

# 2021 Financial Analysis and Discussion

Our consolidated financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. These consolidated financial statements include the assets, liabilities, revenue, and expenses of EfficiencyOne and its subsidiaries: Halifax Climate Investment, Innovation and Impact (HCi3) Fund, and EfficiencyOne Services Inc.

## Overview

Lingering impacts caused by the ongoing COVID-19 pandemic challenged EfficiencyOne in meeting its 2021 energy and demand savings targets. As an organization, we experienced the temporary suspension of some activities due to COVID-19 public health restrictions (e.g. in-home and in-business activities) and impacts on our service delivery partners (e.g. supply chain issues, contractor capacity that caused project delays).

EfficiencyOne's results rebounded in comparison to the levels achieved in 2020, within the context of the pandemic situation. We view these results as continued progress towards business recovery, and indicative that we were successful in our mitigating efforts to offset some COVID-19 impacts. Despite the challenges of the pandemic, we stepped up our innovative thinking to lessen the impact on our business operations, such as modifying service delivery and piloting new ways of delivering program activities in Nova Scotia.

Our subsidiary, HCi3 Fund was launched in 2021 with the purpose of supporting carbon reduction initiatives in the Halifax region. This was a year focused on developing a strong foundation for the future success of operations. HCi3 Fund's activities are included in the Other Business Fund.

## Results

In 2021, EfficiencyOne achieved 109.38 GWh of electricity savings and 27.47 MW of demand savings, below the targets of 121.51 GWh and 33.18 MW, respectively. Total investment to achieve these savings was \$36.0 million. We also achieved 272,501 GJ of energy savings from Government Funded Programs in 2021, which helped us get closer to achieving our 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 \$32.4 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, activities of our subsidiaries, EfficiencyOne Services, and HCi3 Fund, 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 \$34.6 million from Nova Scotia Power in 2020 to provide electricity efficiency services. Total investment in 2021 was \$36.0 million with the additional \$1.3 million of investment funded by revenue deferred in 2020. The remaining \$4.7 million in underspend from 2020 will be reinvested 2022 with the continued focus on achieving the NSUARB three-year performance target.

### The Provincial Fund

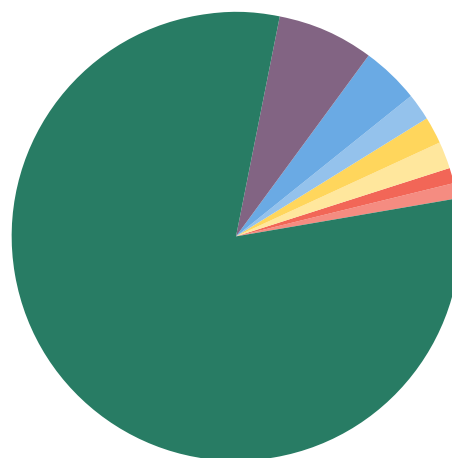
In 2021, EfficiencyOne received \$72.6 million from the Province of Nova Scotia under a fee-for-service agreement to support non-electric efficiency, and low carbon services. Total investment was \$32.4 million with the additional \$40.2 million of funding deferred to support programs in the future.

### The Other Business Fund

In March 2021, HCi3 Fund received \$17.7 million from the Federation of Canadian Municipalities, \$15 million in the form of an endowment and \$2.7 million in operating funds. In addition, EfficiencyOne received funding of \$3.8 million from Nova Scotia Power for the administration of the Nova Scotia Power HomeWarming contribution and recognized \$0.2 million from Natural Resources Canada. EfficiencyOne is currently in negotiations with Natural Resources Canada for funding of the Greener Homes initiative. In 2021, EfficiencyOne Services reported net loss of \$0.005 million.

## Our Investment

This chart provides a breakdown of how each dollar invested in energy efficiency was spent in 2021. Approximately 81 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.



- \$0.81 - Incentives + direct program spending
- \$0.07 - Non-program salaries + benefits
- \$0.04 - Marketing, outreach + education
- \$0.02 - Evaluation + verification
- \$0.02 - 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 us on non-electric efficiency and low carbon spending and activity. An Affiliate Code of Conduct governs all interactions between EfficiencyOne and its subsidiaries. To further ensure the transparency and accountability of spending and other activity, we are subject to a number of independent, third-party audits and evaluations.

These are summarized in the following table:

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