

NOVA SCOTIA ENERGY BOARD

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

- and -

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 Inc., the establishment of a final agreement between the parties, and approval of a 2027-2031 Demand-Side Management (DSM) Resource Plan.**

**CLOSING SUBMISSION
OF
EASTWARD ENERGY INC.**

September 11, 2026

Eastward Energy Inc. ("Eastward") appreciates the opportunity to provide the following closing submissions in Matter M12780.

Eastward sponsored the testimony of the Posterity Group ("Posterity") in this proceedingⁱ and this closing submission deals principally with the issues noted by Posterity. Those issues were with respect to the design of the Custom New Construction Program (the "Program") and the Custom New Construction Program incentive structure.

In its Opening Statementⁱⁱ Posterity summarized its two concerns as follows:

"As structured, the Program measures electricity savings against a baseline intended to demonstrate building code compliance, rather than a baseline that reflects the heating equipment and fuel choices a customer would reasonably have made in the absence of the Program."

And:

"Incentives are determined using a tiered approach based solely on electrical energy savings, with no direct consideration of peak demand impacts."

Posterity then noted the consequences of each of these two issues:

"As a result, the Program can create incentives for and attribute savings to projects that increase electricity consumption and peak demand relative to what would otherwise have occurred. This is particularly relevant in situations where a participating customer would have selected natural gas or another non-electric fuel source for space heating had Program incentives not been available."

And:

"While hybrid heating systems are eligible under the current Program, the incentive structure does not recognize or reward their ability to reduce peak electricity demand. Consequently, solutions that can help manage system peaks and potentially avoid future electricity system investments receive little recognition."

Posterity concluded by noting that in their view *"a Program design that more fully reflects both customer decision-making and system-level impacts would better align incentives with outcomes that support reliability and reduce system costs over time."*

Agreement Between E1 and Eastward

Following the filing of the Posterity evidence, EfficiencyOne ("E1") and Eastward were able to reach an agreement on how to address the concerns expressed by Posterity. This agreement was filed in the proceeding by E1 as Exhibit E-54 (the "Agreement"), and confirmed by Eastward in correspondence to the Nova Scotia Energy Board ("the Board") dated July 31, 2026.

Clause 1 of the Agreement provides that, *"In recognition of the potential value of hybrid heating, EfficiencyOne (E1) and Eastward Energy agree to work together to review the Custom New Construction program related to hybrid heating measures in new construction Multi-Unit*

Residential Buildings (“MURBs”) in areas where natural gas is available, including the value of hybrid heating systems in reducing or avoiding increases in peak electricity demand.”

The Agreement then goes on to provide: 1) provisions to guide the development of the scope of a study to be conducted to explore *“the new construction market for MURBs in Nova Scotia, including fuel and heating equipment decision-making of developers”* (the “Study”), 2) the carrying out of such Study, and 3) subject to the results of the Study the conduct of a pilot program (the “Pilot”).

The parties have also agreed that *“Following review and evaluation of the Study/Pilot, E1 and Eastward Energy will collaboratively incorporate results into E1’s mid-term check in process.”*

Further, the Agreement provides that if the parties cannot reach agreement regarding the implementation of the Study/Pilot or the scope of work for the Study/Pilot, each party has the right to refer the matter to the Board for final determination.

Eastward submits that the Agreement is an appropriate collaborative approach to addressing the issues raised by Posterity on behalf of Eastward, and requests approval of the Agreement as part of the Board’s decision in this matter.

Study Scope Including DSM Measure Baseline

Certain aspects of the Agreement were discussed during the oral hearing phase of the proceeding. Eastward notes the following discussion and clarifications confirming that the intended focus of the Study includes both the determination of an appropriate DSM measure baseline, and the potential of hybrid heating systems to contribute to peak mitigation and conservation goals:

Member Murphy asked E1 if the Study was intended to *“address Posterity’s recommendation related to establishing appropriate DSM measure baseline or reference building for energy modelling purposes?”*ⁱⁱⁱ While Mr. Pereira indicated at first instance that he did not believe that would be part of the scope^{iv}, he later clarified during cross-examination by counsel for Eastward that, *“We’re very open to new evidence on baseline, but also very open to how hybrid heating can contribute to peak mitigation as well as conservation goals within the DSM portfolio, specific through the new construction programs”*.^v

Member Murphy then sought clarity on these responses, and Mr. Pereira confirmed that E1 would anticipate that the issue of an appropriate DSM measure baseline *“would be a consideration given that Eastward Energy has brought this up to us”*.^{vi} Eastward confirms that is similarly its position, that the Agreement intends for the parties to address the issue of establishing an appropriate DSM measure baseline for energy modelling purposes.

Also in response to Mr. Murphy, Mr. Pereira confirmed that although the Study was not yet scoped, the focus of the Study *“is on the potential of hybrid heating systems as it might pertain to all DSM resources, so energy efficiency, demand response and strategic electrification”*.^{vii}

Responsibility of Costs for the Study and Potential Pilot

During cross-examination of the E1 Panel, Board counsel made reference to clause six of the Agreement which provides that E1 will be solely responsible for the costs associated with any third-party consultant engaged to conduct the Study or costs associated with the potential Pilot.^{viii}

Mr. Pereira noted his assumption that Eastward would bear the cost of their own representatives who interact in this project,^{ix} and Eastward confirms that position. He also noted that it was E1's intention to use funding approved as part of this process within the innovation framework to cover E1's costs, stating that E1 *"have highlighted hybrid heating in a few areas, so we see this study very much aligned with the Preferred Plan that we did put forward"*.^x He concluded that although the Study scope has not been defined yet, since the *"focus would be solely on the value to DSM and to long-term ratepayers"* this was the reason why E1 would bear the costs identified in the Agreement.^{xi}

In response to questioning from the Small Business Advocate, Mr. Pereira noted that depending on the ultimate scope the budget to cover the identified costs would fall in the *"innovation budget within enabling strategies, as well as evaluation and regulatory"*.^{xii} This was confirmed by Ms. Thompson in response to questioning by counsel for Nova Scotia Power.^{xiii}

Strategic Electrification

The Chair raised the issue of how E1 would intend to address strategic electrification if the Board determined that it could be addressed at the portfolio level rather than the measure level.^{xiv} Ms. McDonald noted that if that was the case E1 would have *"to consider any other direction provided in the decision around total investment or specific targets around strategic electrification and take that away to consider what would be appropriate in terms of developing that in a compliance filing"*.^{xv} In that regard Ms. Thompson confirmed that E1 would be *"open to discussing which strategic electrification program should be added with the DSMAG before the compliance filing"*.^{xvi}

Although Eastward supports such discussion with the DSMAG if the Board were to find strategic electrification could be addressed at the portfolio level, Eastward is unsure whether the Board has the legislative authority to make such a finding. Section 79A(b)(iv) of the *Public Utilities Act* specifically provides that *"demand-side management"* means activities, programs or plans relating to strategic electrification of energy end uses currently powered by fossil fuels in a manner that reduces overall greenhouse gas emissions and electricity costs". Thus, it appears that strategic electrification measures cannot be found to be demand-side management programs unless they both reduce overall greenhouse gases and electricity costs. Accordingly, unless such measures were to both reduce greenhouse gas emissions and reduce electricity costs pursuant to the Board approved modified-PAC cost-effectiveness test, they would not appear to be eligible as demand-side management measures, even if their inclusion did not lead to a negative portfolio level outcome.

Conclusion

In conclusion, as noted above, Eastward submits that the Agreement is an appropriate collaborative approach to addressing the issues raised by Posterity on behalf of Eastward, and requests approval of the Agreement as part of the Board's decision in this matter.

ⁱ Exhibit E-20.

ⁱⁱ Exhibit E-44.

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- iii Transcript page 501, lines 14-17.
 - iv Ibid. Lines 18-19.
 - v Transcript page 714, lines 6-14
 - vi Transcript page 725 lines 2-4.
 - vii Transcript page 499, line 19 to page 500, line 4.
 - viii Transcript page 431, lines 2-9.
 - ix Transcript page 432, lines 1-5.
 - x Transcript page 432, lines 9-16.
 - xi Transcript page 433, lines 1-4.
 - xii Transcript page 192, lines 16-20.
 - xiii Transcript page 331, lines 12-19.
 - xiv Transcript page 700, lines 6-9.
 - xv Transcript page 700, line 15 to page 701, line 2.
 - xvi Transcript page 715, lines 13-19.