BEFORE THE NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF AN APPLICATION BY EFFICIENCYONE for approval of a New Benefit-Cost Analysis Test for Evaluating Demand Side Management Plans - M12282

CLOSING ARGUMENT OF THE SMALL BUSINESS ADVOCATE

EfficiencyOne filed its application for approval of a new Benefit-Cost Analysis (BCA) Test on May 16, 2025 (the "Application")[1], following over a year of extensive discussions and technical sessions with various stakeholders and intervenors. The Small Business Advocate (SBA) was an active participant in those consultations, both as a group with other participants, as well as directly with EfficiencyOne.

Throughout those consultations, the focus was on identifying a new benefit-cost test that addressed changes to the legislative requirements regarding the development of a demand side management (DSM) plan and included appropriate and relevant costs and benefits on both sides of the test. The SBA respectfully submits that a DSM plan should obtain the most benefit for the least amount of money and be as cost effective as possible, with an acknowledgment that important programs that benefit low income residential customers should also be included, despite their potential lack of cost effectiveness.

At Table 6 in the Application, EfficiencyOne sets out the Electric System Impact Categories and whether they were to be included in the new BCA[2]. These represent those costs or benefits that are directly related to the electric system or utility impacts. The SBA does not have any concerns with the Utility System impacts that have been proposed to be included in the new BCA.

The Application subsequently addresses other fuels, host customer impacts and societal impacts, which are grouped together as Non-Utility System impacts[3]. These impacts generated a lot of discussion, as they are, in many cases, new additions from the previous tests used by EfficiencyOne and are not consistently used in all comparable jurisdictions.

In her evidence, Melissa Whitten of Daymark Energy Advisors[4], expressed concerns about the use of proxy values for some non-energy benefits, and the inability to measure or verify some non-

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[1] M12282, Exhibit E-1, EfficiencyOne's application for approval of a New Benefit-Cost Analysis Test for evaluating Demand Side Management (DSM) Plans, (the "Application") (May 15, 2025).

[2] M12282, Exhibit E-1, the Application, Table 6 *Electric System Impact Categories* pages 27- 29 of 38, commencing at line 16.

[3] M12282, Exhibit E-1 , the Application, Table 10 *Impact Categories for BCA Test,* pages34-35 of 38, commencing at line 10.

[4] M12282, Exhibit E-1, E13 Evidence of Melissa Whitten, July 17, 2025, subsection VI. Conclusions and Recommendations, Answer regarding Observations, page 16 of 17, at lines 3-13.

energy benefits. She identified the non-energy benefits of amenity, empowerment and pride as being of the most concern and recommended more work be done to quantify them, with the results of that work being presented to the members of the Demand Side Management Advisory Group (DSMAG)[5]. In the alternative, Ms. Whitten recommended that the value assigned to the unquantified non-energy be made Nil until the other work was completed and approved by the Board[6] and that amenity, empowerment and price be excluded from the proposed new BCA[7].

In response to Information Requests from the Industrial Group[8], Ms. Whitten states that her interpretation of benefits, as referenced in her evidence[9], relates to

> My interpretation of benefits would include maintaining or increasing reliability while being able to avoid the cost of incremental generation or fuel expense, as well as some societal benefits such as quantifiable reductions in emissions, but not societal benefits that cannot be reliably quantified at this time.[10]

Ms. Whitten also provided her position with respect to the approval of non-energy benefits, even once they have been quantified, noting that there is a second question to be considered following quantification, being whether the value of the non-energy benefit is material[11].

Ms. Whitten states that her preference would be the adoption of the PAC test as the primary test, in order to eliminate the need for quantification of the 3 non-energy benefits she expressed concern with, noting that additional cost benefit information would need to be included, including bill impact considerations[12].

The SBA has discussed its concerns about the adoption of unquantified and difficult to quantify non-energy benefits with EfficiencyOne on several occasions. The SBA's concern stems from the fact that ratepayers are required to pay for a DSM plan on the basis that there will be benefits that result from the successful implementation of that plan. While utility benefits are relatively straight forward to understand and accept as a reasonable return on the DSM plan investments, the non-energy benefits take more thoughtful consideration. A balance must be struck between including those benefits that will be broadly beneficial to most if not all ratepayers, not just participants, and not being so broad that anything can be claimed as a benefit.

[5] M12282, Exhibit E-13, Evidence of Melissa Whitten, Page 17 of 17, at lines 1-4.
[6] M12282, Exhibit E-13, Evidence of Melissa Whitten, subsection III. Observations and Recommendations, Recommendation no. 4, Page 9 of 17, at lines 1-3.
[7] M12282, Exhibit E-13, Evidence of Melissa Whitten, subsection V. BCA Framework Proxy Values for Evaluating E1's DSM Plan, Page 15 of 17, at lines 16-21.
[8] M12282, Exhibit E-17, SBA (IG) RIR 1 (a) and 1(a)(i), page 2 of 2, at lines 2-9.
[9] M12282, Exhibit E-13, Evidence of Melissa Whitten, Page 6 of 17
[10] M12282, Exhibit E-17, SBA (IG) RIR 1 (a) and 1(a)(i), page 2 of 2, at lines 4-9.
[11] M12282, Exhibit E-16, SBA (IG) RIR 2(a), page 1 of 2.
[12] M12282, Exhibit E-17, SBA (IG) RIR 2(b), page 2 of 2, at lines 4-9.

In the interest of obtaining access to the measures and benefits that may be available to its customer classes, the SBA agreed to the Consensus Agreement [13]as the reductions in the proxy values for building shell measures, BNI custom measures, and solar and storage, along with the values for amenity, empowerment and price being deemed to be Nil, reasonably addresses its key concerns at this point. In addition, as part of the Consensus Agreement, EfficiencyOne has committed to entering into an Evergreen process, which will involve reviewing the BCA framework and as part of the development of the 2032–2036 DSM Plan. This is an essential part of the Consensus Agreement and the SBA looks forward to working with the DSMAG to address all of the issues that have been raised as part of the BCA consultations, as well as new issues that arise as the new BCA, however it may look once approved, is implemented.

The SBA respectfully submits that the Consensus Agreement addresses the concerns that it has and the issues that Ms. Whitten expressed in her evidence and response to Information Requests. It puts the responsibility on EfficiencyOne to prove that indemnity, pride and empowerment can be quantified and measured and, subsequent to that determination, are sufficiently material.

In the interest of making progress on DSM to the benefit of all customer classes, the SBA recommends adoption of the new BCA Test for the 2027-2031 period as amended by the Consensus Agreement.

Thank you for the opportunity to submit these closing arguments.

Dated at Bedford, Nova Scotia, this 14th day of October, 2025,

Melissa P. MacAdam
Small Business Advocate

[13] M12282, Exhibit E-32, Consensus Agreement.