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NOVA SCOTIA ENERGY BOARD

IN THE MATTER OF: *The Public Utilities Act*, R.S.N.S. 1989, c. 380

-and-

IN THE MATTER OF: EfficiencyOne's 2027-2031 Demand Side Management (DSM) Plan Application

OPENING STATEMENT OF NOVA SCOTIA POWER

July 29, 2026

EfficiencyOne (E1) holds the demand side management (DSM) franchise in Nova Scotia and has the exclusive right to supply Nova Scotia Power (NS Power) with reasonably available, cost-effective demand side management.[1] NS Power must undertake DSM by entering a Purchase Agreement with E1 which is established by the Nova Scotia Energy Board (NSEB, Board) and mandated by the *Public Utilities Act* to extend for a term of five years. NS Power collects DSM costs as a pass through to customers by way of the DSM Cost Recovery Rider. Because those costs are recovered from customers, NS Power's interest in this proceeding is to ensure that the 2027–2031 DSM Plan is affordable, cost-effective, and directed toward the resources that provide the greatest value to customers and to the electricity system overall.

E1 has filed a five-year DSM Resource Plan for 2027-2031 (Preferred Plan) which sets out a proposed total investment of $318 million and commits to the delivery of approximately 435 GWh in energy savings, 85 MW in peak demand savings, and 29 MW of available capacity through demand response. The Preferred Plan also includes a Performance Target for solar-Photovoltaic (PV) generation of 1.7 GWh. This proceeding differs from prior DSM proceedings because it establishes, for the first time, a five-year DSM planning horizon - the outcome of which will shape the allocation of DSM funding during a period where Nova Scotia is undergoing a once-in-a-generation energy transformation to phase out coal-fired electricity and reach 80% renewable energy by 2030.

As the coming years are expected to see increasing electrification, evolving resource adequacy requirements, growing importance of system flexibility, and increased attention to winter peak demand management, it is critical that DSM programming responsively evolve toward the resources most capable of addressing future system needs, particularly given the IESO-NS transition and the accompanying question of what IESO-NS's future role may be in relation to the provision of DSM services in Nova Scotia.

[1] Section 79C, *Public Utilities Act*, RS, c 380, s 1.

The central question before the Board in this proceeding is whether the proposed portfolio is positioned to evolve at a pace that can meet the needs of the system it is intended to support.

NS Power has identified three main areas of concern with the Preferred Plan as proposed: (1) the limited scope for demand response (DR) as a verifiable capacity resource, (2) the lack of commitment to a pathway that enables strategic electrification from 2027-2031, and (3) the appropriateness of including solar PV generation as a DSM resource.

NS Power retained Dr. Sanem Sergici of The Brattle Group (Brattle) to review and assess E1's Preferred Plan. To summarize, Brattle's key recommendations on NS Power's three areas of concern are as follows:

- DR should be treated as a critical dispatchable capacity resource, not just a customer energy efficiency program. E1 should strengthen and expand residential DR programs, particularly smart thermostats and hot water load control, to capture near-term winter peak reductions, while continuing cost-effective Business, Non-Profit, and Institutional (BNI) DR without using it as a substitute for a robust residential strategy. E1 should also update its DR potential assessment to provide a more transparent starting point for its program development and provide annual reporting that includes verified peak reduction, event performance, opt-outs, attrition, device failures, customer compensation, delivery costs, and capacity accreditation.

- That E1 be required to develop a phased Strategic Electrification (SE) pathway with candidate measures that have stronger cost-effectiveness potential and move beyond a research-only approach during the plan period. Furthermore, Brattle recommends that E1 be directed to prioritize measures that reduce or shift peak demand, include managed EV charging as part of transportation electrification, and that E1 recognize that failed modified-PAC results should not be viewed as evidence that SE lacks value.

- Brattle also recommends that E1 remove standalone customer-sited solar PV from DSM funding and avoid embedding standalone solar PV in the DSM portfolio. This is in recognition of the fact that DSM funds can be spent on programming which is more beneficial for the system; solar PV does not provide meaningful winter peak capacity value in Nova Scotia absent storage or dispatchable controls. Moreover, distributed solar PV systems already shift costs to other ratepayers through bypassing embedded costs when they reduce their consumption, and when they get credited the full retail rate for their excess generation through net metering. By including them in DSM funding, they are funded one more time from non-participant ratepayers.

NS Power supports the continued role of DSM in Nova Scotia and recognizes the value E1 has provided as DSM administrator. However, in this plan period, affordability cannot be assessed only by looking at the total portfolio budget. It also requires careful attention to whether DSM dollars are being directed at the resources that provide the greatest value to customers and the electricity system. NS Power respectfully submits that this proceeding presents an important opportunity to ensure that Nova Scotia's DSM portfolio remains aligned with emerging system needs, customer priorities and affordability concerns, and planning realities that Nova Scotia is expected to face through 2031.

NS Power respectfully submits that the Board should consider the recommendations of Brattle, alongside the evidence of other parties, in evaluating whether modifications are required to better align the Preferred Plan with affordability, winter peak demand, system flexibility, and long-term policy objectives. In particular, the Board should consider whether demand response should be developed more deliberately as a verifiable capacity resource, whether strategic electrification should have a practical and accountable pathway rather than remain a research-only activity, and whether standalone solar PV should be funded through DSM in light of double funding/compensation issues and absent evidence of winter peak or dispatchable capacity value. NS Power submits that addressing these issues would strengthen the Preferred Plan while upholding its goals of affordability and customer-focus.

NS Power looks forward to continuing its collaborative work with E1, the DSM Advisory Group, and stakeholders to achieve these shared objectives.

Thank you for the opportunity to share this Opening Statement.

Yours truly,

JPower

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