Depending on the mix of EfficiencyOne's
12 programs, it's conceivable that the weighted average could have been 12 percent. So very,
13 you know, identical to the average that was found in that study for other jurisdictions.
14 With both of those program types now reduced to 12 and 10 percent remaining for the
15 other kind of equipment measures the weighted average will be somewhere between 10
16 and 12 percent by definition and therefore slightly below the average but very close to
17 what she found for non-low-income programs.

18
19 So I think all of the evidence that's on the table suggests that the proposed consensus
20 values are kind of right in the middle of what's being used in jurisdictions that use adders
21 and significantly below what the literature say the actual customer values are for those
22 things.

23
24 In addition to E1, the CA, SBA and ECEL signed on to the PCA, expressing their support for this approach.
25 In the hearing, EFG and Ms. Whitten (on behalf of the SBA) confirmed their comfort with the PCA figures.²⁶
26 Ms. Lane confirmed that the PCA reflects some of the recommendations she had in her evidence relating
27 to reducing proxy adders.²⁷

²⁵ *Ibid*, page 215, line 4 – page 216, line 10.

²⁶ *Ibid*, page 209, lines 9 – 19; page 326, lines 12 – 19.

²⁷ *Ibid*, page 492, lines 6 – 8.

4.3 APPLICABLE DISCOUNT RATE

E1, relying on expert analysis provided by EFG, submits that the adoption of a 2% real discount rate for evaluating impacts under the Proposed BCA test is both reasonable and legally sound. It reflects a societal perspective consistent with the principles articulated in the NSPM and aligns with the statutory objectives of the *Energy Reform Act* and the *Environmental Goals and Climate Change Reduction Act*, including greenhouse gas (GHG) mitigation, energy affordability, and sustainable development.

The 2% rate is supported by authoritative guidance from NSPM, the U.S. Office of Management and Budget Circular A-4, and the Canadian Treasury Board Secretariat, which collectively endorse the use of discount rates that reflect the social opportunity cost of capital rather than private or utility-specific rates. This approach ensures that long-term societal benefits—such as GHG reductions, public health improvements, and climate resilience—are not disproportionately discounted relative to near-term costs, thereby upholding principles of intergenerational equity.

It is E1's position, informed by EFG, that using a Weighted Average Cost of Capital ("WACC")—as proposed by Mr. Bowman²⁸—would fundamentally misalign the BCA with Nova Scotia's legislative requirements to consider sustainable development, sustainable prosperity, and GHG reductions, in a manner that would improperly bias the analysis against long-lived, intergenerational impacts and have the effect of erasing significant long-term benefits intended to be captured under the Proposed BCA. Notably this position is supported by Efficiency Canada in letter of comment.²⁹

The use of the discount rate in a benefit cost analysis has a different purpose than the use of a discount rate in determining the amount of revenue requirement to be collected from Nova Scotia ratepayers for the electric utility's capital investments or regulatory deferrals. The discount rate in a benefit cost analysis test is only used to assess the present value of future impacts compared to the investment in DSM that is ultimately collected from Nova Scotia ratepayers through the DSM Rate Rider.

²⁸ M12282, E-14, Evidence of Patrick Bowman, Revised, page 20, line 28.

²⁹ M12282, E-15, Letter of Comment, Efficiency Canada, page 6.

1 In cross-examination of Ms. Lane, Industrial Group (IG) counsel suggested that Federal Social Cost of GHG
2 Guidance was created for the Government of Canada for use when proposing a new statutory instrument,
3 and not for regulators like utility commissions.³⁰

4
5 But I wanted to get to the point, and you cited as authority a federal document, but the
6 regulatory proposals there, they relate to statutory instruments. The policy of the
7 Government of Canada is that before proposing a new statutory instrument, a cost-benefit
8 analysis is to be undertaken, including the social cost of greenhouse gas emissions. It's not
9 for regulators like utility commissions.

10
11 **A.** Yes, understood.

12
13 In this questioning, IG counsel presented a "Cabinet Directive on Regulation", stating as follows:³¹

14
15 **Q.** Okay. And the way it's applied, -- here we go, the Cabinet Directive on Regulation,
16 there we go. Here's the purpose of it. It:
17 ...sets out the Government of Canada's expectation[s] and requirements
18 in the development, management and review of federal regulations.

19
20 You see that?

21
22 While it is acknowledged that federal departments rely on the Federal Social Cost of GHG Guidance to
23 assess the costs and benefits associated with greenhouse gas emissions in Regulatory Impact Analyses,
24 this does not preclude the use of the Guidance in other scenarios. Indeed, the document itself notes:

³⁰ M12282, Hearing Transcript, 23 September, 2025, page 512, lines 9 – 17.

³¹ Ibid, page 511, lines 9–17; "Cabinet Directive on Regulation" is available at: [Cabinet directive on regulation.: BT22-212/2024E-PDF - Government of Canada Publications - Canada.ca](#)

1 *More generally, these estimates are appropriate to use whenever weighing a decision that*
2 *would lead to changes in GHG emissions, such as in the context of federal impact*
3 *assessments for major projects.*³² [emphasis added]
4

5 The appropriate discount rate for DSM cost-effectiveness tests should reflect the public interest and policy
6 objectives, not utility shareholder preferences. In M06733, the NSUARB (as it then was) considered the
7 matter of a deferral of DSM funds and whether such deferral would properly be included in the NS Power
8 rate base. In its decision, the Board commented:³³
9

10 The [Department of Energy] DOE raised the issue of deferral and amortization of certain
11 of the DSM costs, noting it is permitted by the *PUA*. The DOE indicated that a decision on
12 deferral should generally be made at the time the DSM budget is set. As noted in
13 questioning of the EI panel by the Board, the Board does not see any logical reason why a
14 deferred amount should be put in NSPI's rate base at a cost of 7.78% when bank financing
15 is available to qualified borrowers at approximately 3%. EI is directed to enter into
16 discussions with the DOE and with commercial lenders to see if there is a less expensive
17 way to finance any deferrals and whether that is authorized by the *PUA*. The Board would
18 be much more inclined to order a deferral if it did not attract a financing cost of 7.78%.
19

20 The Board's skepticism regarding the use of WACC for deferred DSM costs suggests that the WACC may
21 not be the appropriate rate for evaluating DSM investments given DSM is not a utility capital asset in the
22 traditional sense. DSM activities are administered by E1, not NS Power. They are not utility-owned capital
23 assets. The Board's direction to E1, in M06733, to seek market-based financing rates reflects the reality
24 that DSM is not subject to the same risk profile as NS Power's capital investments, further undermining
25 the rationale for the use of NS Power's WACC in the evaluation of DSM cost effectiveness screening, in a
26 manner which undervalues future DSM benefits and may lead to underinvestment in cost-effective DSM.

³² Government of Canada, Social Cost of Greenhouse Gas Estimates – Interim Updated Guidance for the Government of Canada, [Social cost of greenhouse gas emissions - Canada.ca](https://www150.ca.ca/social-cost-of-greenhouse-gas-emissions)

³³ M06733, NSUARB Decision, E1 2016-2018 DSM Plan, August 12, 2015, page 32, para 91.

The NSPM provides clear guidance: the discount rate must align with the jurisdiction's applicable policy goals and the perspective of the regulatory decision-maker. The NSPM emphasizes that a societal discount rate—in Nova Scotia's case, lower than NS Power's WACC, is most consistent with this principle.

In Nova Scotia, DSM program costs are recovered from ratepayers without NS Power earning a return. They do not represent investor capital at risk. Using WACC, which compensates for equity risk, would mischaracterize these costs; bias screening results and would inappropriately result in DSM appearing less cost-effective and thereby biasing decisions toward shorter-lived supply-side investments.

Accordingly, E1 respectfully submits that the 2% discount rate is not only appropriate and prudent, but also in the best interest of ratepayers and consistent with the legal and policy framework governing DSM planning in Nova Scotia. It is a "fit-for-purpose" rate that ensures appropriate considerations are included in the screening of a DSM portfolio.

E1's evidence confirms that the rate be subject to periodic review by the DSMAG under the BCA evergreen process to ensure ongoing alignment with evolving policy and empirical data.

4.4 EVERGREEN PROCESS

E1's proposed evergreen process represents a foundational commitment to maintaining the integrity, relevance, and adaptability of its Proposed BCA framework. This process ensures that the BCA test remains aligned with evolving policy objectives, current data, and market conditions in Nova Scotia.

E1's evergreen process is explicitly designed to reflect changes in applicable legislation, including the *Energy Reform Act* and the *Public Utilities Act* to confirm the BCA test remains responsive to a changing regulatory landscape and ensures continued alignment with current Nova Scotia energy and climate policy.

The evergreen process is intended to support periodic reviews of impact categories, quantification methods, and discount rates. It ensures that utility system, other fuels, host customer and societal impacts—such as greenhouse gas emissions, air pollutants, and public health—are accurately and consistently valued.

The evergreen process set out in E1's Application has been further refined through section (f) of the PCA:³⁴

- f) As an integral component of the Evergreen process for systematically reviewing and refining the BCA framework and impact quantification in preparation for the 2032–2036 DSM Plan, E1 will undertake comprehensive literature reviews, jurisdictional analysis, market research, and targeted customer surveys designed to validate host customer non-energy impacts and provide annual stakeholder sessions and reports on its progress. The resulting information will be shared with the Demand Side Management Advisory Group (DSMAG) for discussion to inform the quantification of non-energy impacts in the BCA test.

E1 is not aware of any opposition to the proposed evergreen process.

5. SUMMARY OF EVIDENCE AND HEARING RECORD

Cost-effectiveness testing is not new in Nova Scotia. Section 79H(1) of the *Public Utilities Act* requires that the Board “determine the cost-effective demand-side management that must be undertaken for the purpose of this Act”. Historically, the Board has used the total resource cost test (“TRC Test”) to determine cost-effective DSM.³⁵

In the evidence before the Board on this matter, experts agree that the TRC test is not the appropriate test. The reasons given are varied. Ms. Lane, and Mr. Wyatt (on behalf of the CA) agree with E1 that the TRC test is inappropriate for two reasons. First, it is not a symmetrical test as it accounts for host customer costs, but not their benefits.³⁶ Second, it does not appropriately include considerations of new legislative and policy direction, particularly as regards to sustainable prosperity and sustainable development

³⁴ M12282, E-33, Consensus Agreement, Appendix “A” s f), page 3.

³⁵ M10473, NSUARB Decision, E1 2023-2025 DSM Plan, (Re), 2022 NSUARB 137, September 6, 2022, page 45, para 126; M03669, Efficiency Nova Scotia Corporation 2012 DSM Plan, (Re), 2011 NSUARB 99, June 30, 2011, page 49, para 160.

³⁶ M12282, E-10, Evidence of Francis Wyatt on behalf of the Consumer Advocate, page 3, lines 4 – 6; E-9, Evidence of Courtney Lane, page 17, lines 12 – 15.

1 considerations.³⁷ Mr. Bowman also critiques the TRC test, but for different reasons. He found it “is limited
2 in its ability to singularly inform the Board about essential aspects it must consider (such as whether DSM
3 activities reduce costs for NSPI customers, from a utility perspective).”³⁸

4
5 In this application, E1 is proposing that the TRC test be replaced by the Proposed BCA test.

6
7 EFG, Mr. Wyatt and Ms. Lane agree that the Proposed BCA aligns with both the NSPM and with Nova
8 Scotia’s policy objectives.³⁹

9
10 E1 believes the concerns with the Proposed BCA test raised by intervenors have been addressed in its
11 Application and the subsequent PCA. The concerns raised by the SBA have been addressed by way of the
12 PCA. Ms. Whitten had advanced concerns about the host customer non-energy impacts of amenity,
13 empowerment and pride. The PCA specifically supported assigning a value of zero to these impact
14 categories. In the hearing, Ms. Whitten affirmed her support for the PCA which adopts the Proposed BCA
15 Test, with those three impact categories being set to zero.⁴⁰

16
17 **A.** I’m okay with the Consensus Agreement that accepts the BCA test as proposed by
18 E1, with those being set to a value of zero...

19
20 Similarly, while Ms. Lane had supported the inclusion of societal impacts and host customer non-energy
21 impacts, she advocated for the use of lower proxy values, unless further research was available. In the
22 hearing, Ms. Lane acknowledged that she received further justification of proposed values during the
23 hearing process, stating:⁴¹

³⁷ M12282, E-1, Evidence and Application, Appendix A, Evidence of David Hill, PDF page 60, lines 8–22; E-10, Evidence of Francis Wyatt, page 3, line 6 and page 4, lines 5–7; E-7, Evidence of Courtney Lane, page 17, lines 16–18, & page 9, lines 4–6.

³⁸ M12282, E-14, Evidence of Patrick Bowman, Revised, page 20, lines 5–7.

³⁹ M12282, E-1, E1 Evidence and Application, Appendix A, Evidence of David Hill, PDF page 57 and 60; Francis Wyatt: E-10, Evidence of Francis Wyatt, page 3, lines 12–24 and page 4, lines 1–7; Hearing Transcript, 23 September, 2025, page 496, line 7 – page 499, line 6.

⁴⁰ M12282, Hearing Transcript, 23 September, 2025, page 325, lines 3–5.

⁴¹ *Ibid*, page 500, line 8 – page 501, line 5.

1 **Q.** And in your evidence you still express some concern with the lack of
2 documentation around how the NEB proxies were developed for the proposed Nova
3 Scotia BCA; correct?

4
5 **A.** I did. And today Mr. Neme actually provided some of the justification that I was
6 looking for specifically related to why the weatherization measures had a higher
7 percentage, originally 20 percent, versus some of the other measures, and he linked that
8 to differentiation in value of the quantified values in Massachusetts, and that was the type
9 of qualification I was looking for. I wasn't necessarily asking for a drawn-out model of
10 quantifying these. As I said, proxies are reasonable, but I was looking for some sort of
11 justification on the actual levels and how the levels of those proxies compared against
12 different program types.

13
14 Further, the PCA addresses Ms. Lane's concerns, as it proposes certain lower proxy values than
15 those included in the original Application. As stated by Ms. Lane:⁴²

16
17 **Q.** What, if any, comments do you wish to make regarding the terms of that proposed
18 Partial Consensus Agreement?

19
20 **A.** Only that it reflects some of the recommendations in my evidence related to
21 reducing the proxy adders.

22
23 Mr. Bowman's evidence advocates for the Program Administrator Cost (PAC) as the primary test, at the
24 measure and program level⁴³ for energy efficiency and an alternative methodology, for strategic
25 electrification. E1 asserts that the use of the PAC as the primary cost-effectiveness test, applied at the
26 legislatively mandated portfolio level is not appropriate. Through this matter E1 has reiterated its
27 commitment to continue to provide PAC (and the Proposed BCA) test results as information to the Board
28 at the measure, program component, and program levels, for the Board's consideration in its review of

⁴² *Ibid*, page 492, lines 3 – 8.

⁴³ M12282, E-14, Evidence of Patrick Bowman, Revised, page 20, lines 15 – 16.

E1's DSM Plan applications going forward.⁴⁴ Mr. Bowman himself acknowledged that the PAC test results at the program and measure levels are provided to the Board as part of a DSM Plan application review.⁴⁵

Eastward Energy has expressed its concern with regard to the importance of the 2027-2031 DSM Plan considering hybrid heating measures within strategic electrification, and its wish to join the DSMAG to discuss this matter.⁴⁶ At the hearing, Ms. Thompson confirmed hybrid heating measures are currently being considered by E1 for the 2027-2031 DSM Plan. She also confirmed E1's willingness to engage with Eastward Energy on this matter through directed discussions aimed at ensuring applicable benefits related to natural gas options are appropriately considered in the 2027-2031 DSM Plan.⁴⁷ The PCA and E1's Opening Statement and evidence at the hearing also confirm E1's commitment to stakeholder engagement, particularly by way of a thorough evergreen process.⁴⁸

6. LEGAL ANALYSIS

6.1 INTRODUCTION

It is E1's position that the Proposed BCA satisfies the legislative requirements for cost-effectiveness testing, including new or amended legislative requirements. More specifically, E1 submits that the Proposed BCA test:

- (a) Appropriately reflects the legislative purpose of cost-effectiveness testing, including the requirement to assess cost-effective DSM at the portfolio level;
- (b) Can consider all of the legislated goals of DSM (including strategic electrification); and
- (c) Allows the Board to consider legally-required and general policy direction on sustainable prosperity and sustainable development policies.

⁴⁴ M12282, E-1, E1 Evidence and Application, PDF page 21, line 17 – PDF page 22, line 2; E-4, RIR to IG, E1 (IG) RIR-5(a); page 2 of 3, lines 5 – 6.

⁴⁵ M12282, Hearing Transcript 23 September, 2025, page 370, lines 7 – 9.

⁴⁶ M12282, E-11, Evidence of Eastward Energy, page 2 – 5.

⁴⁷ M12282, Hearing Transcript, 22 September, 2025, Ms. Thompson (E1), page 50, lines 3 – 4.

⁴⁸ M12282, E-33, PCA, Appendix "A" s f); E-29, E1 Opening Statement, page 2; Hearing Transcript, 23 September 2025, page 235, lines 7 – 18.

1 E1 contends that Mr. Bowman’s approach to cost-effectiveness testing does not satisfy the relevant
2 statutory requirements and, as such, is not appropriate for application within Nova Scotia’s legislative
3 framework.

4
5 It is E1’s position that the Proposed BCA test is specifically designed to align with the requirements of the
6 *Public Utilities Act (PUA)*, serving as the primary cost-effectiveness screening mechanism at the portfolio
7 level. This approach ensures that all legislated goals of DSM—including strategic electrification,
8 sustainable prosperity, and sustainable development policies—are appropriately considered in a manner
9 consistent with Nova Scotia’s legislative direction.

10
11 In contrast, Mr. Bowman’s proposed PAC test is not suitable for primary screening under the *PUA*. The PAC
12 test, while useful for examining the costs and benefits from the utility perspective, is too narrow to serve
13 as the main assessment for portfolio-level decision-making. It does not adequately capture broader policy
14 objectives or portfolio-level synergies intended by the legislation.

15
16 E1 recognizes the historic and ongoing value of the PAC test as a tool for more granular analysis of
17 individual DSM programs within an overall DSM plan. E1 has provided this information in the past and
18 remains committed to doing so for detailed consideration and transparency. However, the PAC test should
19 not serve as the primary screen for cost-effectiveness at the portfolio level, where a comprehensive
20 approach, as embodied in the Proposed BCA test, is required to fulfill the legislative mandate of the *PUA*
21 and ensure all policy goals are addressed.

22
23 While the Application, and hearing, dedicated considerable time to comparing cost-effectiveness tests
24 across jurisdictions, these comparisons should not be determinative. As emphasized by NSPM Principle 2,
25 the Board’s primary obligation is to ensure that any Benefit-Cost Analysis (BCA) test is aligned with Nova
26 Scotia’s specific policy goals. The EFG evidence reinforced this principle, noting that the proposed BCA test
27 was developed through a rigorous stakeholder process and tailored to Nova Scotia’s legislative mandates,
28 including the *Energy Reform Act* and the *More Access to Energy Act*. These laws require consideration of
29 sustainable development, GHG reduction, strategic electrification, and societal benefits—elements that
30 are explicitly embedded in the proposed test but were excluded under the previous TRC framework.
31 Ultimately, the Board should be guided by NSPM Principle 2’s directive to prioritize Nova Scotia legislative

policy alignment over alternate jurisdiction examples, ensuring that the Proposed BCA test reflects Nova Scotia's unique energy, environmental, and economic objectives required to be considered under the Board's statutory requirement to "evaluate the proposed cost-effectiveness demand side management at the portfolio level".

6.2 OVERVIEW OF STATUTORY INTERPRETATION APPLICABLE TO THE DESIGN OF THE BCA TEST

In Canada, the modern approach is applied to statutory interpretation, which is set out by Elmer Driedger's definitive formulation, found at page 87 of his *Construction of Statutes* (2nd ed. 1983), as follows:⁴⁹

Today there is only one principle or approach, namely, the words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.

Further, legislation is assumed to have meaning; "the legislator does not speak in vain".⁵⁰ The Nova Scotia Legislature has provided express direction to this effect through its enactment of s. 9 of the *Interpretation Act*,⁵¹ which states in part that "[t]he law shall be considered as always speaking".⁵²

In Nova Scotia, the modern and purposive approach is buttressed by s 9(5) of the *Interpretation Act* which provides:

Every enactment shall be deemed remedial and interpreted to ensure the attainment of its objects by considering among other matters

- (a) the occasion and necessity for the enactment;
- (b) the circumstances existing at the time it was passed;
- (c) the mischief to be remedied;
- (d) the object to be attained;

⁴⁹ A portion of which is cited in *Dow Chemical Canada ULC v Canada*, 2024 SCC 23, para 101.

⁵⁰ *A.G. (Que.) v. Carrières Ste-Thérèse Ltée*, 1985 CanLII 35 (SCC), [1985] 1 SCR 831, para 28; *Bell ExpressVu Ltd. Partnership v. Rex*, 2002 SCC 42, para 37.

⁵¹ *Interpretation Act*, RSNS 1989, c 235.

⁵² Similar reasoning was provided by the Supreme Court in para 37 of *Bell ExpressVu Ltd. Partnership v. Rex*, 2002 SCC 42 with relation to the similar federal legislation.

- (e) the former law, including other enactments upon the same or similar subjects;
- (f) the consequences of a particular interpretation; and
- (g) the history of legislation on the subject.

This approach requires taking the context into consideration when construing the written words of a statute such as the *Public Utilities Act* or the *Energy and Regulatory Boards Act*.

6.3 THE PURPOSE OF COST-EFFECTIVENESS LEGISLATION

6.3.1 E1'S PROPOSED BCA

In addressing this matter, it is appropriate to apply the rules of statutory interpretation and consider the relevant provisions “in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the act, the object of the Act, and the intention of Parliament.” Therefore, it is relevant to examine the overall context of the *Public Utilities Act*. In this context, the Act establishes two requirements for the Board regarding DSM reviews.

By way of background, pursuant to the DSM franchise arrangement under the *Public Utilities Act*, NS Power must undertake cost-effective DSM that is reasonably available in an effort to reduce costs for its customers,⁵³ by entering into a DSM purchase agreement with E1 as the franchise-holder.⁵⁴ The franchise holder (E1) is then required to submit the purchase agreement to the Board for approval.⁵⁵ The Board is responsible for reviewing and approving the DSM plan/purchase agreement application.⁵⁶

It is important to emphasize that, under the *Public Utilities Act*, the requirement for the Board to “evaluate the proposed cost-effective demand-side management at the portfolio level” is a separate and distinct statutory obligation. This portfolio-level evaluation, introduced in section 79H(2), stands apart from the general requirement to determine which cost-effective DSM initiatives must be undertaken for the purposes of the Act. While cost-effectiveness is a key factor for the Board in reviewing and approving DSM applications, the Act clearly distinguishes between the high-level assessment of overall portfolio cost-

⁵³ *Public Utilities Act*, RSNS 1989, c 380, s 79I(1).

⁵⁴ *Ibid*, s 79I(2).

⁵⁵ *Ibid*, s 79L(1).

⁵⁶ *Ibid*, s 79L(1).

effectiveness and the broader review and approval process for specific DSM programs and measures. The portfolio-level evaluation is not to be conflated with other statutory requirements; rather, it requires the Board to consider the aggregate impact of demand-side management initiatives as a whole, ensuring alignment with legislative intent and statutory context.

Cost-effectiveness is one of the considerations for the Board to consider when approving a DSM plan. This determination is distinct from other considerations and should be understood as a complementary, but independent, requirement under the Act.

As noted by the Board in M10473:⁵⁷

[100] Under s. 79H of the *Act*, the Board is required to determine the cost-effective electricity efficiency and conservation activities that must be undertaken for the purpose of the *Act*. Cost-effectiveness is a fundamental consideration for the approval of electricity efficiency and conservation activities, but there are other considerations.

Notably, Mr. Bowman in his oral evidence on cross-examination agreed that cost-effectiveness is a component piece in the DSM plan development.⁵⁸

Considering the entire context of DSM legislation under the *Public Utilities Act*, it is clear that the Board is required to (1) “determine the cost-effective demand-side management that must be undertaken for the purpose of this Act” (s 79H(1)) and, separately, (2) “establish a process for the review and approval of the application” respecting a demand-side management purchase agreement (s. 79L(1)). These are two separate statutory requirements, which are not to be conflated.

⁵⁷ M10437, NSUARB Decision, E1 2023-2025 DSM Plan (Re), 2022 NSUARB 137, September 6, 2022, page 37, para 100.

⁵⁸ M12282, Hearing Transcript, 23 September, 2025, page 366, lines 4 – 7.

1 The first requirement, pursuant to section 79H(2) (being the same section in which the cost-effective DSM
2 determination is set out), is to be applied at the portfolio level. This new subsection, which introduced this
3 language for the first time by way of amendment in 2022,⁵⁹ provides:

4
5 The Energy Board, in evaluating a franchise holder's application pursuant to Section 79L,
6 shall evaluate the proposed cost-effective demand-side management at the portfolio level
7 that would be the aggregate amount of demand-side management programs.
8

9 Section 79H(2) requires an assessment of cost-effectiveness at the portfolio level. The ordinary
10 interpretation of this section, when considered within the context of the DSM provisions of the Act,
11 indicates that the cost-effectiveness test is designed for broad, high-level analysis.
12

13 The DSM review is intended to be at a more comprehensive consideration, where the Board can consider
14 which programs and measures are appropriately included or excluded by using tests and considerations –
15 including, but not limited to, the cost-effectiveness test. Indeed, statute requires E1 to provide any
16 information or evidence required by the Energy Board for its determination of the DSM plan application.
17 Further, the cost-effective assessment laid out in s. 79H(2) is to be a part of “evaluating a franchise holder’s
18 application pursuant to Section 79L”, and reading this in its ordinary sense, it is suggesting that cost
19 effectiveness is not the only part of that evaluation.
20

21 The Proposed BCA, as designed, is suited for application at the portfolio level, intended to adopt a
22 comprehensive analysis to allow the Board to evaluate the proposed cost-effective DSM, by incorporating
23 all relevant statutory and policy factors, as discussed above. The Proposed BCA follows NSPM guidance
24 and is not designed to address matters beyond cost-effectiveness, as the legislative context suggests that
25 such other matters are more suitable for analysis under the general DSM plan approval procedure, as
26 opposed to the very specific cost-effectiveness evaluation requirements of s 79H(2) of the *PUA*.

⁵⁹ Bill No. 228, An Act to Amend Chapter 380 of the Revised Statutes, 1989, the Public Utilities Act, Respecting Efficiency Nova Scotia, Royal Assent, November 9, 2022 [Nova Scotia Legislature - Bill 228 - Public Utilities Act \(amended\) - RA](#); *Public Utilities Act*, RSNS 1989, c 380, as amended, section 79H (2).

6.3.2 THE IG'S PROPOSED APPROACH

The IG's proposed approach differs from the legislated direction and context. Mr. Bowman recommends that "[t]he primary energy efficiency test should be the PAC test, applied at the measure and program levels."⁶⁰ He also advocates the use of a suite of tests:⁶¹

3) Future BCA testing should be based on a balanced consideration of the following tests:

- a. The primary energy efficiency test should be the PAC test, applied at the measure and program levels.
- b. For electrification, the primary PAC test should be applied reflecting added utility revenues as the benefit.
- c. The Proposed E1 BCA test (a societal test) should also be calculated, for information about the broader benefits of proposed DSM activities, programs and plans, to inform the Board about broader considerations, such as Sustainable Development.
- d. Rate impacts, by class, should continue to be reported, at an aggregate level and customer class level, as an input to Board decisions (but a RIM test should not be used as a screening criteria).

The two different approaches to cost-effectiveness and DSM review as between E1 and the IG were well summarized in the conversation between Board Chair McGrath and Mr. Bowman:⁶²

Q: [...] You know, reading the evidence and hearing the testimony over the past couple of days, it seems to me, at any rate, that there's a lot of commonality in the overall approach. EfficiencyOne, through its test, is casting a broad net over, you know, a universe of measures that, you know, may be cost effective and using secondary tests or other factors to remove some of those options as being inappropriate in the circumstances, whereas I see you coming at it from the other perspective where your focus is on a much narrower net that casts a narrower range of options, but also using secondary tests or

⁶⁰ M12282, E-14, Evidence of Patrick Bowman, Revised, page 20, lines 15 – 16.

⁶¹ *Ibid*, lines 14 – 24.

⁶² M12282, Hearing Transcript, 23 September 2025, page 478, line 11 – page 479, line 16.

1 other factors to expand that to things that might be appropriate based on the policy
2 objectives.

3
4 [...] [y]ou're sort of laser focused, the arms and legs of the utility, you're saying the initial
5 policy objective focus should be on the utility to avoid running afoul in the planning or the
6 program design stage, whereas E1 is basically saying we want to – we want to have a test
7 that accounts for a broader range of policy [...] objectives that exist in the jurisdiction.

8
9 So that's what I meant, is the real issue here where the focus is on policy objectives?

10
11 **A:** It could be. [...]

12
13 E1 notes there are several legal issues with the IG's proposed approach, as it does not align with the
14 statutory context of the cost-effectiveness requirement, including the requirement to evaluate cost-
15 effective DSM at the portfolio level.

16
17 Firstly, the IG and Mr. Bowman's position that cost-effectiveness assessment must be carried out at the
18 measure and program levels does not align with the modern approach to statutory interpretation. It
19 ignores the entirety of subsection 79H(2), giving it no meaning, even though in Nova Scotia, "[t]he law
20 shall be considered as always speaking".⁶³

21
22 Mr. Bowman's report is based on the premise that cost-effectiveness can be assessed at the measure and
23 program levels, which E1 submits is an incorrect legal interpretation of the legislative landscape in Nova
24 Scotia. While it is the prerogative of the Board to consider any tests it considers appropriate for the
25 purpose of approving a DSM plan, for the purposes of cost-effectiveness screening, specifically, it should
26 be applied at the portfolio level, as directed by s. 79H(2). Insofar as Mr. Bowman's proposal is based on
27 this incorrect premise, his proposal is insufficient to satisfy the Board's mandate to assess cost-

⁶³ Similar reasoning was provided by the Supreme Court in para 37 of *Bell ExpressVu Ltd. Partnership v. Rex*, 2002 SCC 42 with relation to the similar federal legislation.

effectiveness pursuant to the *Public Utilities Act*. As Mr. Bowman himself stated with regard to his report at the hearing:⁶⁴

So this is less an assertion than it is an input, if you like, as to how I approached the problem. Based on my understanding, the Board is not prohibited from assessing cost-effectiveness at other levels. The rest of the report would follow. If that conclusion is wrong, fair enough. Other parts of the report may not follow.

Second, Mr. Bowman's suite of tests appears to align better with the purposes of reviewing the composition of a DSM Plan, than the purposes of cost-effectiveness analysis. As noted above, section 79H sets out the cost-effectiveness analysis requirement for the Board to consider in DSM applications. This provision only includes two subsections. Separately, in section 79L, the act sets out more specific requirements with respect to the Board's obligation to review DSM plan applications. This section (and not section 79H) includes a requirement that the Board consider whether the DSM plan application be in the best interests of NS Power customers. Section 79M also sets out the Board's ability to set performance targets that can be included in an approval of a DSM plan.

Based on a review of the *Public Utilities Act*, as a whole, then, it appears that the review of a DSM plan application is intended to be more granular and specific, and require greater input of information, than the cost-effectiveness analysis. Indeed, the cost-effectiveness analysis is intended to be a part of the DSM plan review, as per s. 79H(2), suggesting that the DSM plan review is intended to be the larger and more detailed review than the cost-effectiveness analysis. This has been the case in practice.⁶⁵

E1 therefore suggests that it is appropriate to use one test for cost-effectiveness testing (the Proposed BCA test). However, Mr. Bowman proposes PAC as the primary test, but proposes four separate tests for consideration:⁶⁶

3) Future BCA testing should be based on a balanced consideration of the following tests:

⁶⁴ M12282, Hearing Transcript, 23 September, 2025, page 373, lines 10 – 16.

⁶⁵ *Ibid*, page 451, line 9 – page 452, line 12.

⁶⁶ M12282, E-14, Evidence of Patrick Bowman, Revised, page 20, lines 14 – 27.

- a. The primary energy efficiency test should be the PAC test, applied at the measure and program levels.
 - b. For electrification, the primary PAC test should be applied reflecting added utility revenues as the benefit.
 - c. The Proposed E1 BCA test (a societal test) should also be calculated, for information about the broader benefits of proposed DSM activities, programs and plans, to inform the Board about broader considerations, such as Sustainable Development.
 - d. Rate impacts, by class, should continue to be reported, at an aggregate level and customer class level, as an input to Board decisions (but a RIM test should not be used as a screening criteria).
- 4) Using the tests set out in item 4 above, the Board can fulfill the full range of its obligations to consider customer interests (including participants and non-participants) and the broader public interest.

This suite of tests is not only cumbersome, but it actually includes tests (such as rate impacts) which are outside the scope of cost-effectiveness analysis, and fall within the scope of a general DSM plan review. Additionally, Mr. Bowman recommends a primary test for two specific DSM resources only, energy efficiency and strategic electrification, ignoring other DSM resources that may be included in a DSM Plan such as demand response, solar-PV and batteries.

Third, the stated purpose of the IG's proposed test is to achieve goals which do not align with any purpose of a cost-effectiveness assessment apparent from legislation. Mr. Bowman qualifies the PAC test as an "energy efficiency test", suggesting he is focusing on the PAC test to achieve something other than "cost-effectiveness" or "benefit-cost" test. Indeed, in his oral evidence, Mr. Bowman emphasized that the Board can, and should, use the cost-effectiveness test as a tool to signal to E1 its obligations to NS Power customers:⁶⁷

⁶⁷ M12282, Hearing Transcript, 23 September 2025, page 371, line 7 – page 372, line 6; see also page 452, line 1 – page 455, line 6.

1 And I will just say that the issue is that EfficiencyOne will go away from this to do a job and
2 build a DSM Plan and, in doing so, I think the key point that needs to be communicated
3 through the choice of the BCA test is that every day when they arrive at the office, they
4 need to be thinking about "I'm spending ratepayers' money. I'm the only people looking
5 at how conservation can fit into a utility IRP". This jurisdiction needs all the help we can
6 get on the IRP front. We need somebody laser focused on that job, and E1 is the only one
7 who's got the job to do it.

8
9 That's what, to me, the PAC test is going to communicate to them. A BCA test will have a
10 different role, scope for somebody showing up at work in the morning. They'll be thinking
11 about broad societal benefits, and nobody in this province will be thinking about how
12 conservation, front and centre, can fit into an IRP where it's sorely needed.

13
14 Essentially, Mr. Bowman advocates the use of the PAC test not because it is necessarily the optimal cost-
15 effectiveness test, but because it sends a signal and direction to E1. This is an inappropriate use of the
16 cost-effectiveness test.

17
18 In summary, cost-effectiveness testing in the context of a regulator's evaluation of a DSM Plan is intended
19 to provide an objective, statutory assessment of whether the proposed portfolio delivers net benefits
20 according to legislated and policy criteria. Its purpose is to determine if the DSM initiatives, as a whole,
21 are prudent investments for ratepayers and society, ensuring efficient allocation of resources and
22 alignment with legislative mandates. Importantly, cost-effectiveness testing is not designed or intended to
23 serve as a "signal" or behavioural cue to the DSM administrator; rather, it is a rigorous analytical tool for
24 regulatory decision-making, focused exclusively on the economic merits of the DSM portfolio as required
25 by law.

26
27 In addition to clear legislative and procedural "signals" regarding E1's DSM obligations, the Board's
28 authority under Section 79M(1)⁶⁸ of the *Public Utilities Act* is exercised through the establishment of

⁶⁸ "In making an order approving an agreement pursuant to Section 79L, the Energy Board shall establish such performance requirements for the franchise holder as the Energy Board considers appropriate."

1 robust performance metrics. These metrics serve as both a measure and a guide, ensuring that E1 remains
2 consistently focused and properly directed in fulfilling its DSM plan objectives. As a further measure, the
3 Board requires quarterly updates from E1, as noted in the cross examination of Mr. Bowman by Counsel
4 for the Board:⁶⁹

5
6 **Q:** And after the Board gives that approval and E1 is then mandated to go and carry
7 out that plan, you're aware that E1 reports on a quarterly basis to this Board regarding its
8 progress against that plan.

9
10 **A:** I wasn't aware it was quarterly, but I'll accept that.

11
12 The Nova Scotia legislation and Board practice has effective means by which to send signals to E1. Using
13 the cost-effectiveness test for this purpose is unnecessary and ignores the central purpose of the screening
14 requirement to inform resource acquisition decisions by comparing the benefits and costs of demand-side
15 resources (such as DSM programs) against applicable policy objectives⁷⁰ – not to send a signal to E1 to do
16 a job it has already been mandated to do.

17 18 6.4 DSM GOALS (INCLUDING STRATEGIC ELECTRIFICATION)

19 6.4.1 E1'S PROPOSED BCA

20 E1 also submits that its Proposed BCA can address all of the DSM goals, including the expanded legislated
21 mandate of E1 to provide strategic electrification services to NS Power.

22
23 E1 is the franchise holder, granted the exclusive right to supply NS Power with reasonably available, cost-
24 effective DSM pursuant to the *Public Utilities Act*.⁷¹ For the purposes of this act, "DSM" is defined as
25 follows:⁷²

26 "demand-side management" means activities, programs or plans relating to

⁶⁹ M12282, Hearing Transcript, 23 September 2025, page 450, line 16 – page 451, line 3.

⁷⁰ M12282, E-1, E1 Evidence and Application, Appendix A, Attachment 2: National Standard Practice Manual, section 1-3, PDF page 117 – 118.

⁷¹ *Public Utilities Act*, RSNS 1989, c 380, s 79C(2).

⁷² *Public Utilities Act*, RSNS 1989, c 380, s 79A(b).

- (i) the efficient use of electricity,
- (ii) the conservation of electricity,
- (iii) the alteration of the consumption pattern of an end user of electricity that has the effect of reducing demand during Nova Scotia Power Incorporated's periods of highest demand,
- (iv) strategic electrification of energy end uses currently powered by fossil fuels in a manner that reduces overall greenhouse gas emissions and electricity costs,
- (v) the delivery of a reduction in the amount of electrical energy or capacity that Nova Scotia Power Incorporated would otherwise be required to supply to its customers, or
- (vi) any other prescribed activities, plans or programs.

In 2022, the *Public Utilities Act* amendment replaced "electricity efficiency and conservation activities" with "demand-side management" in section 79A(b), and replaced subsection (iv), with the new section outlined above. The amendment thereby added strategic electrification (as described in that subsection) to E1's mandate.⁷³

The Proposed BCA is appropriately structured to evaluate the expanded mandate, and can address cost-effectiveness for strategic electrification. As noted in E-1's Application and Evidence:⁷⁴

As noted above, the November 9, 2022 amendment to the PUA added a definition for demand-side management that included "strategic electrification" that "reduces overall greenhouse gas emissions and electricity costs". This, by necessity, expands the scope of inquiry to include non-utility impacts, which include other fuel impacts. Without being able to measure and quantify other fuel impacts as part of its analysis of the cost-effectiveness of its strategic electrification programs, E1 would not be able to properly carry out its strategic electrification mandate. To perform cost effectiveness testing of

⁷³ M12282, E-1, E1 Evidence and Application, PDF page 23 line 24 – PDF page 24, line 38.

⁷⁴ *Ibid*, PDF page 28, lines 5 – 14.

1 strategic electrification you must include the relevant benefits and costs. In the case of
2 strategic electrification the electric utility impacts become the primary costs and the non-
3 utility impacts (other fuel savings and GHG emissions savings) become the primary
4 benefits. Without their inclusion the testing cannot be conducted appropriately.

5
6 E1's evidence also includes illustrative examples for how the Proposed BCA can be used for electrification
7 scenarios, noting that "for electrification scenarios, the electric utility impacts are costs in the BCA
8 equation, while they are benefits when offsetting electricity use."⁷⁵

9 10 6.4.2 IG'S PROPOSED APPROACH

11 E1 notes that Mr. Bowman's proposed cost-effectiveness test is insufficient to address E1's legislated DSM
12 mandate, in particular its expanded strategic electrification mandate. Mr. Bowman's proposal is to use the
13 PAC test as the "primary energy efficiency test". This test is not able to account for E1's electrification
14 mandate. At the hearing, Mr. Neme noted:

15
16 [U]nder the PAC test no electrification measure will ever screen as cost effective because
17 electrification only adds cost to the grid. There would be no benefit. There would only be
18 cost. [...]

19
20 The law has been changed so that E1 is now obligated to consider strategic electrification
21 in addition to energy efficiency programs, for example. It would be highly problematic to
22 have a test as your primary test that, by definition, rules out the potential for doing one
23 of the things that statute requires you to consider."⁷⁶

24
25 Therefore, PAC contains a "fundamental flaw as a primary test", as noted by Dr. Hill (EFG).⁷⁷ Mr. Bowman
26 himself recognizes an adjustment is required with the PAC test for the purposes of strategic electrification.
27 In his written evidence, he suggests that "[f]or electrification, the primary PAC test should be applied

⁷⁵ *Ibid*, PDF page 46, line 10 – PDF page 48, line 14.

⁷⁶ M12282, Hearing Transcript, 23 September 2025, page 266, lines 7 – 18.

⁷⁷ *Ibid*, page 266, line 2.

reflecting added utility revenues as the benefit”.⁷⁸ He thereby alters the PAC test to be able to meet E1’s needs. E1 submits that this suggests the PAC test is not “an optimal DSM cost-effectiveness testing methodology” for Nova Scotia. Moreover, Mr. Bowman’s proposed test for strategic electrification is not actually a test of cost-effectiveness. Rather it is a test of rate impacts which both Mr. Bowman himself, and the NSPM acknowledge, should not be used for cost-effectiveness screening.

Relying on multiple tests for alternative resources, such as energy efficiency and strategic electrification, introduces unnecessary complexity and is not well aligned with the legislative direction provided to the Board. Nor does Mr. Bowman propose a primary test for DSM resources outside of energy efficiency and strategic electrification. This approach complicates the evaluation process and undermines the objective of establishing a single, primary cost-effectiveness test that can be consistently applied to screen the entire DSM portfolio. It is E1’s position that the Proposed BCA would offer clearer guidance, appropriately support the Board’s mandate, and ensure that all demand-side management activities are assessed consistently, fairly and effectively at the portfolio level, as required by legislation.

6.5 ENERGY REFORM ACT

6.5.1 E1’S PROPOSED BCA

Fourth, E1 submits that its Proposed BCA allows the Board to give appropriate consideration to the extent to which a cost-effectiveness test can support the goals (including sustainability goals) set out by the Legislature – both in this Application, and in all future DSM Plan applications as opposed to the IG’s proposed primary tests for energy efficiency and strategic electrification which do not.

The *Energy Reform Act (2024)* came into effect in 2024, creating the *Energy and Regulatory Boards Act* and the *More Access to Energy Act*, both of which are relevant to Board decisions, including cost-effectiveness analyses. Section 6(2) of the new *Energy and Regulatory Boards Act* states:

6 (2) **In approving** or fixing rates, tolls, charges, tariffs, capital applications
and all other matters over which the Energy Board has authority, the Board
shall give appropriate consideration to the extent to which such rates, tolls,
charges, tariffs, capital applications or **other matters**

⁷⁸ M12282, E-14, Evidence of Patrick Bowman, Revised, page 20, line 17.

- (a) support competition and innovation in the provision of energy resources in the Province;
- (b) support the development of a competitive electricity market;
- (c) ensure the provision of safe, secure, reliable and economical energy supply in the Province;
- (d) support sustainable development and sustainable prosperity; and
- (e) support such other factors as prescribed by the regulations,

with the goal of approving rates, tolls, charges, tariffs, capital applications or other matters that are consistent with the purpose of this Act, the *More Access to Energy Act* and the regulations.

[emphasis added]

Cost-effectiveness testing methodology is a matter over which the Energy Board has authority. Therefore, section 6(2) of the *Energy and Regulatory Boards Act* must be considered in this Application. Further, DSM Plan applications are a matter over which the Board has authority, such that section 6(2) must be considered in all such applications going forward as well. Indeed, Section 79L(5) of the *Public Utilities Act* requires the Board's review of the application consider any matters deemed appropriate by the Board "or as may be prescribed".⁷⁹ Section 6(2) appears to be prescribing matters that must be considered by the Board for DSM applications.

The *More Access to Energy Act* includes the following relevant provisions:

2 The purpose of this Act is to

- (a) increase competition and innovation in the Province's energy sector;
- (b) ensure the provision of a safe, secure, reliable and economical energy supply in the Province;
- (c) ensure a transparent, efficient and coordinated approach to Provincial energy-supply planning;

⁷⁹ *Public Utilities Act*, RSNS 1989, c 380, s 79L(5).

- (d) provide for competitive procurement practices for new energy-system resources;
- (e) support the sustainable development, sustainable prosperity, energy efficiency and greenhouse gas emissions reduction goals of the Province articulated in the *Environmental Goals and Climate Change Reduction Act*; and
- (f) provide for a phased transition of the system operator from Nova Scotia Power Incorporated to an Independent Energy System Operator

3 In this Act, [...]

“sustainable development” has the same meaning as in the *Environment Act*;

“sustainable prosperity” has the same meaning as in the *Environmental Goals and Climate Change Reduction Act*;

In turn, the *Environment Act*, s 3(aw) defines “sustainable development” as:⁸⁰

“sustainable development” means development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs

And the *Environmental Goals and Climate Change Reduction Act*, s 2(l) defines “sustainable prosperity” as:⁸¹

“sustainable prosperity” means prosperity where economic growth, environmental stewardship and social responsibility are integrated and recognized as being interconnected.

⁸⁰ *Environment Act*, SNS 1994-95, c 1, s 3 (aw).

⁸¹ *Environmental Goals and Climate Change Reduction Act*, SNS 2021, c 20, s 2(l).

Building on the provisions outlined above, E1's position is that the legislative framework not only empowers the Board to consider issues of sustainable prosperity and sustainable development, but in fact obliges it to do so as part of its mandate. This requirement is grounded in the explicit language of the governing statutes, which incorporate definitions of "sustainable development" and "sustainable prosperity" that emphasize the integration of economic growth, environmental stewardship, and social responsibility. The *Environment Act* and the *Environmental Goals and Climate Change Reduction Act* make clear that these concepts are not peripheral, but central to the Province's energy and climate policy objectives.

Furthermore, the *Energy and Regulatory Boards Act*, as referenced in section 6(2), articulates a clear expectation for the Board to support sustainable development, prosperity, energy efficiency, and emissions reduction. By mandating competitive procurement and a phased transition to an independent system operator, the legislation signals a forward-looking approach that requires the Board to weigh not only immediate economic impacts, but also long-term societal outcomes. Thus, when considering DSM plan applications or evaluating cost-effectiveness, the Board must explicitly address how proposed measures advance sustainable development and prosperity, ensuring present needs are met without compromising future generations.

This legislative direction is reinforced by the guidance provided under the NSPM and the framework of the Proposed BCA test, which incorporates societal impacts and host customer benefits into its analysis. In essence, the Board is required to consider these broader policy concerns, integrating sustainable prosperity and development into its regulatory determinations as a matter of law and public interest.

6.5.2 IG'S PROPOSED APPROACH

The evidence presented to the Board supports the finding that the Proposed BCA is the test which best addresses these policy concerns.

1 In fact, the IG's expert, Mr. Bowman, indicates that in order to address broader societal concerns (including
2 sustainable development), the BCA Test is required as part of a suite of tests which Mr. Bowman
3 recommends the Board use going forward:⁸²

4
5 3) Future BCA testing should be based on a balanced consideration of the following
6 tests:

7 [...]

8 c. The Proposed E1 BCA test (a societal test) should also be calculated, for
9 information about the broader benefits of proposed DSM activities,
10 programs and plans, to inform the Board about broader considerations,
11 such as Sustainable Development.

12
13 Mr. Bowman's proposal relies singularly on the Proposed BCA to address the matters of sustainable
14 development, sustainable prosperity and GHG reductions. None of the other tests he considers – including
15 his proposed primary PAC test – address these legislative considerations. His failure to address these
16 legislated policy goals within his primary test runs counter to direction from legislation, which requires
17 these matters be considered for cost-effectiveness analyses as established by the NSPM. The guidance
18 from the NSPM, sets out a 5-step process for developing a jurisdiction's primary test, heavily relying on
19 incorporating considerations of the jurisdiction's applicable policy goals related to Distributed Energy
20 Resources (DERs), as is summarized in Table 3-1 of the NSPM:⁸³

⁸² M12282, E-14, Evidence of Patrick Bowman, Revised, page 20, lines 19 – 21.

⁸³ M12282, E-1, E1 Evidence and Application, Appendix A, Table 3-1, PDF page 137.

Table 3-1. Developing a Jurisdiction's Primary Test: A 5-Step Process**STEP 1 Articulate Applicable Policy Goals**

Articulate the jurisdiction's applicable policy goals related to DERs.

STEP 2 Include All Utility System Impacts

Identify and include the full range of utility system impacts in the primary test, and all BCA tests.

STEP 3 Decide Which Non-Utility System Impacts to Include

Identify those non-utility system impacts to include in the primary test based on applicable policy goals identified in Step 1:

- Determine whether to include host customer impacts, low-income impacts, other fuel and water impacts, and/or societal impacts.

STEP 4 Ensure that Benefits and Costs are Properly Addressed

Ensure that the impacts identified in Steps 2 and 3 are properly addressed, where:

- Benefits and costs are treated symmetrically.
- Relevant and material impacts are included, even if hard to quantify.
- Benefits and costs are not double-counted.
- Benefits and costs are treated consistently across DER types.

STEP 5 Establish Comprehensive, Transparent Documentation

Establish comprehensive, transparent documentation and reporting, whereby:

- The process used to determine the primary test is fully documented.
- Reporting requirements and/or use of templates for presenting assumptions and results are developed.

Note: The 5-step process is not necessarily chronological in order and often requires iteration.

Meanwhile, the Proposed BCA as the primary test allows the Board to appropriately consider the effects of societal considerations when it makes a decision regarding DSM plan applications in the future. This is done while remaining within the confines of a cost-effectiveness test. The test itself has been developed with rigorous application of the NSPM's guidance. It only addresses costs and benefits to which economic figures can be applied.

7. REQUESTED BOARD ORDER

Based the evidence and analysis before the Board in this matter, including as set out in this Closing Submission, E1 respectfully requests the Board approve the Proposed BCA as supplemented by the PCA, specifically:

-
- 1 • The Proposed BCA framework as set out in E1's Application to replace the TRC as the Board
 - 2 approved screening test for DSM in Nova Scotia at the portfolio level in accordance with PUA
 - 3 79H(2);
 - 4 • A real discount rate of 2%;
 - 5 • The proxy values as set out in subsection (d) of the PCA are to be applied for the 2027-2031 DSM
 - 6 Plan; and
 - 7 • subsection (f) of the PCA, the evergreen process will be used for all DSM plan applications
 - 8 subsequent to the 2027-2031 DSM Plan.

9

10 The Proposed BCA appropriately and meaningfully responds the Board's direction to E1 to work with the

11 DSMAG in advance of the next DSM Plan to develop an optimal cost effectiveness test for DSM in Nova

12 Scotia. It ensures that there will be comprehensive evaluation of all DSM component benefits and costs

13 utilizing a singular primary test; full compliance with the *Public Utilities Act*; alignment with provincial

14 decarbonization and sustainable prosperity and development goals, and includes a robust evergreening

15 process through a commitment to structured stakeholder engagement of the DSMAG.

16

17 Further, the Proposed BCA, with PCA modifications, is reasonable, evidence-based, and consistent with

18 legislative direction and the public interest.

19

20 Notably, the Proposed BCA enjoys wide support among intervenors and follows the leading practices of

21 benefit cost analysis test development as articulated in the NSPM. It also reflects the outcome of a lengthy

22 and engaged stakeholder process conducted through the DSMAG, further reinforcing its credibility and

23 alignment with best practices.

24

25 E1 therefore respectfully requests that the Board approve the Proposed BCA, as supplemented through

26 PCA as being aligned with existing Nova Scotia legislation and in the best interests of NS Power ratepayers.