Bill #49

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Legislative Amendments Committee
Bill 49 – An Act to Create the Nova Scotia Energy Efficiency Corporation
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Thank you for the opportunity to present to this committee today. The Ecology Centre (EAC) has been very involved in the discussions around the development of electricity demand side management (DSM) for a number of years and I currently sit on the DSM Program Development working group. Brendan Haley, the former Energy Coordinator at the EAC, played a significant role in the settlement agreement and stakeholder consultations and today I would like to suggest amendments to this legislation that are consistent with the EAC recommendations to the consultation process and the subsequent 2008 Dalhousie University Report.

First, I would like to congratulate the Government of Nova Scotia and all political parties for supporting independent sole-purpose administration for energy efficiency and conservation. We believe that it is no understatement that this legislation can put the foundation in place for world class efficiency programming here in Nova Scotia with the appropriate amendments. Both electric and multi–fuel efficiency measures save government money, save Nova Scotians money and create more jobs than any other form of conventional energy production. This is also one of the most significant steps toward protecting against dangerous climate change and moving toward a low carbon future.

The Dalhousie University report outlined principals for success for independent administration that included accountability and oversight, administrator effectiveness, compatibility with public policy goals and secure funding allocation. We are concerned that this legislation falls short of giving clear direction with respect to performance accountability.

This legislation will be a guide to all relevant parties in setting up the corporation. The Utility and Review Board will not consult the Dalhousie University Report for guidance on performance accountability because the legislation will set these guidelines. Therefore, as an invested stakeholder in the process we would like a guarantee that the Report is reflected in the legislation and that the heart of the recommendation is not lost.

The main concern during stakeholder consultations from the EAC and many other stakeholders was ensuring accountability for results. The Report reads:

"It is clear that many stakeholders are sceptical about any structure and mandate that does not include strong accountability with appropriate performance metrics" (13).

Minimum indicators would include things like minimum benefits by sector and minimum expenditures for low-income. In addition to minimum indicators, the EAC proposed weighted performance indicators such as Annual MWh Savings, Benefits by Geographic Region, Benefits to Small Business Sector etc.

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The EAC has argued that stakeholder require assurance that we meet energy savings targets in the IRP. Through clear performance indicators and incentives, the Board and ratepayers can be assured that the corporation is held accountable for achieving results. These performance indicators make the objectives of the demand side resource plan clear. The clarity and balance of these objectives will furnish the program administrator with a high degree of flexibility to encourage program innovation and rapid changes to programs and strategies in order to achieve results.

While the Report recommended a *Performance-Based Independent Efficiency Agency*, this performance based aspect is missing. Experience in other jurisdictions has shown that running efficiency like a business and guaranteeing accountability for results through performance metrics ensures the best possible programming.

I see an example of the result of a lack of performance metrics in the current work of the Program Development Working Group and its review of experience to date. The DSM low income program is not achieving the intended results in part because low-income energy savings are very difficult to achieve. There should be performance measures and financial incentives in place for meeting targets. This would create the appropriate motivation to the administrator to develop good programs. Otherwise, we may get into a situation where the administrator does not put the extra effort in to tackle the most challenging problems. Targets and very small incentives have been shown to create innovation and world class programming. Why would we ask for anything less?

There is nothing that directs the corporation to achieve "performance measured against targets" or that indicates that the Board should initiate a process to establish these targets or that "management will have incentives to perform". The Dalhousie Report reads:

"It will however, be useful to have a clear statement of principle in the legislation that the Agency will be responsible for achieving performance measured against targets that align with the goals set out in the *Environmental Goals and Sustainable Prosperity Act* and that are set through a participatory regulatory process" (23).

In conclusion we recommend that the following excerpt from the Dalhousie Report be incorporated into the Act in some fashion to create the Nova Scotia Efficiency Corporation:

"The Agency will be responsible for achieving performance measured against targets that align with the goals set out in the *Environmental Goals and Sustainable Prosperity Act* and that are set through a participatory regulatory process".

These targets can include:

MW savings per year, minimum spending on low income customers, equitable spending between other customer classes, spending limitations on administration and marketing (eg. less than or equal to 7% and 4% respectively).