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Delivered by Email

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Dear Ms. Henwood:

Re: M12780 – E1 – 2027-2031 Demand Side Management (DSM) Plan Application

These Closing Submissions are filed on behalf of the Industrial Group (“IG”).

EfficiencyOne (“E1”) has applied to the Board for approval of the first five-year Demand Side Management Plan and the accompanying Supply Agreement with NSPI for the years 2027-2031. E1 has put forward a preferred DSM Plan which holds annual DSM investment flat at the 2026 approved level of \$63.75 million for each year of the Plan period, for a total investment of \$318.75 million (the “**Preferred Plan**”). This plan will result in substantial benefits for customers, estimated at 435.4 GWh of incremental cumulative net energy savings.

Overall, the IG supports approval of the Preferred Plan subject to the revisions set out in Schedule “A” to E1’s Opening Statement, the pre-hearing settlement agreements with the IG and the Consumer Advocate confirming further necessary studies, along with the additional revisions and stakeholder engagement recommended below. The IG endorses E1’s commitment to preserving customer affordability over the next five years, particularly given that this period will inevitably bring increased rate pressures for Nova Scotians as decarbonization initiatives advance and the Province transitions to a fundamentally different energy landscape.

The IG offers comments and recommendations with respect to:

1. E1’s proposed cap on the overall portfolio investment amount as a reasonable balance of cost-effectiveness, achievability, affordability and customer interests;
2. The evidence supports the proposed overall Energy Efficiency (“EE”) Plan spending, rather than an IRP-aligned savings target requiring significantly increased investments;
3. E1’s approach to Demand Response is measured, and the Smart Synergy participation study agreed to between E1 and the IG addresses the concerns raised in evidence;
4. The Annual Adjustment process, as refined in E1’s Schedule “A”, is much improved from the previously unbalanced approach, but still requires an additional mechanism for addressing unresolved stakeholder disagreement;

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5. Further DSM Advisory Group (“DSMAG”) engagement is required to define the proposed Mid-Term Check-In process, including triggers for review and outcomes arising from the process;
6. The proposed approach to further study Strategic Electrification (“SE”) under the Enabling Strategies spending envelope, is reasonable and in the best interest of ratepayers given the programs are not yet cost-effective under the modified PAC test; and
7. The agreed upon incentive level research study, as between E1 and the CA, is beneficial to all ratepayers, and should be scoped with input from all DSMAG members.

The absence of submissions on any particular program, measure or issue should not be interpreted by E1 or the Board as support.

1. OVERALL PORTFOLIO INVESTMENT AMOUNT

The IG submits that maintaining annual DSM investment at \$63.75 million for each year of the 2027-2031 DSM Plan period, for a total of \$318.75 million, is a reasonable, evidence-based approach to energy efficiency and demand response program planning. That level of investment appropriately balances the long-term benefits of DSM with the immediate rate impacts borne by customers.

The issue before the Board is not whether E1 may consider affordability or short-term rate impacts when formulating a DSM Plan; it can. The real dispute is the weight to be given to those considerations relative to longer-term system benefits provided by these types of programs. E1 has placed meaningful weight on significant near-term customer impacts with increased investment levels, while some customer representatives and/or consultants would give greater priority to long-term impacts. In the IG’s submission, the Board should assess that judgment call with reference to the governing legislation, the Board’s DSM jurisprudence, the evolution of multi-year DSM planning, and the context of the energy landscape in Nova Scotia.

Historical Context for DSM Planning

The Board’s prior DSM decisions provide important context for the current application in evaluating the importance of short-term impacts and the alignment with IRP targets. When the multi-year DSM provisions were introduced into the *Public Utilities Act* in 2014, the Board was directed to consider several factors in determining the amount of DSM to be undertaken. That legislative framework required the Board to look beyond exclusively least-cost resource acquisition and to consider customer impacts, and specifically, affordability.

In its 2015 decision approving the 2016-2018 DSM Plan,¹ the Board confirmed that affordability has always been relevant to DSM-related regulatory decisions, even before it was codified in the legislation.² At the same time, the Board emphasized that short-term affordability could not displace the overarching objective of acting in the best interests of NSPI customers. The Board reasoned as follows:

¹ *EfficiencyOne (Re)*, [2015 NSUARB 204](#).

² *Ibid*, Para 77.

[82] The Board finds that the inclusion of Section 79L(9) of the PUA directs the Board to take into account an increased focus on short term rate impacts. Having said that, the Board notes that there will be a review of the DSM program every three years. There will always be rate pressures to be taken into account in both determining rates and in determining the DSM program. A focus exclusively on short term affordability means that the Board would never get to consider long term costs. That would be to the detriment of ratepayers. The Board does not believe that ratepayers are well-served, or that it is in their best interests to focus only on short term costs and thereby deny customers the real long term cost savings that are possible from a balanced and properly implemented DSM program. Accordingly, while the Board finds that there has been a change in focus mandated by the Legislature, and an increased emphasis on short term rate impacts, the overarching consideration continues to be "the best interests of Nova Scotia Power Incorporated's customers" as stated in Section 79L(8) of the PUA.

The Board also noted that the proposed DSM spending was lower than spending in each of the previous four years and significantly below the level recommended in the 2014 IRP.³ That, on its own, was not reason to reject the plan or mandate increased spending. The Board looked to other factors impacting customers.

The Board's affordability analysis at that point in time looked beyond DSM spending in isolation, to whether a rate increase would be required at all, given all of NSPI's cost drivers. Where DSM costs were embedded in rates at that time, the context slightly differed, but that contextual approach remains important. In that decision the Board rejected NSPI's framing that affordability turned only on the difference between NSPI's total costs and the room in rates that could absorb DSM without a rate increase, holding instead that "it is all of NSPI's costs which will determine whether a rate increase is required, and not just DSM costs."⁴ It identified other cost drivers bearing on rates independent of DSM, including an anticipated fuel cost reset (driven largely by the COMFIT program), continuing under-recovery under the Fuel Adjustment Mechanism, and the start of amortization of the 2015 DSM program and weighed these against offsetting factors such as the end of NSPI's fixed-cost recovery mechanism, the 2014 DSM surplus, and DSM-related fuel savings.⁵

In that 2015 Decision, the Board reviewed the plan primarily through the lens of cost-effectiveness and best interest of ratepayers, and completed a separate, statutory check of the prescribed requirement for affordability. The Board had, and continues to have, broad discretion in evaluating what is in the best interest of all ratepayers.

The same balancing exercise carried forward into the review of the 2020-2022 DSM Plan, in the Board's 2019 decision.⁶ At that time, E1's preferred plan represented a significant increase in annual spending. E1 explained that the increase reflected the rising cost of efficiency programming: the low-hanging fruit had largely been captured, and more cost-intensive

³ Ibid, Para 72.

⁴ Ibid, Para 84.

⁵ Ibid, Paras 84-85.

⁶ *EfficiencyOne (E1) (Re)*, [2019 NSUARB 105](#).

programming was required to achieve the proposed targets. This appears to be a continuing issue into the current Plan. The investment level was later reduced by agreement. As in that proceeding, the Board considered E1's proposed spending alongside submissions from intervenors seeking higher spending levels:

[30] The Board notes these concerns as well as those of the individuals and groups who support a higher level of spending. The issues they raise are important, and E1 and NS Power need to be mindful of them. The Board agrees DSM should be considered against the background of the most recent IRP. However, as an IRP process is currently underway, the Board notes that a new IRP will be in place by the time the next DSM plan is filed. The Board expects such a plan will be informed by that IRP.

It is notable that the Board took guidance from the previous IRP completed, but it was not determinative on the investment level for DSM planning. In that process, the preferred plan put forward by E1 was aligned with the IRP, however, the plan approved was based on an agreement reached with some of the intervenors that would have reduced the investment level, based on the accumulated underspend and the previous year's spending levels. Regardless that the reduced investment level was not aligned with the IRP, the Board reviewed a number of factors, and determined it was still within the best interest of NSPI customers and was affordable.

The more recent 2023-2025 DSM Plan proceeding, decided in 2022,⁷ followed the 2020 IRP more closely and involved a significant spending increase—approximately 57% above the previous plan. No party opposed the overall programming spend. In that decision, the Board recognized cost-effectiveness as a fundamental consideration for approving electricity efficiency and conservation activities (the language in the legislation at that time), while also confirming that the Board's statutory discretion remained broad enough to consider other relevant matters.⁸ The CA's consultant at the time, also Mr. Love, identified affordability as including customers' ability to access DSM programming and barriers to participation as one such matter meriting consideration.⁹

In approving the 2023-2025 plan, the Board again applied the statutory "best-interests" and "affordability" framework (along with considering the agreement reached with members of the DSMAG), while also factoring in access to DSM programming and the achievability of E1's targets:

[43] As set out in s. 79L (8) and (9) of the Act, to approve a DSM supply agreement, the Board must be satisfied that the proposed plan is in the best interests of NS Power customers, taking into account affordability, as well as any other matters the Board considers appropriate. The Board is satisfied that the budgeted spending and savings targets are in the best interests of NS Power's customers and are affordable. The Board agrees that increased spending on programs that focus on low income and Mi'kmaw communities is an important step in providing underserved communities with access to DSM programs. Further, the Board finds

⁷ *EfficiencyOne (E1) (Re)*, [2022 NSUARB 137](#).

⁸ *Ibid*, Para 110.

⁹ *Ibid*, Para 104.

that, given the history of E1 's targets, the plan is achievable. Therefore, the Board approves the spending levels contained in the Settlement Plan.

Later in 2022, Bill 228 amended the DSM provisions of the *Public Utilities Act*. The amendment replaced the prior statutory wording with a clearer requirement that “the Board shall determine the cost-effective demand-side management that must be undertaken” and directed the Board to assess cost-effectiveness at the portfolio level. The change sharpened the focus on cost-effective DSM, but it did not make short-term customer impacts irrelevant, nor did it change the fundamental nature of evaluating DSM Plans or discretion afforded to the Board.

Under the *PUA*, the Board is required to approve the Supply Agreement between E1 and NSPI before the proposed DSM activities may be funded and delivered. Subsection 79L(4) requires that the Board approve an agreement that is in the best interest of NSPI customers and leaves the discretion to consider “any other matters considered appropriate to the Energy Board”. Subsection 79L(5) repeats that the Board may consider any matter deemed appropriate by the Energy Board.¹⁰ The current proceeding is the first multi-year DSM Plan evaluated under the newly described framework in the *PUA*.

In the 2025 Benefit-Cost Analysis (“**BCA**”) decision,¹¹ the Board considered these DSM amendments alongside the broader overhaul of energy regulation in Nova Scotia enacted in 2024, including the introduction of the *More Access to Energy Act* and *Energy and Regulatory Boards Act*. The Board confirmed that the legislation requires DSM to reduce electricity costs for customers, and that this purpose informs the Board’s assessment of cost-effectiveness. The Board stated:

*The Board must therefore assess the cost-effectiveness of a proposed demand-side management plan from the perspective of whether it increases or decreases electricity costs. As such, the focus is on utility costs.*¹²

While the focus in that BCA decision was on what the appropriate cost-effectiveness test should be, the underlying framework analyzed is relevant to the current application. The purpose of DSM programming is, at its core, intended to reduce electricity costs, and must be cost-effective.¹³ Nonetheless, the Board may only approve a DSM Plan upon review of all matters considered relevant to assessing the best interest of NSPI customers.

Following the BCA decision, the Board subsequently approved the 2026 DSM Plan extension, which included the legislatively approved spending threshold.¹⁴

Considering this history together, it is clear that regardless of the specific language used in the governing *PUA*, the overriding framework requires the Board to assess DSM spending through

¹⁰ While that statutory approval pertains to the Supply Agreement, the DSM Plan forms the substantive basis of that agreement, and must still be within the best interest of ratepayers.

¹¹ *EfficiencyOne (Re)*, [2025 NSEB 18](#).

¹² *Ibid*, Para 142.

¹³ *Ibid*, Paras 69, 128, and 131.

¹⁴ *Efficiencyone (Re)*, [2025 NSEB 21](#).

the lens of cost-effectiveness and the best interests of customers, while remaining attentive to affordability, electricity costs, and the practical achievability of the proposed plan. Rate impacts and overall electricity costs are unquestionably a valid and critical element of the analysis, with the very purpose of DSM having been identified as reducing electricity costs for all customers.

Application of Jurisprudence to Proposed Portfolio Spending

In the current application, E1 has balanced the short-term and long-term impacts of DSM programming within the context of current energy challenges and has prioritized near-term affordability for all NSPI customers by capping annual spending.

No consultant has taken the position that the Preferred Plan targets are unreasonable.¹⁵ The overarching question being suggested by Mr. Love is whether E1 should seek higher investment amounts to more closely align the Plan with the IRP-identified savings. The IG submits it should not, and instead, the Board should accept the reasoned decision made by E1 to achieve the targeted savings outlined in the Preferred Plan.

The standard identified by Mr. Love during the hearing, and what inevitably underpins his recommended IRP aligned investment, is what is the best or optimal savings target for the DSM Plan.¹⁶ However, that is not the test to be applied by the Board. The best interests of NSPI customers not necessarily the best possible long-term savings for customers. E1 consultant, Apex Analytics, identified that reasonable DSM planning targets load savings between 0.8-1%.¹⁷ Mr. Love, during cross examination confirmed that this range identified was not unreasonable and that the Preferred Plan's targeted savings fall within that reasonable range on an average basis.¹⁸ Mr. Love's recommended DSM Plan investment have an increasing the targeted savings to that identified in the IRP, 683 GWh cumulative savings, which would represent a 1.2% load savings.¹⁹ This falls above the reasonable range identified by Apex Analytics.

At the hearing, the Chair put to E1 that the decision to hold the budget flat "seems to be a highly subjective decision."²⁰ Ms. Thompson, on behalf of E1, agreed it was a judgment call, but explained that it was informed by DSMAG input, Round 2 modelling, and stakeholder views that differed as to whether spending should be higher or lower. E1 confirmed there was no consensus among DSMAG participants and E1 chose to keep spending consistent with the 2026 approved budget after balancing the long-term benefits identified in the IRP against the short-term rate implications during the Plan period.²¹ That judgment is supportable on the current record.

The Preferred Plan still delivers approximately \$680 million in long-term benefits, while prioritizing near-term affordability in light of present economic conditions and the broader energy-transition

¹⁵ Mr. Love confirmed that the Apex Analytics' identified load savings target range between 0.8-1% was not unreasonable and that the Preferred Plan's targets savings fall within that range on an average basis. Transcript, August 6, 2026, pages 771-773.

¹⁶ Transcript, August 6, 2026, pages 772-773.

¹⁷ E-12, E1 (NSEB) RIR-8, Attachment 1.

¹⁸ Transcript, August 6, 2026, pages 773-774.

¹⁹ Transcript, August 6, 2026, page 774.

²⁰ Transcript, August 5, 2026, page 534.

²¹ Transcript, August 5, 2026, pages 531-532, 534-535.

cost pressures facing Nova Scotia customers. This is precisely the type of planning judgment the Board should expect E1, as franchise holder, to make.

The experts broadly agree that short-term impacts should be considered; their disagreement is with the weight to assign to those impacts. Mr. Love's evidence is not that the Preferred Plan is unreasonable or not cost-effective, but that an increased, IRP-aligned investment level targeting 683 GWh savings would deliver greater long-term net benefits. That may be so, but the incremental benefits are not costless: they require higher front-end investment during the same five-year period in which customers will face other significant Path to 2030 cost pressures that cannot be otherwise avoided through these higher DSM investments.

Mr. Love confirmed that the IRP-aligned scenario would increase non-participant bills, on average during the Plan period, by between 1.17% to 3.09%, depending on customer class.²² While Mr. Love has subsequently updated these average bill impacts in response to an undertaking, he is unable to provide annual bill impacts for each year of the Plan period at the 100% allocation factor.²³ Although the revised averages appear directionally lower, they do not include all relevant information (due to data available) and they do not alter the fundamental affordability concern. For many customers, annual bill increases in the range of 1% to 2% may not be affordable. These impacts are incurred year after year throughout the Plan period not as a one-time increase over the five-year term.²⁴ As a result, customers would continue to face higher bills in each year of the Plan relative to the Preferred Plan scenario. By 2031, the difference may be cumulatively 8% higher than under the Preferred Plan.

These bill increases are particularly concerning for large consumers, such as the Medium Industrial and Large Industrial customers. As Mr. Love agreed, the actual financial impact depends on how much electricity a customer uses.²⁵ Large users will have proportionally higher bill amounts.

Of additional significance to the IG, is the recognition that capping overall spending at the 2026 approved amount does not mean there will be no rate increases for individual customer groups. The Preferred Plan proposes to shift spending toward BNI programming, which increases expenses borne by classes such as Medium Industrial and Large Industrial customers. In response to IG IR 9, E1 provided a table that disaggregates the anticipated DCRR by year into its component impacts, by customer class, which confirms the decreased investment and price per kWh for residential customers as between 2026 and 2027, and notable increases for both the LI and MI customer classes.²⁶ E1's evidence confirms that LI customers will see the highest rate impacts, at 6.26% in 2027 and 6.02% in 2028 under the Preferred Plan.²⁷ Although this analysis compares the Preferred Plan against the counterfactual of no DSM, the RBIA results confirm a

²² E-21-(ii), Exhibit TML-2.

²³ See: E-64, Undertaking Responses CA, U-11, 13, and 15.

²⁴ Transcript, August 6, 2026 pages 814-815.

²⁵ Transcript, August 6, 2026, pages 745-746.

²⁶ E-9(i), IG IR 9, Attachment 1.

²⁷ E-9, E1 (IG) RIR -24 (a).

shift in investment toward BNI programming, resulting in relatively greater costs being borne by LI and MI customers.

Affordability impacts all rate classes. The IG submits that the Board must consider the best interests of *all* customers—industrial and residential alike—when assessing the reasonableness of the Preferred Plan. The proposed spend of \$318.75 million over the five-year Plan period is significant, and so are the benefits it is expected to produce. On this record there is insufficient evidence to conclude that an additional \$177 million to \$195 million of DSM investment to reach IRP-level targets is either achievable by E1 or would produce acceptable rate impacts for each customer group during the five-year period.²⁸

In the context of affordability, the Board should also consider the cumulative rate pressures customers are facing during the Plan period, not simply the rate impacts of the DSM Plan in isolation. Nova Scotians are already experiencing significant rate pressure arising from recent GRA outcomes, the anticipated FAM balance of more than \$140 million, the transition away from thermal assets to achieve decarbonization goals, anticipated rate impacts associated with the introduction of the IESO-NS, and cost recovery associated with the WTI Reliability Tie. Those pressures form the practical affordability context in which the Preferred Plan should be assessed.

While increased DSM investment may generate additional long-term savings, that does not answer the near-term affordability concern created by higher rates and bills during the Plan period. Capping DSM spending at the 2026 approved level, while still delivering significant benefits directionally aligned with the IRP, is a reasonable and measured response to that trade-off. It is therefore respectfully submitted that the Board should approve E1's approach to cap annual DSM Plan spending at the 2026 approved amount and assess each element of the Plan on its merits through the lens of cost-effectiveness, achievability, affordability and customer interests.

2. EE PLAN LEVEL AND RATE IMPACTS

The IG supports the overall proposed EE Plan level as reasonable. The main concern of the IG is the evidence of Mr. Love recommending that the EE level of investment be increased to the IRP level, as outlined in the Round 2 modelling provided on the record as Synapse IR-2, Attachment 2, Appendix K (the IRP Scenario RBIA).²⁹

Mr. Love recommends the DSM Plan investment be increased to the IRP-aligned scenario, with the IRP planning target being treated as a minimum, which he indicated initially would result in an incremental cost of \$145.25M or \$29M per year.³⁰ Despite this notable increase in expenses, which based on Mr. Love's clarification provided in response to Undertaking U-13 would more accurately fall between \$177M and \$195M,³¹ Mr. Love has not analyzed or provided recommendations on how this increased investment should be allocated between customer

²⁸ These values were confirmed in Mr. Love's response to Undertaking U-13, for the amount required for just IRP level EE and full IRP level Plan targets: E-64, Responses to Undertakings.

²⁹ E-16(i), Synapse IR-2, Attachment 2, Appendix K.

³⁰ E-21, Evidence of CA, page 16 and 23.

³¹ E-64, Response to Undertaking U-13. To be fully IRP aligned, would require an incremental increase of \$195 million.

classes, or programming.³² He did confirm that this would increase non-participant bills by 1.17% to 3.09% across rate classes within the 2027–2031 plan years,³³ (since updated to 0.84%-2.78%)³⁴ and for Medium and Large Industrial customers in particular, this means increases of 5.83 and 14.13 percentage points cumulative over the five year period, respectively.³⁵ This is significant, and difficult to categorize as an “affordable” increase differential.

The Preferred Plan remains aligned with the directional targets of the IRP, albeit at a lower targeted savings level than projected in prior years; however, this is not a new phenomenon for DSM plans. During the hearing, the Chair reviewed the historical record with E1 (as more completely summarized above) and confirmed that, of the DSM plans filed between 2016 and the current five-year plan ending in 2031, approximately half were, by design, not aligned with the applicable IRP savings target.³⁶ E1 agreed with that characterization, and confirmed its consistent understanding, drawn from past Board decisions, that its responsibility is to balance short-term affordability against the long-term benefits identified by the IRP. The IRP has, in practice, operated as a guide for DSM planning, not a binding or minimum requirement. The Preferred Plan's approach is consistent with that established practice.

To the extent circumstances warrant a correction to the EE investment level during the Plan term, the proposed Mid-Term process allows for that adjustment to be made, without requiring the Board to mandate a higher investment level today based on projections that are themselves subject to revision once the IESO-NS completes its inaugural IRP.

3. DR PLAN LEVEL

The IG submits that DR programs proposed under the Plan should be cost-effective, and if a program is not cost-effective, it should be deferred rather than expanded.

The IG agrees with the approach taken by E1 in Schedule "A" to cap enrolment growth in the Residential Demand Response (EcoShift) program at its current subscriber base while continuing efforts to improve the program's cost-effectiveness. This appropriately prioritizes the Plan's more cost-effective DR programming over further residential expansion.

The recommendations provided by Solar Nova Scotia, regarding opportunities to optimize Demand Response programming with respect to the residential EcoShift,³⁷ specifically in relation to smart thermostat programming appear worth consideration by E1, and may assist in addressing issues experienced in relation to cost-effectiveness. This may also be an area of exploration with respect to BNI programming and should be considered and refined over the DSM plan term.

With respect to the BNI DR programming, SmartSynergy, the IG requests that the Board approve the Settlement Agreement between E1 and the IG to have a Smart Synergy/ Large Industrial

³² E-29, CA (IG) IR-5 and IR-6.

³³ E-29, CA (IG) IR- 6(a). The average range has since been updated to 1.76%–3.09% in E-64, Response to Undertaking, U-13.

³⁴ E-64(iii)- Response to U-13.

³⁵ Mr. Love has not updated this value from E-29, CA (IG) IR- 6.

³⁶ Transcript, August 5, 2026, pages 538–540.

³⁷ E-34, Evidence of SNS, page 10.

Interruptible participation study completed over the Plan period.³⁸ This resolves a discrete issue that has been raised by the IG, and satisfies the concerns outlined by the CA consultant on that same issue. The study will address the eligibility of LIIR customers who currently fund a portion of the SmartSynergy program but are ineligible to participate. While Mr. Love has raised concerns with the inclusion of LIIR costumers in the DR program, he has acknowledged that E1 is free to further assess whether there is any genuinely incremental, additional value in LIIR participation.³⁹ Additionally, he confirmed under questioning by the Chair that if an interruptible customer reduced usage below their interruptible firm level, they could be compensated for that additional reduction; the issue is whether NSPI or the system is already planning on paying for those resources.⁴⁰ This has not been studied, and should be.

When presented with a settlement agreement, regardless of the number of signatories, the Board must still independently assess the evidence and satisfy itself the agreement is in the public interest. While the number of signatories to an agreement may impact the evidentiary weight, the subject of the agreement between E1 and the IG is not contentious and is discrete..

The agreement reached balances the concerns of both the IG, and Mr. Love. It confirms the importance of the interruptible customers to the system while also exploring the possibility that additional benefits could be found. The agreement reached expressly recognizes "the importance of the LIIR obligations to the system operator in maintaining reliability standards" and provides that "any pilot shall be designed so as not to diminish those obligations," including ensuring any pilot's complementary to the LIIR and "does not compromise system reliability or conflict with applicable system operator reliability requirements." The agreement also requires that any pilot proceed only where the Study confirms it is both cost-effective and operationally feasible, with the results to be assessed through the Mid-Term process.

The IG submits that the Board should approve E1's proposed DR Plan level and accept the agreement regarding the Smart Synergy/LIIR participation study. This approach preserves cost-effectiveness, allows potentially valuable BNI DR opportunities to be assessed on a proper evidentiary basis within the elongated five-year Plan period, and ensures that any future pilot proceeds only where it is in the best interests of customers.

4. ANNUAL ADJUSTMENT

The IG supports the refinements to the Annual Adjustment process (formerly the mid-course adjustment process) set out in Schedule "A", including the $\pm 20\%$ program-level and $\pm 15\%$ rate-class-level variance thresholds, measured cumulatively over the five-year Plan period rather than annually, with a forward-looking Board approval pathway triggered only where the cumulative variance falls outside the resulting 85%-115% band.

However, the IG submits that, as currently structured, the process does not allow a stakeholder who disagrees with a proposed adjustment that does not itself meet the 85%-115% threshold to bring that disagreement before the Board for consideration. On cross-examination, E1 confirmed that where a DSMAG member disagrees with a proposed annual adjustment, there is presently

³⁸ E-56, Agreement between E1 and the IG.

³⁹ E-29, CA(IG) RIR-10 (b).

⁴⁰ Transcript, August 6, 2026, pages 834-835.

no defined process or escalation right for that member to bring the matter to the Board; the matter would instead be worked through in DSMAG consultation, with any application to change the Plan remaining in E1's hands.⁴¹

The IG suggests that the reasonableness of the overall portfolio investment amount should be assessed together with the process for annual adjustments. Holding the overall budget flat is important, but it is not, by itself, sufficient protection for customer classes if material in-plan adjustments can shift costs among rate classes without meaningful advance notice, supporting evidence, and an opportunity for affected customers to respond. As the Board is acutely aware, this has been a longstanding concern of the IG.

In the 2026 DSM Plan Extension Decision, the Board specifically recognized the seriousness of this concern raised by the IG. It accepted that E1 requires some flexibility to make mid-course adjustments, but found that the existing process was not sufficiently balanced and required further attention in the next DSM Plan application:

*[73] The concerns raised by the Industrial Group are serious. The potential for E1 to proceed with relatively unrestrained changes to ensure it meets its own performance targets and objectives at the cost of hardship and prejudice to the rate classes who are funding E1's work needs to be revisited, particularly now that its DSM Plans will only be reviewed every five years. While the Board accepts E1's legitimate need for some flexibility, the Board finds the process now is unbalanced. Ratepayers in classes affected by E1's adjustments need more opportunity to consider and object to these changes before they are made. The Board directs E1 to discuss this issue further with the DSMAG and includes a revised process for making mid-course adjustments in its upcoming DSM Plan application.*⁴²

That direction is especially important in the context of a five-year DSM Plan. A longer approval period increases the practical significance of annual adjustments because customer impacts may accumulate or shift over time before the next full plan review. The Board's concern was not merely procedural; it was substantive. A process that allows material reallocations without adequate stakeholder review and input risks undermining the very balance that supports approval of the Preferred Plan.

While the proposed changes in Schedule "A" to E1's Opening Statement make strides toward a more balanced approach, the IG submits that more stakeholder opportunity to object or voice disagreement with proposed adjustments, which fall within the proposed collar, are necessary. At a minimum, material proposed adjustments should be supported by sufficient evidence of rate-class impact consideration, provided to DSMAG and affected stakeholders in advance of any changes in the programs or planning, and should be subject to a meaningful opportunity for comment before implementation. This is necessary to preserve the affordability balance underlying the Preferred Plan and to ensure that flexibility for E1 does not come at the expense of customers who fund the programs.

⁴¹ Transcript, August 4, 2026, page 262. This confirmation was in specific relation to the Mid-Term review process, which may or may not overlap with the annual adjustment process or annual reporting.

⁴² *Efficiencyone (Re)*, [2025 NSEB 21](#).

The IG recommends that the Board direct E1 to develop, in consultation with DSMAG, a mechanism or requirement by which any unresolved disagreement raised by a stakeholder with respect to a proposed annual adjustment can be brought before the Board for consideration, rather than being resolved solely within E1's internal DSMAG consultation process. Additionally, it is respectfully requested that the Board confirm the annual adjustment process to include robust stakeholder engagement prior to any significant or notable changes, the definition of which can be decided through consultation with the DSMAG.

5. MID-TERM REVIEW

The IG supports the general refinements to the Mid-Term Check-In process set out in Schedule "A", including the identification of both events-based and calendar-based triggers. The IG submits, however, that the Application and the Schedule "A" do not yet adequately define either the trigger or the outcome of that process.

In particular, E1 has not proposed a definition of what constitutes an update to a DSM potential study or IRP that "differs materially" from the assumptions underlying the Board-approved Plan for purposes of triggering an events-based Mid-Term Check-In. This was confirmed by E1 during the hearing.⁴³ As currently drafted in the Schedule "A", E1 also would currently make the first-instance materiality determination itself, without any agreed threshold or stakeholder input mechanism to test that determination.

Additionally, when explored on cross-examination, it was clear that E1 had not ironed out the details of the deliverables or the process to be followed with a Mid-Term Check-In, as contemplated in the Application and refined in the Schedule "A".⁴⁴ This included the number of potential "Mid-Term Check Ins" which could occur over the period, and what the outcome of each could, or would, be.

The IG respectfully requests that the Board direct E1 to engage with stakeholders, through the DSMAG, to: (a) confirm the necessary trigger definitions, including what constitutes a material difference for purposes of the events-based triggers in Schedule "A"; (b) confirm how many Mid-Term Check-Ins may occur over the Plan period; and (c) confirm the specific outcome or output of the Mid-Term Check-In process. It is important that this process not become too onerous or result in increased regulatory processes which would undermine the clear intent of the *PUA* amendments to extend the DSM Plan periods. The balance to be struck has not yet been adequately considered and requires further consultation with the DSMAG.

For effectiveness purposes, the IG submits that the DSMAG consultation work should be completed (or substantially completed) before the end of 2026, for implementation in the first year of the Plan, 2027. The process should be clearly defined and operative well in advance of the IRP events-based trigger which is anticipated by end of 2026 or early 2027.

⁴³ Transcript, August 4, 2026, pages 252-253.

⁴⁴ Transcript, August 4, 2026 pages 249–252, 257-258.

6. STRATEGIC ELECTRIFICATION

The IG supports continued research and piloting of Strategic Electrification ("SE") until cost-effectiveness is demonstrated, as proposed by E1 in Schedule "A", provided this occurs within a defined spending envelope and with appropriate reporting to the Board and DSMAG.

SE is not currently cost-effective and should not be actively pursued as a Plan resource without further refinement and study. As outlined in the Round 2 modelling, the modified PAC for SE only resulted in a PAC of 0.7.⁴⁵ E1 has confirmed that it modelled a range of SE scenarios and that, while they reduced greenhouse gas ("**GHG**") emissions did not reduce electricity costs for customers under the Board-approved modified Program Administrator Cost ("**PAC**") test, even under optimistic assumptions.⁴⁶

E1's approach to SE is consistent with statutory language and the Board's prior direction. The PAC test must be used as the primary test for screening DSM cost-effectiveness for this Plan term and modified for SE by including the increased revenues NSPI would receive from the increased electrification as a benefit. The Board's 2025 BCA decision confirms that both requirements for SE must be met: it must reduce GHG emissions *and* reduce electricity costs for customers. Based on the current modelling, it has not met the requirement to reduce electricity costs for customers and SE programs should not yet be included in the Plan budget.

There has been no request in this proceeding for an alternative cost-effectiveness test for SE, which was open to E1 within the 2025 BCA decision. The Board expressly left it open to E1 to propose another approach to SE cost-effectiveness when filing this Plan, but only if that approach addresses the explicit statutory requirement that SE reduce both GHG emissions and electricity costs for customers.⁴⁷ E1 has not proposed any such alternative. The IG submits that the proper test to be applied remains the modified PAC test, and that this modified test must be completed at the program level.

While it has been suggested that failing the cost-effectiveness test at the program level does not prevent E1 from pursuing the SE programming in the Plan period on the basis E1 could still pass the PAC at the portfolio level, this does not follow the language used in the governing legislation or the Board's 2025 BCA decision. The portfolio-level screening and the SE-specific tests are separate. Subsection 79H (2) requires that the Board evaluate the DSM plan at the portfolio level for cost-effectiveness. . The Board has found there is no ambiguity in s. 79H(2): it must evaluate the proposed cost-effective demand-side management at the portfolio level, and that screening test is a technical assessment to ensure only economically justified portfolios are considered for approval.⁴⁸ In contrast, SE appears in the PUA under the definition of DSM. Subsection 79A (b) (iv) defines SE as reducing overall GHG emissions and electricity cost.

The Board has found that SE "may only be undertaken" if both of these requirements are met, and has confirmed this is explicit in the legislation.⁴⁹ The Board's direction on SE is a distinct,

⁴⁵ E-16, E1 (Synapse) RIR-2, Attachment 2, Table 10, page 15 of 26.

⁴⁶ E-1, 2027–2031 DSM Resource Plan Application, Evidence, page 35, lines 8-9.

⁴⁷ *Efficiencyone (Re)*, [2025 NSEB 18](#), para 163.

⁴⁸ *Ibid*, Para 166.

⁴⁹ *Ibid*, Para 129.

program-specific statutory requirement flowing from the definition of DSM not from the portfolio-level screening test.

Where the Board directed E1 to apply the modified PAC test specifically to SE programs precisely because the traditional PAC test does not appropriately assess them; that direction would be meaningless if a portfolio-level pass could substitute for it.

In any event, a passing portfolio-level test is conditional. In the 2025 BCA decision, the Board found that the requirement to evaluate the proposed cost-effective DSM at the portfolio level implies that, provided the overall portfolio passes the cost-effectiveness test, it is not a contravention of the statute if measures or programs themselves fail; however, justification for including such failing measures and programs must be provided.⁵⁰ The portfolio-level finding therefore does not excuse the failure; at most it identifies the mechanism by which E1 could seek to include a failing program. Namely, a justification for including non-cost-effective programs or measures, based on the factors relevant under the regulatory compact.

In the record before the Board no justification has been provided for pursuing SE programs that do not meet the modified PAC test. E1 has specifically not applied to the Board to approve SE. Instead E1 is proposing to study and evaluate possible programming until it is cost-effective.

Additional study is necessary to ensure the SE programming is cost-effective given the number of uncertainties remaining in this area. An example of further exploration needed was highlighted within recommendations from Synapse flagging the benefit of using locational data to target electrification efforts.⁵¹ In Rebuttal, E1 has agreed to the use of this data, but has outlined that feeder-constraint information that has not been completed or disclosed by NSPI.⁵² This approach, instead, is intended to be explored with respect to the Innovation Framework, Process and Plan, and additionally, specific to SE, through further evaluation and study. This approach is sequentially more logical than forecasting spending on SE programming, which may or may not be cost-effective or beneficial to the system. If it becomes beneficial, this can be addressed through a Mid-Term Review process.

The “phased SE pathway” contained within the Brattle report⁵³ is accomplished, or substantially accomplished, through the revised position articulated in E1’s Schedule “A”. The IG agrees with E1, that the way to develop an appropriate, and cost-effective, pathway to SE in Nova Scotia, is by completing further analysis, refinement, and piloting prior to committing to any particular programming investments. Within E1’s Rebuttal evidence, E1 clarified that the Enabling Strategies already budgets for the areas flagged by Brattle: market research, technology assessment, pilot programs, collaboration with IESO-NS, and refinement of avoided cost and capacity-value inputs.⁵⁴

⁵⁰ Ibid, Para 168.

⁵¹ E-23, Synapse Testimony, page 29, line 19 – page 30, line 3.

⁵² E-41, page 2 of 46, lines 2-11.

⁵³ E-22, Brattle Evidence, pages 24-25, and 31.

⁵⁴ E-41, page 28 of 47, lines 8-10.

The IG also submits that cost allocation of any resulting SE pilot activity, currently funded by all rate classes proportionally under Enabling Strategies,⁵⁵ should be deferred to the Mid-Term Check-In, with a Board determination on any increased investment to follow once the programming and research has been further refined. This appropriately balances the importance of pursuing SE programming into the future, with the underlying fundamental need of DSM programming to be cost-effective and result in the reduction of electricity costs.

7. INCENTIVE TESTING

The IG supports the objectives of the agreed incentive level research study between E1 and the CA, which recognizes "the importance of ensuring that customer incentive levels are set at the minimum necessary to secure participation in energy efficiency programs."⁵⁶ As presently drafted, however, the agreement scopes the study to "high-value measures", the meaning of which is to be determined only as between E1 and the CA. The IG submits that this should instead be determined, or at least vetted, by all members of the DSMAG.

Given the significance of the "high-value measures" threshold determination for which measures and programs may ultimately be subject to potential incentive adjustment, the IG submits that the determination of "high-value measures" should be decided following consultation with the full DSMAG before the study scope is finalized, rather than resolved bilaterally between E1 and the CA alone.

This is a modest procedural addition, not a substantive change to the study's scope or objectives. The agreement already contemplates that, if the study supports updating incentive levels, E1 and the CA will collaborate on the objectives, evaluation criteria, and measures of success for the resulting incentive updates, and that E1 will report on the study's progress and any resulting incentive updates to the DSMAG in its Quarterly and Annual Progress Reports. DSMAG input at the threshold stage regarding which measures to study, is an effective extension and ensures the perspective of the full group. It is anticipated that this will not be viewed as contentious by the CA, and E1 has confirmed its willingness to do so during cross-examination.⁵⁷

The IG submits it is efficient and reasonable to have full DSMAG input on the scope of the study. Given the scale of ratepayer funds at stake, DSMAG input at an early stage, will improve the quality of the resulting study without materially delaying its commencement within three months of the Board's decision in this matter.

CONCLUSION

For the reasons set out above, the Industrial Group respectfully requests that the Board:

1. Approve the 2027-2031 DSM Plan with the proposed flat annual investment level of \$63.75 million, for an overall budget envelope of \$318.75 million;

⁵⁵ E-9, E1 (IG) RIR- 6.

⁵⁶ E-57, Agreement Between E1 and the CA, Appendix A.

⁵⁷ Transcript, August 4, 2026, page 243.

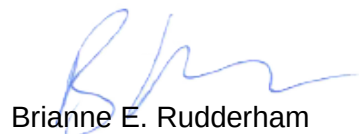
1. Approve the proposed targeted savings level of 435.4 GWh regardless that it is lower than the targeted savings articulated in the most recent IRP;
2. Approve the overall spending budget for EE programming;
3. Approve the DR Plan as filed, including the cap on Residential Demand Response (EcoShift) enrolment;
4. Accept the agreement between E1 and IG, confirming the completion of a Smart Synergy/LIIR participation study, on the terms set out therein;
5. Approve the Annual Adjustment process, as refined in Schedule "A", and direct E1 to develop, with the DSMAG, a mechanism allowing stakeholder disagreement with proposed adjustments below the proposed cumulative spending collar to be brought before the Board for consideration;
6. Direct E1 to engage with DSMAG to confirm the Mid-Term Check-In triggers and process, to be completed before the end of 2026 for implementation in 2027;
7. Approve the applied for approach to Strategic Electrification, as clarified further in Schedule "A", under the Enabling Strategies budget for further study and piloting until found to be cost-effective under the modified PAC test or until sufficient justification is provided otherwise, to be addressed through the Mid-Term Check-In process; and
8. Accept the Agreement as between E1 and the CA, with the revision that the scope of the incentive level research study be vetted with the DSMAG before being finalized.

Thank you for the opportunity to provide these submissions.

Yours truly,



Nancy G. Rubin, K.C.



Brianne E. Rudderham

NGR/BER/cj

c. Participants in M12780