

NOVA SCOTIA ENERGY BOARD**IN THE MATTER OF: *The Public Utilities Act*****IN THE MATTER OF: An Application by EfficiencyOne for approval of the 2027-2031 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****OPENING STATEMENT for the ECOLOGY ACTION CENTRE**

The Ecology Action Centre's vision is of a "vibrant world of respect, belonging and ecological resilience." We are proud to have been a driving force in Efficiency Nova Scotia's origin story, and we steadfastly support its important and significant contribution to greenhouse gas reduction and energy justice via demand-side management strategies.

For those reasons, we strongly support the 5-year DSM plan, and believe its modelling to be in good faith towards those and other objectives, crafted in careful consultation with key stakeholders. However, I want to raise three points of concern with this plan that we feel need careful reconsideration.

1. There is a fundamental flaw to comparing different DSM strategies against one another. What matters most is whether demand-side work is cost-effective relative to the alternative utility supply costs, as well as alternative fuel costs and potential benefits for Nova Scotia consumers. Money not invested in DSM could very well lead to greater expenditures to create more energy supply, which could have been saved via DSM. It is likely that all strategies considered (including energy efficiency, electrification, and demand response) compare favourably to the cost of increased energy (not necessarily electricity) supply. Consider that our province is about to spend considerable funds, likely well in excess of a billion dollars, on two new fossil-fuel peaker plants. How does that compare to diversified DSM work? Could aggressive investment in

efficiency and demand response and strategic electrification not have avoided these costs?

What is better for consumers is energy-efficiency solutions that fit their needs. Sometimes that is solar, sometimes electrification, sometimes insulation, and sometimes demand response. A wider variety of programming options benefits consumers.

These decisions should not be guided by the fiduciary biases of corporations. The benefit of coupling electrification with efficiency is that you can offset costs and make electrification truly strategic, rather than just an energy inefficient revenue driver for the utility.

2. Strategic electrification must be part of Efficiency Nova Scotia's DSM work, and there seems to be some confusion as to whether this is allowed. Yet there is much agreement amongst all those in the energy field that increasing use of electricity to allow for more efficient heating systems (heat pumps being a primary example) while ending the use of inefficient fossil fuel heating saves Nova Scotians money). Synapse argues that strategic electrification should be allowable using a PAC test based on E1's whole portfolio rather than only on that one measure.

My expectation is that we will know whether that is accurate after this hearing. I am concerned that the language in the 2024 Energy Reform Act has prevented Efficiency Nova Scotia from using strategic electrification as a demand-side management strategy. The use of the word "electricity", rather than "energy," regarding cost comparisons determining the effectiveness of Efficiency Nova Scotia's work means strategic electrification fails the Program Administrator Cost (PACT) test. This a major and unnecessary blow to creating an efficient and effective energy system for Nova Scotia.

Efficiency Canada warned of this possibility in a report two years ago, when Senior Policy Director Brendan Haley wrote: "In April 2023, the government changed the legislated definition of DSM to include "strategic electrification of energy end uses currently powered by fossil fuels in a manner that reduces overall greenhouse gas emissions

and **electricity** costs" [in the Public Utilities Act]. The "electricity cost" term leaves some ambiguity over situations where system or customer electricity costs could increase, despite fuel-neutral energy costs decreasing, or concerning the definition of baseline electricity costs from which to reduce costs.

The Ecology Action Centre and other advocates for a clean, green energy system fear that without the strategic electrification tool in Nova Scotia's box, the province will fail to meet its legislated goal of a net-zero energy system.

3. The Ecology Action Centre opposes the cut in EfficiencyOne spending, which takes the form of a flat rate without even an inflationary adjustment. We find the argument that short-term costs for non-participants are too high ... to be shortsighted and too narrow in a province with a 40% rate of energy poverty. That means 2 in 5 households have energy bills exceeding 6% of their after-tax income. In Cape Breton that rate is an astounding 54% of households—more than half.

For those households unable to manage the burden of energy costs, efficiency and other demand-side management measures are the only real long-term solution, the only way to bring down energy costs to a manageable level. This kind of transition work to our buildings is not just an option, it's 100 percent necessary for the people of this province, and it is a more-than-worthy investment of these funds, which amount to a few dollars per bill of non-participants.

Thank you for the opportunity to make this opening statement.

Chris Benjamin
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Ecology Action Centre
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