

NON-CONFIDENTIAL RESPONSE

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1 IR-01

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3 What is the selected discount period over which benefits accrue and what is the justification for  
4 selecting this period?

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6 **RESPONSE**

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8 The time period over which benefits accrue is established by the “measure life”, or effective  
9 useful life, of each energy efficiency measure. These values range from 4 years (LED lamps in  
10 commercial applications), to 34.9 years for the New Home Construction program. These values  
11 were sourced from secondary literature reviews and Efficiency Nova Scotia data. In general, the  
12 values are quite conservative. If one wanted to define a study period for the entirety of the plan,  
13 it would range from 2018 to 2036 ( the year that New Home Construction efforts in 2021 would  
14 expire). For the purposes of cost-effectiveness testing, benefit streams are brought back to net-  
15 present values using a discount rate of 3.20 per cent.

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1 IR-02

2 Reference section A.4.1. – Energy Efficient Equipment: For each of the three rebate years  
3 please provide the breakdown of the number of rebated Heat Pump installations assumed.  
4 Please provide the history of units deployed so far and the division of this deployment between  
5 oil heated homes and electrically heated homes.

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7 **RESPONSE**

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9 Estimated number of heat pump rebates by year:

10       2018/19: 308

11       2019/20: 432

12       2020/21: 543

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14 All of the above would be for electrically heated homes. Estimates were based on number of  
15 electrically heated homes in PEI, anticipated uptake and available budget.

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1 IR-03

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3 Please explain in the context of lines 27 to 33 of page 10 and lines 12 to 19 on page 25 how the  
4 fixed overhead applied to each unit of saved energy (45% of unit price) is recovered other than  
5 from program non-participants.

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7 **RESPONSE**

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9 When saved energy from DSM efforts is not accounted for, or forecast, a potential to encounter  
10 what is termed “lost contributions to fixed costs”. This can result in a utility revenue shortfall.  
11 This should not be confused with changing contributions to fixed costs as a result of DSM –  
12 which are what occur when DSM savings are forecast and planned for in the context of a  
13 General Rate Application. With well-planned, changing contributions to fixed costs, the utility still  
14 has the ability to meet its revenue requirement. All else being equal, an upward adjustment to  
15 the amount of fixed costs per unit basis can be required on a short-term basis in a situation with  
16 declining sales due to DSM. Should DSM only serve to reduce or eliminate load growth, the  
17 contribution amount per kWh will remain unchanged or decrease (where some load growth still  
18 exists).

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20 It is important to note that in the mid-term and long-term, changing contributions to fixed costs  
21 become less of an issue due to the ability of the utility to plan infrastructure investments (or  
22 defer them) due to capacity savings brought by DSM. Just as during periods of load growth,  
23 how utilities plan in the context of flat or declining sales can have a tremendous impact on the  
24 amount of fixed cost recovery required on a unit (per kWh) basis at a given time. An Integrated  
25 Resource Planning process could illuminate these mid and long-term consideration in more  
26 detail.

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1 IR-04

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3 With the intention to offer identical equipment rebates for all customers – electrically heated  
4 homes/businesses and non-electrically heated homes/business, how is the increased electricity  
5 used in non-electrically heated homes/businesses accounted? A conflict arises here when  
6 electrical equipment replaces non-electrical equipment resulting in overall energy efficiency  
7 BUT increases both the electrical energy used and the peak load demand, offsetting some (or  
8 all) of the claimed electricity reductions from the plan.

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10 **RESPONSE**

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12 This has not been accounted for and would need to be accounted for via future load forecasts.  
13 This EE&C plan was just for reducing electricity, and did not consider additional electricity use  
14 from similar incentives for non-electrically heated homes (MECL and SE would not pay for those  
15 upgrades). This would be similar to any other electrical increases that occur from new  
16 businesses, homes, etc. The Plan is only based on reductions that occur from the planned  
17 activities.

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1 IR-05

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3 Unlike previous DSM plans submitted to IRAC, there is no “public outreach and education  
4 component” identified in the text or for budget allocation. Is there not an opportunity to correct  
5 this omission by including and adapting the existing MECL program, which has been  
6 approved by IRAC for \$167,500 each year until 2020?

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8 **RESPONSE**

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10 These activities are included in “Enabling Strategies” budget, detailed in section A.7, and  
11 referenced in other parts of the EE&C Plan.

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