



Financial
Information



2018 Financial Analysis and Discussion

Our financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Overview

2018 was the final year of EfficiencyOne's 2016-2018 Demand-side Management Resource Plan, which was approved and regulated by the Nova Scotia Utility and Review Board (UARB). EfficiencyOne attained 419.0 GWh of electricity savings and 75.2 MW of demand savings, exceeding the targets of 405.9 GWh and 62.5 MW, respectively. Total investment to achieve these savings was \$95.1 million, compared to the \$102.2 million budget. Total ratepayer benefits resulting from this investment is \$385.1 million.

EfficiencyOne also achieved 90,566 GJ of non-electric savings in 2018, which helped EfficiencyOne get closer to achieving its four-year energy and carbon emissions savings targets on behalf of the Province of Nova Scotia and the Government of Canada. Total investment to achieve these savings was \$16.1 million, compared to the \$23.1 million budget.

Our Revenues

EfficiencyOne has two revenue sources, represented in our financial statements as two distinct "funds" – the Demand-side Management Fund and the Provincial Fund. The Other Business Fund reports any income from our subsidiary, EfficiencyOne Services, and funding received from Natural Resources Canada.

The Demand-Side Management Fund

Under a fee-for-service agreement as approved by the UARB, EfficiencyOne received \$34.9 million from Nova Scotia Power in 2018 to provide electricity efficiency services. Total investment was \$34.0 million. Under this fee-for-service agreement any underspending from 2016-2018 will be used to fund investment in future years.

The Provincial Fund

In 2018, EfficiencyOne received \$22.6 million from the Province of Nova Scotia under a fee-for-service agreement to support non-electric efficiency and low carbon services. Total investment was \$16.1 million. The remaining \$6.5 million will be used to fund expenditures in future years.

The Other Business Fund

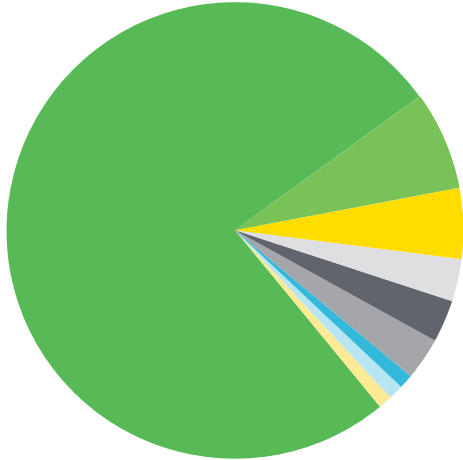
In 2018, EfficiencyOne Services reported net earnings of \$0.006 million. 2018 was the second year of an agreement signed between EfficiencyOne and Natural Resources Canada.

The Commitment Fund

In our 2018 financial statements, the Commitment Fund reflected the amount of customer incentives that EfficiencyOne may be required to pay in the future to Nova Scotians who enrolled in efficiency services in 2018. These commitments are recognized as accrued liabilities. In 2018, the total commitments were \$13.0 million. Commitments are tied to the following services: Home Energy Assessment, New Home Construction, SolarHomes, First Nations, Affordable Multi-Family Housing, Business Energy Rebates (mail-in portion) and HomeWarming.

Our Investment

This chart provides a breakdown of how each dollar invested in energy efficiency was spent in 2018. Approximately 77 cents of every dollar was directly spent on programs. This includes spending on customer incentives, as well as compensation for staff who work directly on programs.



- \$0.77 - Incentives + direct program spending
- \$0.06 - Non-program salaries + benefits
- \$0.06 - Marketing, outreach + education
- \$0.03 - Evaluation + verification
- \$0.03 - Information technology
- \$0.02 - Rent, office + insurance
- \$0.01 - Program support
- \$0.01 - Training + development
- \$0.01 - Professional fees + consulting

Accountability and Oversight

EfficiencyOne has a number of controls and processes in place to ensure transparency and oversight of performance. Electricity efficiency services are regulated by the UARB, which approves electricity efficiency plans that outline the overall investment in electricity efficiency services and the corresponding savings for ratepayers. EfficiencyOne files publicly-available, quarterly reports with the UARB highlighting electricity efficiency spending and activity.

Non-electric efficiency and low carbon agreements are governed by a fee-for-service agreement with the Province, which receives quarterly and annual reports from EfficiencyOne on non-electric efficiency and low carbon spending and activity.

An Affiliate Code of Conduct governs all interactions between EfficiencyOne and its subsidiary, EfficiencyOne Services.

To further ensure the transparency and accountability of spending and other activity, EfficiencyOne is subject to a number of independent, third-party audits and evaluations. These are summarized in the following table:

Independent Audits and Evaluations	
Financial Statement Audit	Ensures financial statements are free of material misstatement
Cost Allocation Audit	Ensures just and reasonable allocation of costs between electrical efficiency and non-electrical efficiency services
Program Evaluation	Ensures effectiveness of EfficiencyOne's program design and delivery, and that energy savings are measured accurately
Program Verification by the UARB	Verifies that efficiency projects were implemented effectively and that energy savings are correctly measured
Other Audits & Evaluations	Examines EfficiencyOne's organizational practices and internal control systems