M12780

NOVA SCOTIA ENERGY BOARD

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

– and –

IN THE MATTER OF: **AN APPLICATION by EFFICIENYONE for approval of the 20272031 Demand-Side Management (DSM) Purchase Agreement between EfficiencyOne and Nova Scotia Power Incorporated, the establishment of a final agreement between the parties, and approval of a 2027-2031 Demand-Side Management (DSM) Resource Plan**

RESPONSE TO INFORMATION REQUESTS

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From: The Consumer Advocate

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Request IR-1:

Reference: Evidence of Green Energy Economics Group page 9, lines 7–8:

“The SFF directs E1 to provide a Preferred Plan that is informed by the level of DSM savings identified in NS Power’s Integrated Resource Plan (“IRP”).”

(a) What section of the Standardized Filing Framework (SFF) is being referenced?

(b) Does the SFF dictate how the IRP is to inform the development of a preferred DSM Resource Plan?

(c) Does the SFF require E1 consider factors in addition to the IRP when developing a DSM Resource Plan?

Response IR-01:

(a) The reference is to Section 4.2.3, “Integrated Resource Plan,” of E1’s Proposed Updated Standardized Filing Framework, filed as Appendix F to the Application (Appendix F, p. 7). That section provides:

> “Integrated resource planning establishes directional information for DSM planning. The Preferred Resource Plan identified in the IRP will inform the development of a preferred DSM Resource Plan by E1, including analysis of alternate scenarios of DSM activity, in accordance with the Framework.”

(b) No. The SFF does not dictate how the IRP is to inform the development of the Preferred Plan. The operative language quoted above states only that the IRP “will inform” Plan development. The provision is directional rather than prescriptive. E1 adopts the same characterization in its response to NSEB IR-37, where it describes the IRP as “a directional input, providing a benchmark for savings within the DSM Plan” (E1 Response to NSEB IR-37, p. 1). While the SFF does not prescribe a mechanism, the IRP savings level should nonetheless be given meaningful weight as the long-term, least-cost benchmark, and that the Preferred Plan gives it too little.

(c) Yes. Section 4.3.1 of the SFF, “Balanced Plan Approach” (Appendix F, pp. 7–8), directs E1 to produce Resource Plans that balance multiple aspects of DSM, including short-term and long-term energy and capacity avoidance, program delivery costs, avoided energy and capacity investments, non-electric and non-energy benefits, diversity of program delivery, business relationships and market presence, access to programs across market sectors and rate classes, and rate impacts. Section 4.3.2 separately requires portfolio-level cost-effectiveness testing. E1 confirms this multi-factor approach in its response to NSEB IR-37, stating that “the IRP is one of several inputs that E1 has considered … in developing the Preferred Plan including affordability, achievability, DSMAG engagement, and the Balanced Plan principles” (E1 Response to NSEB IR-37, p. 1). The Plan must balance these factors. The concern is that the balance struck in the Preferred Plan is not appropriate: it over-weights short-term affordability at the expense of the long-term energy and capacity savings that the IRP identifies and that Section 4.3.1 requires be weighed.

Request IR-02:

Reference: Evidence of Green Energy Economics Group (GEEG), Section VIII, Pre-Weatherization Barriers, page 34, line 9 – page 39, line 20.

(a) GEEG states that referral for pre-weatherization barriers results in "forgoing […] energy savings" (page 34, line 13), but it also states that "measures such as performing asbestos abatement or addressing a leaky roof may not have direct energy savings associated with them" (page 35, line 14–15). Does GEEG therefore agree that referral only results in forgoing energy savings in respect to the pre-weatherization barriers which have energy savings associated with them?

(b) GEEG notes that carving out 10% of the budget for dedicated low-income retrofit program funding to mitigate or eliminate pre-weatherization barriers through performing asbestos abatement or addressing a leaky roof "means that benefits would be $5 M lower, and the dedicated low-income PAC BCR would be 0.8 instead of 0.9" (page 38, lines 9–16). Why is it appropriate to increase ratepayer costs to carry out services that might have no or limited energy savings associated with them?

(c) Would GEEG agree that the pre-weatherization proposal would result in increased unit costs?

Response IR-02:

By way of preliminary note, we understand the quotation "forgoing […] energy savings" to be a reference to page 36, line 13 of the Evidence, not page 34 as stated above.

(a) No, not as the question is framed. A pre-weatherization barrier may prevent multiple energy-saving measures from proceeding. For example, a leaking roof can stop attic ductwork insulation and can prevent attic air sealing and the installation of more effective attic insulation. It is those enabled savings from the attic insulation and airsealing measures to which GEEG refers. GEEG agrees that the barrier-remediation line item itself—for example, repairing the roof—is not a measure in the portfolio with a recordable energy saving. But that investment enables energy savings that would otherwise not occur. Accordingly, referral does not merely forgo the savings of a single deferred measure; it forgoes the full set of measures the remediation would have unlocked.

(b) The premise that the carve-out produces "no or limited energy savings" is not correct. As explained in the response to IR-02(a), remediating a barrier enables the broader package of energy-efficiency measures that the barrier would otherwise block, and it reduces deferrals. This is consistent with current research. In a recent report, the American Council for an Energy-Efficient Economy (ACEEE) found that nearly one in five homes audited for the federal Weatherization Assistance Program is deferred because repairs are needed first, that leaky roofs are the most common cause (about 45% of deferred homes). The report concludes that the median savings (across all barrier mitigation project types) is 539 kWh per home annually. In addition, the carve-out would also deliver the health, habitability, and avoided-medical-cost benefits documented in the Evidence at page 36, lines 1–6.

The increase in investment is very small—an estimated $1.1 million per year on average (Evidence, p. 37, Table 4)—and is expected to yield greater program savings by allowing more low-income participants to complete comprehensive retrofits that would otherwise be turned away. Since there is not detailed data from existing E1 programs that catalog which projects or measures were deferred and why, GEEG was not able to scale the 539 kWh median figure up or down based on local Nova Scotia specific deferral data; therefore, it elected to model the impact to the PAC assuming NO positive impact to savings (Page 38 of the testimony) to present a worst-case scenario. Even in this worst-case scenario, the program is still cost effective at the portfolio level. In reality, as stated above, a pre-weatherization program is likely to unlock considerable savings.

(c) Not necessarily. The carve-out may lower, not raise, unit costs over time. By enabling deeper measures and reducing deferrals, the carve-out allows E1 to acquire more completed savings for a given level of program effort, which helps keep overall savings acquisition costs in line (Evidence age 38, lines 6-8). It is difficult to project what the actual effect will be since GEEG does not have access to the measure and program details that E1 does. It utilized a worst case scenario in the analysis (as discussed in part B), and the effect of the carve-out on cost-effectiveness is minor and does not move the Residential Sector, EE Total, or Portfolio Total PAC BCR in a meaningful way (Evidence, pp. 36–37).