

# PRESS BACKGROUNDER

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APRIL 19 2010

## ENERGY & EFFICIENCY IN NOVA SCOTIA

In 2008, Nova Scotia launched an electric energy efficiency program, known as Demand Side Management (DSM). Conservation measures and investments in energy efficiency programs, accessible to all rate payers, currently constitutes the majority of DSM activities in Nova Scotia.

*Thus far, DSM programs administered by NSPI have performed well, cost-effectively meeting energy savings targets. Energy efficiency through DSM works and is an important component of sustaining Nova Scotia's energy system while reducing provincial greenhouse gas emissions.*

**Over the next year the key challenge is ensuring a smooth transition of DSM programs from NSPI to the new third party administrating agency, Efficiency Nova Scotia.**

The EAC advocates that this include the Wheeler Report (2008) recommendations for:

- **Clear performance targets for the new agency & management incentives to perform.**
  - o Wheeler recommended including the following targets, at a minimum:
    - MW savings per year
    - Minimum spending on low-income customers
    - Equitable spending between customer classes
    - Spending limitations on administration and marketing
- Additionally, Wheeler recommended for the new administrator:
  - o Annual independent performance audits against targets conducted by independent auditor
  - o Formal review by Performance Review Body on an ongoing basis
  - o Accessible services for all funders and users that can be utilized in and accountable and transparent manner
  - o Collaboration on DSM with NSPI on an ongoing basis

*A process of ongoing stakeholder engagement is required to ensure that clear performance based indicators and performance management incentives are developed for implementation with the new DSM administrator, Efficiency Nova Scotia.*

Ensuring cost-effectiveness of DSM program delivery in NS requires that all stakeholders be engaged. The EAC and other stakeholders believe this should include a continuing role for the Program Development Working Group (PDWG) in the transition of DSM from NSPI to Efficiency Nova Scotia.

**Energy efficiency is Nova Scotia's most cost-effective energy resource. By investing in energy efficiency today we avoid the need to build new coal fired power plants in the future.**

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***Energy efficiency is economical and environmental. Energy efficiency can save all ratepayers money while reducing Nova Scotia's greenhouse gas emissions.***

*DSM plays an important part of sustaining Nova Scotia's energy system while staying the course on meeting Nova Scotia's provincial greenhouse gas emissions target of 10% below 1990 levels by 2020.*

***Ramping up strategic and comprehensive DSM in Nova Scotia, including strategic opportunities for fuel substitution, will be a key catalyst to developing Nova Scotia's green economy, whilst meeting the goals and objectives of the province's landmark sustainability legislation, the Environmental Goals & Sustainable Prosperity Act.***

## **ACCOUNTABILITY AND EFFICIENCY NOVA SCOTIA**

During the discussions that occurred before the launch of efficiency programs in 2008, a consensus emerged amongst stakeholders – to support effective and accountable investments in energy efficiency. This included clear performance indicators for energy savings as well as equitable service provision for industrial, commercial, residential and low-income ratepayers.

An unprecedented settlement agreement was reached in 2008. The plan was to get energy efficiency programs administered by a third party agency going as soon as possible. NSPI ran the DSM programs in 2008-2009. But this was only supposed to be a short-term, interim measure - until the programs were initiated and then transferred to the new agency.

***A delay in the launch of Efficiency Nova Scotia means a delay in the structural assurances of DSM program effectiveness and equity.***

In this hearing, these issues are particularly important for residential and low-income ratepayers that are unsure as to whether they are receiving an equitable share of DSM program benefits or how these issues will be dealt with in the future by the new agency.

***It is the Ecology Action Centre's position that a renewed discussion regarding accountability for performance is needed upon the transitioning of DSM programming to Efficiency Nova Scotia over the remainder of 2010 and into early 2011.***

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## Timeline

2005	Nova Scotia Power proposes \$5 DSM program without clear objectives or relevance to cost-effectiveness.
2007	Integrated Resource Plan finds that aggressively investing in energy efficiency can save Nova Scotia a present value of \$1 billion dollars by avoiding the need to build a new coal-fired power plant.
2007, Sept 7	A broad group of stakeholders outline a series of common principles for DSM administration and planning to the UARB. This includes "clear performance indicators for energy savings and equitable service provision". 1
2008	Nova Scotia Power and Stakeholders reach a settlement agreement. NSPI will run interim programs in 2008-2009 with plans for a new administrator to be up and running by 2010.
2008, April 20th	Dr. David Wheeler released report on DSM Administration, after stakeholder consultation. The report recommends the creation of a <b>Performance-Based Independent Efficiency Agency</b> . The report wrote that "the Agency will have clear performance targets and management will have incentives to perform". This included "maintaining equity between sectors and making special provisions for those on low income".
2009, Oct 23rd	Government introduces legislation, after significant delay, for <i>Efficiency Nova Scotia</i> . <b>The legislation contained no provision to ensure performance targets, accountability or provisions for people with low-income.</b>
2009, Nov 17th	Affordable Energy Coalition representative resigns from Dalhousie University consultation on renewable energy to protest the lack of inclusion of low income performance targets in the <i>Efficiency Nova Scotia</i> legislation that resulted from the previous Dalhousie/David Wheeler led consultation on energy efficiency.2
2010, April	New DSM hearing for NSPI to run 2011 programs is scheduled due to delays in creating the independent administrator that was recommended to the government <b>in early 2008</b> .  <i>Consumer advocate expresses concern over lack of clear objectives, benefits to residential consumers and accessibility of programs to tenants and those with low-income.</i>

1 See 2008 "Final Collaborative Report – Documentation Related to the DSM Collaborative Process" p. 2 & 3.

Available at:

[http://www.nspower.ca/site\\_nsp/media/nspower/FinalCollaborativeReportVolumellJan31-08.pdf](http://www.nspower.ca/site_nsp/media/nspower/FinalCollaborativeReportVolumellJan31-08.pdf)

2 See Chronicle Herald "Energy Advisor Resigns in Protest" November 17th, 2009