



Energy
Office of the Minister

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April 15, 2014

Minister Diab and Members of the Law
Amendments Committee

**Subject: Bill No. 41 – Electricity Efficiency and Conservation Restructuring (2014)
Act**

The Department of Energy has reviewed the comments and proposed amendments from the Affordable Energy Coalition and the Ecology Action Center. We would like to thank these groups for their thoughtful submissions and participation in the legislative process.

The Department anticipates that a number of the issues raised by these parties will be considered in the public consultation process identified in the Province's recent amendments to the *Electricity Act* last fall. This Electricity Review is currently underway, and was noted in correspondence I recently sent to the Affordable Energy Coalition in response to the issues they have raised. A copy of this letter is attached for your review.

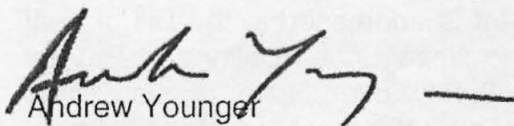
That being said, the Department of Energy does not believe the proposed amendments to Bill 41 are necessary or appropriate. Generally speaking, the proposed amendments deal with issues that are outside of the scope of what is addressed in the Bill or deal with issues that are best left to the discretion of the Nova Scotia Utility and Review Board, which will retain independent oversight authority over Nova Scotia Power Incorporated, and will be vested with similar authority over the newly created electricity efficiency and conservation franchise.

The issues raised by the two parties are grouped together into themes:

Amendments to 79I and 79H to address perceived issues around the franchise holder's ability to compete with NSPI's other resources, and manner in which efficiency and conservations costs will be assessed.	<i>Section 79H of the Bill vests the Utility and Review Board with the authority to "determine the cost-effective electricity efficiency and conservation activities that must be undertake for the purpose of this Act". The Board is an expert tribunal that will interpret the provisions of the Act based upon its specialized knowledge and in the context of evidence before it in a particular proceeding. The Department believes that the current language provides the Board with the appropriate flexibility to fulfill its mandate.</i>
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Amendment to Section 67 of the Public Utilities Act	<i>Generally speaking, section 67 of the Public Utilities Act requires that customers pay the same rate for the same service. This section has nothing to do with the amendments in Bill 41. The amendment requested has significant policy implications, and would have other impacts on the regulation of electricity rates in Nova Scotia.</i>
Amendment to add statutory minimum amount for Low Income Program funding	<i>The bill is structured to allow the UARB the flexibility to consider what is in the best interest of ratepayers, and does not require specific expenditures on particular electricity efficiency or conservation activities. This permits the Board to adapt activities based on the evaluations of program effectiveness, and changing needs and circumstances over time. The proposed amendment would limit the Board's discretion and its ability to ensure overall cost effectiveness.</i>
Amendment to require all funding to flow through the efficiency franchise holder.	<i>Efficiency Nova Scotia is and will remain the point of contact for efficiency programs in Nova Scotia. Clean Nova Scotia has been the delivery agent for Efficiency Nova Scotia for a significant portion of previous low income programs. The commitment is that all low income, electrically heated homes, in Nova Scotia will receive free deep upgrades over a maximum period of 10 years. The terms of this commitment, much like the commitment for non-electrically heated homes, is outside the scope of this bill.</i>

Sincerely,


Andrew Younger
Minister of Energy