

2020 Financial Analysis and Discussion

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

Overview

The onset of the global coronavirus (COVID-19) pandemic presented challenges that impacted elements of EfficiencyOne's business operations throughout the year. In response to public health and government directives regarding COVID-19, EfficiencyOne made adjustments to some of EfficiencyOne's programs and services. From March 17 to June 15, 2020, EfficiencyOne suspended in-home activities, assessments, and in-business audits and placed marketing campaigns on hold.

EfficiencyOne developed a full business resumption plan that incorporated the latest public health advice and directives on COVID-19; implemented protocols for Safe Work Practices for delivery partners and staff; and explored alternative service delivery approaches such as virtual and remote audits.

In agreement with the Province of Nova Scotia and Nova Scotia Power, EfficiencyOne redirected \$3.0 million received under the HomeWarming contracts to fund organizations providing food, shelter, basic necessities and other services to vulnerable Nova Scotians. The funds were distributed as follows:

- **\$1.4 million** for prepared meal delivery services, such as Meals on Wheels and VON's Frozen Favourites;
- **\$1.0 million** for the United Way Atlantic Compassion Fund;
- **\$0.2 million** for Seniors' Safety Programs and Community Links; and
- **\$0.4** for shelters, soup kitchens and other service organizations.

Results

In 2020 EfficiencyOne attained 95.52 GWh of electricity savings and 21.19 MW of demand savings, aligned with the targets of 96.02 GWh and 19.76 MW, respectively. Total investment to achieve these savings was \$28.4 million. EfficiencyOne also achieved 226,202 GJ of energy savings from Government Funded Programs in 2020, 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 \$25.5 million.

Our Revenues

EfficiencyOne has two primary 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 funding from Nova Scotia Power for administration of the HomeWarming contribution, any income or loss from our subsidiary, EfficiencyOne Services, and funding received from other sources.

The Demand-Side Management Fund

Under a fee-for-service agreement as approved by the Nova Scotia Utility and Review Board (“NSUARB”), EfficiencyOne received \$34.4 million from Nova Scotia Power in 2020 to provide electricity efficiency services. Total investment in 2020 was \$28.4 million. The underspend of \$6.0 million will be reinvested in 2021 and 2022 with the continued focus on achieving the NSUARB 3-year performance target.

The Provincial Fund

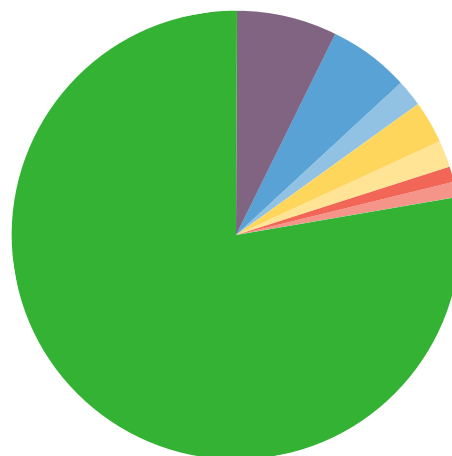
In 2020, EfficiencyOne received \$22.6 million from the Province of Nova Scotia under a fee-for-service agreement to support non-electric efficiency and low carbon services. Total investment was \$27.8 million with the additional \$5.2 million of investment funded by revenue that was deferred from prior years.

The Other Business Fund

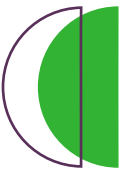
In 2020, EfficiencyOne received funding of \$3.8 million from Nova Scotia Power for administration of Nova Scotia Power’s HomeWarming contribution. Revenue of \$0.2 million was also recognized from Natural Resources Canada and the Federation of Canadian Municipalities. In 2020, EfficiencyOne Services reported net loss of \$0.013 million.

Our Investment

This chart provides a breakdown of how each dollar invested in energy efficiency was spent in 2020. Approximately 78 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.



- \$0.78 - Incentives + direct program spending
- \$0.07 - Non-program salaries + benefits
- \$0.06 - Marketing, outreach + education
- \$0.02 - Evaluation + verification
- \$0.03 - Information technology
- \$0.02 - Rent, office + insurance
- \$0.01 - Program support
- \$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 NSUARB, 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 and annual reports with the NSUARB 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 NSUARB	Verifies that efficiency projects were implemented effectively, and that energy savings are correctly measured
Other Audits and Evaluations	Examines EfficiencyOne’s organizational practices and internal systems