Be the Change
Using Energy Better
ANNUAL REPORT 2012
Efficiency Nova Scotia is the independent non-profit organization responsible for helping Nova Scotians reduce their energy consumption and improve their energy efficiency and conservation at home and at work.

Our Vision
A more sustainable Nova Scotia economy and environment through energy efficiency.

Our Mission
Enable Nova Scotians to use energy better.

Our Strategic Plan
1. Make energy efficiency normal behaviour
2. Forge effective relationships with stakeholders and allies
3. Offer energy efficiency solutions for all
4. Champion the development and growth of the Nova Scotia energy efficiency industry
5. Build a high-performance organization

GLOSSARY
Kilowatt hour (kWh)
Common unit of electrical energy. For example, a 100 watt light bulb operating for 10 hours uses 1000 watt hours or 1 kWh.

Gigawatt hour (GWh)
A unit of energy representing one million kilowatt hours.

Gigajoule (GJ)
A metric of energy equivalent to the amount of energy available from 25.8 litres of heating oil.

Demand Side Management (DSM)
The practice of managing energy end-use in order to minimize costs associated with energy production and delivery. The implementation of DSM strategies helps consumers become more energy efficient through methods such as financial incentives and education.

Light Emitting Diodes (LED)
A very energy efficient light source using special semiconductor diodes.

All numbers in this document are evaluated but not verified.
A Message From the Chair of the Board of Directors

At Efficiency Nova Scotia, we believe we can control the amount of energy needed to live our lives. Not only is this a different way of thinking, it is one of Nova Scotia’s greatest opportunities. It is where Efficiency Nova Scotia fits in: our mandate is to help Nova Scotians use energy better. After all, energy not used is the most cost-effective, cleanest energy source there is.

It has been three years since Efficiency Nova Scotia was created. We exist as an independent, non-profit entity because stakeholders unanimously said independence was the best way to ensure accountability and an innovative, responsive, customer-focused and performance-based approach to energy efficiency.

In 2012, we took strides to living up to that expectation by taking full advantage of the energy efficiency opportunity before us. We grew our customer base through support and investment in energy efficiency and conservation. Nova Scotians are leading a transformation: reducing our dependence on costly fossil fuels through support and investment in energy efficiency. In doing so, we are creating jobs, keeping jobs local, preventing pollution and freeing up resources to help improve our lives, our communities and grow our economy.

And 2012 marked only our second full year of operations. Imagine what the future holds. To that end, I want to thank all of Efficiency Nova Scotia’s employees, my colleagues on the Board of Directors, our countless partners and stakeholders, and all of our customers for their support and their belief that together we are onto something big.

William (Bill) Lahey, Chair of the Board of Directors
Efficiency Nova Scotia Corporation

Behind the scenes in 2012, we continued our work of building a high performance organization. We welcomed four new Board members: Brendan Haley, Jack Kyle, Kim MacNeil, and Joan McArthur-Blair. It also marked the year we finalized our three-year Strategic Plan. With the support of our stakeholders, we developed and received approval from the Utilities and Review Board for a multi-year plan for electricity efficiency and conservation.

Nova Scotians are leading a transformation: reducing our dependence on costly fossil fuels through support and investment in energy efficiency. In doing so, we are creating jobs, keeping jobs local, preventing pollution and freeing up resources to help improve our lives, our communities and grow our economy. And 2012 marked only our second full year of operations. Imagine what the future holds. To that end, I want to thank all of Efficiency Nova Scotia’s employees, my colleagues on the Board of Directors, our countless partners and stakeholders, and all of our customers for their support and their belief that together we are onto something big.

William (Bill) Lahey, Chair of the Board of Directors
Efficiency Nova Scotia Corporation

A Message From the CEO

If 2011 was a building year for Efficiency Nova Scotia, 2012 was our break-through year. Our team of talented employees and network of stakeholders and partners worked together to surpass – by 28 percent – aggressive energy savings targets on electricity services, as well as programs funded by the Province of Nova Scotia. Simply put, we connected more Nova Scotia residents and businesses to programs that helped them make changes – large and small – to use their energy better. In fact, 2012 was the year we marked serving our 100,000th participant in our efficiency programs.

In addition to exceeding energy savings targets, we provided Nova Scotians with exceptional customer service: 96 percent of our customers say they would recommend Efficiency Nova Scotia.

We made strides toward our goal of making energy efficiency the norm for how we live our lives and run our businesses. We acknowledged the investment that businesses across our province are making in energy efficiency through our first annual “Bright Business” conference and awards. We brought energy efficiency to the next generation through education and outreach initiatives, such as the Green Schools program, which expanded its reach in 2012. As well, our Magic of Energy Tour visited more than 20 communities, talking to children and their parents about how energy works and how we can all use it better.

I am proud to say not only did Efficiency Nova Scotia facilitate and educate others about change, we lived it, too. Our Dartmouth office became the first commercial interior spaces in Atlantic Canada to be LEED® Platinum certified.

While Efficiency Nova Scotia is the channel through which these changes are happening, our citizens and businesses, our communities and our institutions are the true stars in this Nova Scotia success story. Together, we are using energy better. By doing so, we are freeing up resources for use in other, more productive areas to improve our lives, our communities and our economy.

Is there more work to be done? Yes.

Just wait and see what’s in store for 2013.

Allan Crandlemire, CEO
Efficiency Nova Scotia Corporation

2012 HIGHLIGHTS

• We surpassed energy savings targets for homeowners and businesses while staying on budget
• We were able to achieve 28% more electrical energy savings compared with our targets
• 96% of our customers would “definitely” or “probably” recommend Efficiency Nova Scotia
• We launched 1st Annual “Bright Business” conference and awards
• We worked with hundreds of stakeholders, from community groups to business associations to transform Nova Scotia by lowering costs and freeing up resources to invest in other, better areas
• We served our 100,000th program participant
• We saved enough electricity to power about 16,000 homes

HOW DO WE KNOW OUR SAVINGS ARE REAL?

Our energy savings figures undergo a rigorous, multi-stage review every year:

1. Efficiency Nova Scotia staff calculates electricity savings for each project
2. An external firm independently evaluates energy savings, makes adjustments and recommendations
3. The Nova Scotia Utility and Review Board’s own independent expert examines the findings and submits a final verification report
4. Finally, that report is submitted to the UARB for its review and approval
Efficiency Nova Scotia

2012 Highlights

ABOUT EFFICIENCY NOVA SCOTIA

Efficiency Nova Scotia is the independent non-profit organization helping Nova Scotians use energy better and save money.

Efficiency Nova Scotia is independent from both government and Nova Scotia Power to ensure a customer-focused, performance-based, and innovative approach to energy efficiency. We are led by an independent Board of Directors and regulated by the Nova Scotia Utility and Review Board.

WHY ENERGY EFFICIENCY?

Energy not used is the cheapest form of energy. Energy efficiency is about getting more for the same or less.

We can’t control the price of energy. But we can take steps to reduce how much we use.

NOVA SCOTIA’S ELECTRICITY MIX

To date, energy efficiency programs have reduced the annual electricity load by 469 million kilowatt hours (kWh) or 4.3%. Without energy efficiency initiatives – which cost only $0.03 per kWh – we would have to generate 4.3% more electricity. This electricity would have come at a much higher delivered cost - on average $0.11 per kWh - and with the associated emissions.


WHY DO WE ALL PAY FOR EFFICIENCY ON OUR POWER BILLS?

Energy efficiency is part of the energy resource mix in Nova Scotia. On our power bills, we all pay for resources like coal, oil, natural gas, and renewables to create electricity. Paying for energy efficiency helps us reduce our consumption of those costlier fossil fuels, and is the most cost-effective resource.

Funding for energy efficiency also comes from the provincial government through a multi-year contract. These funds go directly to non-electrical energy savings and low income services.

HOW DO WE ALL BENEFIT?

Even if you never take part in one of our energy savings solutions, we all benefit from increased energy efficiency because it reduces the overall costs to power our province. In addition to reducing our dependence on foreign fossil fuel and our environmental impact, it provides families and businesses a greater ability to invest in other, more productive activities.

In 2012, Nova Scotians saved enough electricity through efficiency programming to power about 56.5% Coal and Petcoke 20.1% Natural Gas 17.2% Renewable (Wind, Tidal, Hydro, Biomass) 4.3% Energy Savings due to Energy Efficiency Programs 1.9% Other (Imported Power, Oil, etc)

Did you know?
In 2012, we helped 75 Nova Scotia farmers save on their energy bills. On average, each farm is saving $1,700 per year on their energy costs from these projects alone.

* Numbers may include duplicate participation in programs

How We Helped Nova Scotians Save Energy in 2012

With households:

• Retired a total of 7,976 inefficient old refrigerators, freezers and air conditioners.
• Rebates offered on efficient products resulted in 274,610 products purchased. This includes 8,700 LED lights that were distributed through the LED campaign.
• Completed energy efficient upgrades in 28,397 homes, resulting in an average annual savings of $182.00 per household.
• An estimated 12,000 of the 28,397 households receiving Residential Direct Install services were low income households.
• Increased services to low income households including 1,326 homeowners who received building upgrades like wall and attic insulation, as well as air sealing.

With business:

• Upgrades helped 163 industrial customers and 4,208 small businesses be more profitable.
• Provided no cost upgrades of CFLs, hot water tank/pipe wrap, LED exit sign kits and other measures to 2,730 businesses.
• Upgraded lighting at nearly 1,239 small businesses and recycled old fixtures and lamps.
• Trained energy efficiency professionals working on site at the Capital District Health Authority, Dalhousie University and the Nova Scotia Community College to identify and coordinate projects to achieve energy efficiency savings.
Substantial Savings: Residential

Even though energy efficiency isn’t something we see, it’s something we can measure by looking at energy saved. Since our inception we’ve achieved some of the most impressive savings in North America. Last year we helped thousands of homeowners use energy better and achieve substantial savings. In fact, we were able to achieve 28% more electricity energy savings than our targets.

"(Our) oil bills were about $500 a month in the winter. It went down to a little over half of what we paid before - what a difference!"

— Weldon Nicholson, New Waterford, Nova Scotia

2012 RESIDENTIAL SAVINGS RESULTS

<table>
<thead>
<tr>
<th>Residential (Electrical)</th>
<th>Evaluated Energy Savings (GWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient Products</td>
<td>17.9</td>
</tr>
<tr>
<td>&quot;Existing Houses&quot;</td>
<td>50.4</td>
</tr>
<tr>
<td>New Houses</td>
<td>4.9</td>
</tr>
<tr>
<td>&quot;Includes low income&quot;</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>73.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Residential (Non-electrical)</th>
<th>Tracked Energy Savings (GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>30,000</td>
</tr>
<tr>
<td>Existing Houses</td>
<td>121,100</td>
</tr>
<tr>
<td>New Houses</td>
<td>20,400</td>
</tr>
<tr>
<td>Total</td>
<td>171,500</td>
</tr>
</tbody>
</table>

In 2012 the Home Energy Assessment Service saved an average of 6,961 kWh per household or $975 per year and served over 5,600 participants.

Figures based on $0.14/kwh rate

Helping Homeowners Save Energy – And Money

In 2012, Efficiency Nova Scotia helped thousands of Nova Scotian homeowners use energy better from one end of the province to another. As a result, energy was saved – so was money. Here are two stories:

**Weldon and Rose Nicholson**, a retired New Waterford couple, lived in a drafty home which cost a lot to keep warm in the winter. After getting in touch with Efficiency Nova Scotia, they realized there was an affordable way to make their home more energy efficient through a home energy assessment and no-charge efficiency upgrades.

The results? A more airtight home; $830 in rebates; and an estimated yearly savings of 1,309 kWh or $183 on electricity, plus reduced annual furnace oil consumption of 227 litres or $260. In addition, the Nicholsons regained home insurability, put an end to coal dust with coal furnace removal and improved winter comfort.

**Michael Morrison and Leanne Simmons** wanted to build a new energy efficient home in Glace Bay. During the planning stage, they contacted Efficiency Nova Scotia. They enrolled in the New Houses program, which made them eligible for a potential rebate and gave them access to an energy advisor to help sort through the options to achieve energy efficiency. Their results? They built a new home with an EnerGuide 85 rating, received a $5,000 rebate with projected annual electricity savings of $640 or 4,600 kWh.

FUN FACT

Since 2008 Nova Scotians have saved enough electricity to power more than 46,000 households. That’s the equivalent of the number of combined households in Shelburne, Digby, Antigonish, Guysborough, Inverness and Victoria counties.
Substantial Savings: Business

Business and industrial customers are the largest consumers of energy and the associated costs represent a big chunk of their operating budgets. That’s why we’re committed to providing energy savings solutions to businesses both large and small. Using energy more efficiently helps with the bottom line. This means improved competitiveness, a greater ability to invest in other, more productive areas and ultimately a more resilient and prosperous economy.

Frozen Food Supplier Finds Innovative Way to Use Energy Better

In 2012, Oxford Frozen Foods, the world’s largest supplier of frozen wild blueberries and Canada’s largest processor of frozen carrot products, was looking for ways to use energy better. Constantly seeking ways to be more efficient is how they remain competitive. So the Nova Scotia icon’s engineering team found a new system to help them freeze their products that would meet increased production requirements while providing a significant reduction in operating costs.

Oxford Frozen Foods completed a feasibility survey and we then helped cover the upfront cost of nearly $500,000 to help them implement the new method. The new system saves around 3.5 GWh per year of electricity and nearly $300,000 annually – savings that can be used in better, more productive ways to help them keep their position at the top of the processor perch.

Efficiency Gives Competitive Edge to Small Town Business

Located in Lower L’Ardoise, Cape Breton, Lobsters ’R’ Us Seafood provides nine full-time and 45 seasonal jobs in an area of the province that has struggled economically. It grades and stores lobster and snow crab, bought from local fishermen from Port Hawkesbury to Louisbourg.

As a wholesaler, Lobsters ’R’ Us sells its products within Atlantic Canada, into Ontario and in U.S. markets where margins are low. In order to enter into higher-margin markets in India, China and Europe, Lobsters ’R’ Us required a new, long term and cost-effective seafood holding facility.

That’s where Efficiency Nova Scotia stepped in. Through incentives and rebates, Lobsters ’R’ Us was able to build an energy-efficient live storage system. They’ve now entered higher margin markets overseas and are more profitable. In addition, the new energy efficient system is projected to save $90,000 annually in electricity costs compared to a standard system. Lower operating costs allow future re-investment in the plant, higher profits for local catches and a better economic outlook for surrounding communities.

“Because of Efficiency Nova Scotia, we were able to spend up front for a quality live seafood storage system that will bring our energy costs down. This will enable us to be competitive.”

Philippe Gagnon, Manager
Lobsters ’R’ Us

2012 BUSINESS SAVINGS RESULTS

<table>
<thead>
<tr>
<th>Evaluated Energy Savings (GWh)</th>
<th>Business, Non-Profit and Institutional (Electrical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Energy Rebates</td>
<td>21.9</td>
</tr>
<tr>
<td>Custom</td>
<td>33.6</td>
</tr>
<tr>
<td>Small Business Direct Install</td>
<td>30.2</td>
</tr>
<tr>
<td><strong>Programs Total</strong></td>
<td><strong>85.6</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tracked Energy Savings (GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ice Rink Energy Project</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Some Business Highlights in 2012

- 356,266 energy efficient products were installed and rebated for businesses which chose more efficient options
- 418 apartment buildings and 2,730 businesses received lighting upgrades at no charge
- 200 kilometres of inefficient fluorescent tube lighting, typically used in businesses and institutions, were recycled. That’s the distance from Halifax to Amherst.

SoMe Business Highlights in 2012

• 356,266 energy efficient products were installed and rebated for businesses which chose more efficient options
• 418 apartment buildings and 2,730 businesses received lighting upgrades at no charge
• 200 kilometres of inefficient fluorescent tube lighting, typically used in businesses and institutions, were recycled. That’s the distance from Halifax to Amherst.

In 2012, Oxford Frozen Foods, the world’s largest supplier of frozen wild blueberries and Canada’s largest processor of frozen carrot products, was looking for ways to use energy better. Constantly seeking ways to be more efficient is how they remain competitive. So the Nova Scotia icon’s engineering team found a new system to help them freeze their products that would meet increased production requirements while providing a significant reduction in operating costs.

Oxford Frozen Foods completed a feasibility survey and we then helped cover the upfront cost of nearly $500,000 to help them implement the new method. The new system saves around 3.5 GWh per year of electricity and nearly $300,000 annually – savings that can be used in better, more productive ways to help them keep their position at the top of the processor perch.
Thinking Differently

Our ultimate goal is to live and work in a province where using energy better is part of our everyday lives; where it is simply the norm. To get there will require work – and a fundamental shift in how we think. Nova Scotians made this shift – before many others - with waste and, as a result, divert more waste than anyone else in Canada. While energy isn’t something we can see, using it inefficiently produces a different kind of waste. Education and community outreach are critical steps to thinking differently about energy use.

Holiday Light Exchange

The LED Holiday Light Exchange continues to be a much anticipated tradition, which many Nova Scotians look forward to each year.

2012 marked the first year Efficiency Nova Scotia took exclusive ownership of the LED Holiday Light Exchange program.

Nova Scotians brought their traditional holiday lights to exchange for more energy efficient LED lights at tree lighting ceremonies all over the province.

Working with DIRECTIONS Council members, a non-profit organization which employs people with disabilities, we worked together to have the old lights recycled responsibly. Other key partnerships include the Union of Nova Scotia Municipalities, whose support includes promoting the program through their networks, and the local communities which invite us to hold exchanges at their events each year.

Green Schools Nova Scotia

Green Schools Nova Scotia is a grassroots program teaching sustainable practices to one of Nova Scotia’s most influential audiences: our future generation.

By working with Green Schools coordinators, students from elementary to high school uncover their energy saving and environmental stewardship potential and roll up their sleeves to realize that potential.

2012 Green Schools Highlights:

• 48 participating schools from all 9 School Boards, up from 16 schools in 2011

• 598 Green Team students involved, a 150% increase over 2011

• 16,208 students enrolled in Green Schools, up from 6,800 in 2011

• 15 real-time electricity tracking monitors installed

2012 Holiday Light Exchange Highlights

• Over 19,300 traditional lights collected and recycled

• Approximately 9,700 LED strings distributed

• Over 25,500 people participated

• The Light Exchange saved enough electricity to power 34 homes each year

MAGIC OF ENERGY SUMMER TOUR 2012

The Magic of Energy Summer Tour helped to build on public awareness of energy efficiency. The summer tour was to reach out to parents while engaging their children in interactive and educational activities and gives Nova Scotians the opportunity to speak to our staff directly.

We attended several events during the summer and early fall of 2012. Events included community festival days, weekend events and small agricultural exhibitions across the province.

The tour housed three interactive displays which allowed visitors to generate electricity by hand crank and visitors physically powered an incandescent light bulb and a LED bulb to show different levels of energy needed.

Communities We Visited
Innovating

Doing new things or doing old things a better way is what progress is all about. Energy efficiency fits into both categories: new technologies are being adopted and implemented to reduce how much energy we use, and we are taking new approaches to old ways of doing things to use energy better.

On-Site Energy Advisors

In 2012, Efficiency Nova Scotia took an innovative approach to identifying energy savings in some of our province’s largest workplaces.

We placed a trained energy efficiency professional at Capital District Health Authority in 2012 and began development work to place on-site energy efficiency professionals at Dalhousie University and Nova Scotia Community College, which were in place in early 2013. These experts work on-site and collaboratively with staff to identify and coordinate projects to achieve energy efficiency savings.

EXAMPLE:

Under the On-Site Energy Advisor program, parking lot lighting was upgraded to LED lighting at the Halifax Infirmary and Veterans Memorial Building in Halifax. Not only does this upgrade improve light quality significantly, it saves Capital Health $10,000 per year.

“We with expertise from our On-Site Energy Advisor, Capital Health was able to take on even more projects to improve energy efficiency and redirect our savings into vital healthcare services. Working with Efficiency Nova Scotia has been a huge help.”

E. Jane Pryor
Director, Operations Support, Capital Health

Recycling Innovation

Most incandescent, fluorescent, and compact fluorescent lights removed through Efficiency Nova Scotia’s lighting programs are funneled to Dan-X for disposal. Dan-X’s two visionary owner-operators, David Hall (l) and Dana Emerson (r) use a patented state-of-the-art system that separates and contains bulb components for recycling; the first of its kind in Canada. Since 2009, Dan-X estimates it has kept more than 7 kilograms of mercury from landfills by recycling 1.2 million bulbs. Not only is Dan-X’s contribution of energy efficiency innovative, it is also a leader in our waste reduction culture.

Recycling Innovation

Most incandescent, fluorescent, and compact fluorescent lights removed through Efficiency Nova Scotia’s lighting programs are funneled to Dan-X for disposal. Dan-X’s two visionary owner-operators, David Hall (l) and Dana Emerson (r) use a patented state-of-the-art system that separates and contains bulb components for recycling; the first of its kind in Canada. Since 2009, Dan-X estimates it has kept more than 7 kilograms of mercury from landfills by recycling 1.2 million bulbs. Not only is Dan-X’s contribution of energy efficiency innovative, it is also a leader in our waste reduction culture.

DID YOU KNOW?

28% of Efficiency Nova Scotia’s 2012 energy savings came from 9 new programs, components or pilots that were launched in 2011 and 2012.

WE’RE PLATINUM!

Efficiency Nova Scotia doesn’t just help homeowners and businesses improve their efficiency, we live it ourselves.

Early in 2013, Efficiency Nova Scotia’s office in Burnside Industrial Park, Dartmouth, received LEED® Platinum certification for Commercial Interiors (CI). This designation marks one of the first Platinum LEED® CI certifications in Atlantic Canada.

Our Platinum certification reflects several features including:

- Development density and community connectivity;
- Access to bicycling facilities and public transportation;
- Use of low-flow fixtures and recycled materials;
- Use of a lighting control system that turns on lights when a room is occupied;
- Use of daylight.

These are just some examples of actions we took – there are more.

By the numbers:

- 42% of the construction and furnishing products in Efficiency Nova Scotia’s office were regionally manufactured
- 32% of our furniture and furnishings is salvaged, refurbished or used furniture and furnishings
- 72% of new wood-based products and materials in Efficiency Nova Scotia’s office are certified in accordance with the Forest Stewardship Council’s Principles and Criteria
- 90% of staff have lighting controls and lighting controls are installed in all multi-occupant spaces
- 97% of construction, demolition and packaging debris was diverted from landfill disposal during construction
- 100% of applicable eligible equipment and appliances are ENERGY STAR® rated

Above: On-site Energy Advisors (from left to right) Adam Hayter, David Bligh and Glen MacDougall help some of Nova Scotia’s largest workplaces identify and coordinate energy savings.
Building Partnerships

Improving energy efficiency across the province will require all hands on deck. Fortunately, individuals, businesses and organizations have stepped up to the plate in a big way. During our first two years, we have developed hundreds of strong, dynamic partnerships with experienced energy efficiency contractors, distributors, manufacturers, associations, and other professionals. Together, we’re all working to make Nova Scotia a more energy efficient, sustainable, and prosperous province.

Demand Side Management Advisory Group

One of our key partnerships is with the stakeholders involved in regulatory approval of our programming. Known officially as the Demand Side Management Advisory Group, the members represent a wide variety of Nova Scotians.

In addition to our regulatory body, the Utility and Review Board, some represent specific rate-paying groups while others speak for governments or other associations. All have a seat at the table as we plan and consult on current and future initiatives, priorities and strategies around electrical efficiency. It is vital for the process to involve -- and ultimately be supported by -- our stakeholders. They are, after all, representing Nova Scotians who invest in Efficiency Nova Scotia and must be involved every step of the way as we build a more energy efficient culture.

These are the members of the DSM Advisory Group:
- Affordable Energy Coalition (Dalhousie Legal Aid)
- Canadian Oil Heat Association
- Consumer Advocate
- Ecology Action Centre
- Efficiency Nova Scotia
- Halifax Regional Municipality
- Large Industrial Sector
- Municipal Electric Utilities of Nova Scotia Cooperative
- Nova Scotia Department of Energy
- Nova Scotia Power
- Nova Scotia Utility and Review Board
- Small Business Advocate
- Union of Nova Scotia Municipalities

Habitat for Humanity

In March 2012, Efficiency Nova Scotia signed a two-year agreement to work with Habitat for Humanity Nova Scotia to upgrade and build energy efficient and affordable homes.

With our support, Habitat for Humanity incorporates energy efficiency practices in each step of the new home building and home renovation process, such as procuring materials manufactured through sustainable processes, installing appliances and heating systems to meet the highest energy efficiency standards, as well as applying high-efficiency building techniques.

We also assess existing Habitat for Humanity homes, offering upgrades to homeowners to improve energy efficiency, and reduce heating and other energy costs. Finally, energy efficiency education is provided to homeowners, partner families, staff, and volunteers.

DID YOU KNOW?

In 2012, over 60 subcontractors upgraded lighting for small businesses in six geographic territories covering the province.

“With the help and expertise of Efficiency Nova Scotia, we have constructed homes with better building techniques and more energy efficient heating systems and practices.”

Denise Fawthrop, Habitat for Humanity

TRADE PARTNER NETWORK

Efficiency Nova Scotia works with hundreds of experienced energy efficiency contractors, distributors, manufacturers and other professionals all of whom help Nova Scotians use energy better.

Through 2012, we started work on formalizing these relationships through the creation of Canada’s first Trade Partner Network devoted to the promotion of energy efficiency.

The Trade Partner Network will offer many benefits to our service organizations including exposure, recognition, business leads, training, promotional materials, information, and interaction. We believe it will be instrumental in promoting energy efficiency programs to help grow Nova Scotia businesses while helping us all reduce our energy use.

Nova Scotians have told us that they are unsure which businesses are equipped to provide the energy efficiency products and services they need. When fully developed, the Trade Partner Network will offer Nova Scotians a listing of approved contractors and vendors who have an understanding of our programs and services.

Clean Nova Scotia is one of many Efficiency Nova Scotia partners that bring energy efficiency to homes and businesses, pictured above – Rob Mains.

Efficiency Nova Scotia staff help with a Habitat for Humanity build
Transforming Nova Scotia

For too long, we’ve viewed energy as a ‘fixed cost’ – a necessary cost that could only go up. Enter energy efficiency. Energy not used is the cheapest form of energy. It’s about getting more for less – more savings on your power bills, more money in your pocket, more competitive businesses, and investment in the local economy.

How Energy Efficiency Is Transforming Our Province

To date, energy efficiency programs have reduced the annual electricity load by 469 million kilowatt hours (kWh) or 4.3%. Without energy efficiency initiatives – which cost only $0.03 per kWh – we would have had to generate 4.3% more electricity. This electricity would have come at a much higher delivered cost - on average $0.11 per kWh - and with the associated emissions.

In 2012, we held our first “Bright Business” conference on energy efficiency. Incredibly, people representing more than 400 Nova Scotia businesses attended the conference, establishing energy efficiency as a full-fledged industry in our province. In addition to acknowledging the many businesses who have taken measures to reduce energy costs through our “Bright Business Awards”, those who attended learned how to identify and understand energy usage, the importance of employee awareness, the tools to help create engagement to reduce energy use and save money. One of the most popular aspects of the event was a tradeshow which gave delegates an opportunity to network with local experts on new, energy efficient technology and discuss projects for the upcoming year.

Efficiency Nova Scotia is awesome to work with. Efficiency is really, really good at keeping people happy, doing things that make sense and helping local companies move forward. I mean they are huge on buying local. That’s very important to us.”
Rodney Misener, General Manager, Trinity

Economic Impact of Energy Efficiency: One Business’ Story

Trinity Inspection Services, a Westville-based offshoot of insulation experts, Trinity Maintenance Solutions Ltd., is revving up to keep pace with demand and opportunity. It handles energy audit work and together with help from Trinity Maintenance Solutions Ltd., they deliver Efficiency Nova Scotia’s low income program throughout the region.

What began as a three-employee local insulation company six years ago, has morphed into a comprehensive energy efficiency business with 32 employees, serving Nova Scotia’s northern mainland residential market. Company activities range from installing insulation to conducting energy audits, and more recently, to manufacturing water heater blankets, also known as tank wraps. Once into audit work, Trinity Inspection Services was created to demarcate that part of Trinity’s overall business.

Currently, of the 32 employees, 17 are auditors trained in house, doing about 1,500 energy audits each year. And all because of energy efficiency.

“Efficiency Nova Scotia is awesome to work with. Efficiency is really, really good at keeping people happy, doing things that make sense and helping local companies move forward. I mean they are huge on buying local. That’s very important to us.”
Rodney Misener, General Manager, Trinity

NOVA SCOTIA BUSINESSES SHINE BRIGHT

In 2012, we held our first “Bright Business” conference on energy efficiency. Incredibly, people representing more than 400 Nova Scotia businesses attended the conference, establishing energy efficiency as a full-fledged industry in our province. In addition to acknowledging the many businesses who have taken measures to reduce energy costs through our “Bright Business Awards”, those who attended learned how to identify and understand energy usage, the importance of employee awareness, the tools to help create engagement to reduce energy use and save money. One of the most popular aspects of the event was a tradeshow which gave delegates an opportunity to network with local experts on new, energy efficient technology and discuss projects for the upcoming year.
2012 ELECTRICITY SAVINGS RESULTS
Evaluated Energy Savings (GWh)

Residential
*Efficient Products 17.9
*Existing Houses 50.4
*New Houses 4.9
*Includes low income

Business, Non-Profit and Institutional
Prescriptive Rebates 21.9
Custom 33.6
Small Business Direct Installs 30.2

Total 158.9

TOTAL BUSINESS, NON-PROFIT AND INDUSTRIAL CUSTOMERS THAT PARTICIPATED IN 2012 PROGRAMS
Total 4,371

CALLS BY TOPIC
Home Energy Assessment 4,967
Residential Direct Install 2,659
Appliance Retirement 2,019
Fuel Substitution 2,012
Low Income Homeowner Service 1,939
Residential Advice 1,417
Small Business Energy Solutions 1,264
New Houses 751
Business Energy Rebates 459
Solar 284
Instant Savings 283
Business Non-Profit and Institutional Advice 224
Business Non-Profit and Institutional Direct Installs 196
LED Holiday Light Exchange 123
Custom Retrofit 108
Custom New Construction 35
Financing 3

Total Calls 18,743

CUSTOMER SATISFACTION
The Customer Satisfaction Index is 89.0, similar to 2011.

FINANCIAL INFORMATION: SELECTED EXPENSES
Incentives $46,567,073
Evaluation and Verification $1,244,477
Salaries and Benefits $5,027,098* 
*Includes $228,763 paid to Directors and $748,076 paid to the Corporation’s Executive Team

PARTICIPANTS IN 2012 FOR HOME ENERGY ASSESSMENT
Region / Counties Participants who had an energy audit in 2012 Electrical Energy Savings kWh Non-electrical Energy Savings GJ
Eastern Cape Breton, Richmond, Inverness, Victoria 889 710,000 22,000
Northern Antigonish, Guysborough Pictou, Cumberland, Colchester 691 1,121,000 15,000
Central Halifax, Hants 3,102 4,320,000 61,000
Southwestern Kings, Annapolis, Digby, Yarmouth, Shelburne, Queens, Lunenburg 941 2,521,000 19,000

Total 5,623 8,672,000 117,000

2012 LOW INCOME HOME SERVICE PARTICIPANTS BY REGION
Region Total
Central 353
Eastern 366
Northern 305
Southwestern 301

Total 1,325

ELECTRICITY SAVINGS BY YEAR
Year Verified GWh Savings
2008 21.41
2009 64.37
2010 82.45
2011 141.75
2012 158.87

Total 468.85

2012 SAVINGS RESULTS FOR PROGRAMS FUNDED BY THE PROVINCE OF NOVA SCOTIA
(Non-Electrical)

Residential
Low Income 30,000
Existing Houses 121,100
New Houses 20,400

Business, Non-Profit and Institutional
Rink Energy Project 3,000

Total 174,500

PROGRAM PARTICIPATION
Program Name Total Served
Existing Houses 33,794
Residential Direct Install 28,691
Appliance Retirement 16,167
Business Energy Solutions 10,540
Multi-Unit Residential Building 4,082
Home Energy Assessment 2,049
New Houses 1,746
Low Income Homeowner Service 1,326
Custom Retrofit 368
Fuel Substitution 304
Solar 95
Custom New Construction 18

Total 99,400

Number of participants in Efficiency Nova Scotia programs 2011-2012
Board Profiles

William (Bill) Lahey, B.A., B.A. (Juris), LL.M.,
CHAIR OF THE BOARD OF DIRECTORS

William Lahey is an Associate Professor at the Schulich School of Law at Dalhousie University. Bill’s 20-year legal career started with clerking for the Supreme Court of Canada. Since then he has worked in private legal practice as well as academe, and served as an Assistant Deputy Minister of Health and as a Deputy Minister of Environment and Labour for Nova Scotia.

Raymond Côté, B.Sc., M.Sc.

Raymond Côté is Professor Emeritus in Resource and Environmental Studies at Dalhousie University. He also serves on the Board of Directors of the Nova Scotia Resource Recovery Fund and is a frequent columnist on business and the environment. From 1998-2008, Raymond was Director of Dalhousie’s award-winning Eco-Efficiency Centre and he has been an advisor to the United Nations Environment Program and several other local, provincial and national organizations. Raymond has 40 years of experience in environmental management as a regulator, administrator, advisor, researcher, teacher and consultant.

Brendan Haley, B.Sc., MES

Brendan Haley is a PhD candidate at Carleton University’s School of Public Policy and Administration. His research examines the transition to a low-carbon economy from innovation policy and Canadian political economy perspectives. He previously worked at the Ecology Action Centre, and played an important role in the development of Nova Scotia’s energy efficiency framework. He holds a Masters in Environmental Studies from York University and a B.Sc in economics from Dalhousie University.

Hector Jacques, O.C., M. Eng. D. Comm. (Hon.), P. Eng. FEIC, D. Law (Hon.)

Hector Jacques, a well-known name in Canadian engineering, is a founding partner of Jacques Whitford and Associates Ltd. Set up in 1972 to offer earth sciences expertise to the Atlantic region, the company grew under his direction as CEO into an international operation with 45 offices employing 1,700 professionals worldwide. It was sold to Stantec in 2009 when he retired. Hector has been awarded high profile awards and recognition for his contribution to the engineering and business communities, including being made an Officer of the Order of Canada in 2007. He sits as a director on several boards.

Jack Kyte, B.Sc.

Jack Kyte is a communications and public relations professional with over 35 years as an executive in Nova Scotia’s pulp and paper industry and is currently on the Board of the Aberdeen Health Foundation. He resides in New Glasgow, Nova Scotia. His personal interests are related to health care, environmental stewardship and community economic development.

Carol MacCulloch, B. Comm., M.A.

Carol MacCulloch has experience as a not-for-profit executive and director. Her expertise has helped several start-up organizations, and her leadership has energized a series of quasi-governmental organizations, advisory committees, and not-for-profit boards. In 2009, Carol received an honourary diploma from the Nova Scotia Community College.

Kim MacNeil, M.P.A. (M)

Kim is Executive Director with the Environmental Science and Program Management Division of Nova Scotia Environment, currently on assignment with the Executive Council Office. He worked for many years in the mining sector and has more than 25 years of experience in the environmental field, including regulatory compliance and environmental health with an emphasis on sustainability. He is a past Board member of the Nova Scotia Teachers Pension Plan Trustee Inc. and the Resource Recovery Fund Board.

Dr. Joan McArthur-Blair, BA, Med, EdD

Joan McArthur-Blair is a writer, speaker and facilitator who undertakes projects that create positive generative change. She is retired from the Canadian college system and believes education is a powerful force for social and economic good. She has led in higher education - most recently as president; in faculty development, international projects, as faculty; in sustainability projects; and in the mentorship of others. She is authoring The Quivering Heart; and co-authored Appreciative Inquiry in Higher Education: A Transformative Force.

Sean O’Connor, B. Comm., C.A.

Sean O’Connor is a businessman with interests in several small and medium-sized businesses in Atlantic Canada. An accountant by training, he has held senior positions in the private and public sectors. Sean sits on the boards of a number of private and not-for-profit organizations and is Chair of the Atlantic Lottery Corporation.

Dan O’Halloran, M.Sc., P. Eng.

Dan O’Halloran, with close to 50 years of professional engineering, management and business experience, has been involved in a wide range of projects in Atlantic Canada. He is a founder of O’Halloran Campbell Consultants, and a former Fellow of the Canadian Society for Civil Engineering, the American Society of Civil Engineers and the Institution of Civil Engineers. He has experience with several boards and advisory groups.

Michele Wood-Tweed, B. Comm., FCA, CFP, TEP

Michele Wood-Tweed is the CEO and Executive Director of The Institute of Chartered Accountants of Nova Scotia. Before taking the helm at ICANS, Michele spent more than 20 years in private practice with KPMG LLP. Michele is on the boards of the Halifax International Airport Authority and the IWK Health Centre Foundation. She is a past Chair of Saint Mary’s University Board of Governors and has previously served on the Boards of the Halifax-Dartmouth Bridge Commission, The Royal Nova Scotia International Tattoo Society and the Halifax Chamber of Commerce.
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of Efficiency Nova Scotia Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Efficiency Nova Scotia Corporation (the "Corporation") which comprise the statement of financial position as at December 31, 2012 and the statements of operations and changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Efficiency Nova Scotia Corporation as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

We have audited the Corporation’s compliance, as at December 31, 2012, with the cost allocation criteria established by the Efficiency Nova Scotia Corporation Cost Allocation Methodology Report as filed with the Nova Scotia Utility and Review Board. Compliance with the cost allocation criteria is the responsibility of the Corporation’s management. Our responsibility is to express an opinion on this compliance based on our audit.

In our opinion, as at December 31, 2012, the Corporation has complied in all material respects, with the cost allocation criteria established by the Efficiency Nova Scotia Corporation Cost Allocation Methodology Report.

Dartmouth, Nova Scotia
April 2, 2013

Chartered Accountants

[Stamp: Baker Tilly International]
### Statement of Financial Position

**As at December 31, 2012**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Current</th>
<th>Capital</th>
<th>Provincial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>3,163,895</td>
<td>29,162,455</td>
<td>20,152,914</td>
</tr>
<tr>
<td><strong>Accounts receivable</strong></td>
<td>6,122,969</td>
<td>202,916</td>
<td>249,400</td>
</tr>
<tr>
<td><strong>HST receivable</strong></td>
<td>8,844,750</td>
<td>273,296</td>
<td>9,118,046</td>
</tr>
<tr>
<td><strong>Due from Electricity Demand Side Management Fund</strong></td>
<td>4,220,482</td>
<td>4,220,482</td>
<td>4,220,482</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>18,131,614</td>
<td>791,226</td>
<td>22,060,620</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Current</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accounts payable and accrued liabilities</strong></td>
<td>9,888,321</td>
<td>14,624,978</td>
</tr>
<tr>
<td><strong>HST payable</strong></td>
<td>516,175</td>
<td>14,624,978</td>
</tr>
<tr>
<td><strong>Due to Provincial Fund</strong></td>
<td>4,220,482</td>
<td>4,220,482</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>14,624,978</td>
<td>14,624,978</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances</th>
<th>Externally Restricted</th>
<th>Interfund Transfers</th>
<th>Fund Balance End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Balances</strong></td>
<td>3,506,636</td>
<td>267,689</td>
<td>24,450,776</td>
</tr>
</tbody>
</table>

### Statement of Operations and Changes in Fund Balances

**For the Year Ended December 31, 2012**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>DC</th>
<th>Other Program &amp; Administrative Costs</th>
<th>Net Surplus (Deficit)</th>
<th>Fund Balance - Beginning of Year</th>
<th>Fund Balance - End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electricity annual assessment</strong></td>
<td>43,619,576</td>
<td>234,236</td>
<td>234,236</td>
<td>234,236</td>
<td>234,236</td>
</tr>
<tr>
<td><strong>Province of Nova Scotia</strong></td>
<td>29,162,455</td>
<td>987,850</td>
<td>80,118</td>
<td>1,644,477</td>
<td>1,644,477</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>46,484</td>
<td>88,655</td>
<td>2,916</td>
<td>7,221</td>
<td>7,221</td>
</tr>
<tr>
<td><strong>Provincial grant</strong></td>
<td>163,699</td>
<td>88,655</td>
<td>2,916</td>
<td>7,221</td>
<td>7,221</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>73,031,431</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
</tr>
<tr>
<td><strong>Direct Costs</strong></td>
<td>49,126,101</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
</tr>
<tr>
<td><strong>Other Program &amp; Administrative Costs</strong></td>
<td>11,830,818</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>60,956,919</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
<td>13,902,235</td>
</tr>
<tr>
<td><strong>Net Surplus (Deficit)</strong></td>
<td>12,074,512</td>
<td>12,074,512</td>
<td>12,074,512</td>
<td>12,074,512</td>
<td>12,074,512</td>
</tr>
<tr>
<td><strong>Fund Balance</strong></td>
<td>13,539,488</td>
<td>13,539,488</td>
<td>13,539,488</td>
<td>13,539,488</td>
<td>13,539,488</td>
</tr>
</tbody>
</table>

Approved by the Board

William (Bill) Lahey
Chair, Board of Directors

Sean O’Connor
Chair, Finance Committee

**See accompanying notes to the financial statements**
For the Year Ended December 31, 2012

INVESTING

Management Fund  (4,220,482)  (4,220,482)
Due from Electricity Demand Side

FINANCING

Accounts receivable  5,975,788  40,825  6,016,613  (8,059,516)
Changes in non-cash working capital items
Accounts receivable  5,975,788  40,825  6,016,613  (8,059,516)
HST receivable  (4,128,655)   80,817  (4,047,838)  (5,070,208)
Prepaids  (538,578)   605,325  66,747  5,876,704
HST payable  (7,497,959)   (7,497,959)  7,772,675
Deferred revenue  (163,698)  
Net surplus (deficit)  (3,389)  (234,236)  12,312,137
Item not affecting cash
Amortization  (3,389)  12,312,137 12,308,746 12,912,524

CASH PROVIDED BY (USED FOR):

OPERATING

Net surplus (deficit)  (3,389)  234,236 12,074,512 12,823,869
Item not affecting cash
Amortization  234,236  234,236 86,655

STATEMENT OF CASH FLOWS

EFFICIENCY NOVA SCOTIA CORPORATION

CASH AND CASH EQUIVALENTS

- End of year  3,163,895  13,039,104 6,846,311 13,276,802
- Beginning of year  5,526,090  8,835,312 14,361,402 14,361,402

INTERFUND ADJUSTMENTS

(389,884) 525,537  (131,653)

CASH AND CASH EQUIVALENTS - End of year  3,163,895  17,520,281 20,684,176 14,361,402
Cash and cash equivalents consist of:
Cash  2,653,906  17,520,281 20,174,187 13,856,521
Term deposit  509,899  509,899  504,881

CASH AND CASH EQUIVALENTS - Beginning of year  5,526,090  8,835,312 14,361,402 14,361,402

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 NATURE OF OPERATIONS

Efficiently Nova Scotia Corporation (the Corporation) is a not-for-profit organization, incorporated by legislation in the Province of Nova Scotia under the Efficiency Nova Scotia Corporation Act ("Act") on January 22, 2010. The purpose of the Corporation is to administer electricity demand-side management programs in the Province of Nova Scotia with the authority to engage in other energy efficiency and conservation programs. The Act established the Electricity Demand-Side Management Fund ("EDSM Fund") restricting the expenditures to those expenditures permitted under the Act and those approved by the Nova Scotia Utility and Review Board("UARB"). Prior to the transition date of October 1, 2010, electricity demand-side management programs had been developed and administered by Nova Scotia Power Incorporated ("NSPI"), a public utility in Nova Scotia. Effective April 1, 2011, the Corporation reached an agreement with the Province of Nova Scotia to manage the design, development, and administration of specific non-electricity energy efficiency and conservation programs. Therefore, the comparative figures show operations under the Provincial Fund including management of the non-electricity energy efficiency and conservation programs from April 1, 2011 to December 31, 2011.

The Corporation is not a Crown corporation and operates on a not-for-profit basis; any surplus must be retained for the following year's programs and may not be distributed. The Corporation is a non-profit organization under the meaning assigned in Section 149 of the Income Tax Act and as such is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

2. RESTATEMENT

During the year, it was determined that the expense recognition policy, with respect to incentive payouts was not applied consistently to a certain portion of projects completed during the prior year. To correct this error, the Corporation has restated its statement of financial position as at December 31, 2011, and the statements of operations and changes in fund balances, and cash flows for the year then ended.

The impact of the restatement on the Corporation's previously issued statements are as follows:

As previously reported  Restatement  As restated
2011
Statement of operations and changes in fund balances
(i) Incentivies  31,496,216  1,163,224  32,659,440
(ii) Net surplus  13,987,093  (1,163,224)  12,823,869
(iii) Fund balance - end of year  13,987,093  (1,163,224)  12,312,137
Statement of financial position
(iv) Accounts payable and accrued liabilities 10,566,056  1,163,224 11,729,280
(v) Cash and cash flows  4,716,489  1,163,224  5,879,704

The above adjustments impacted the Electricity Demand-Side Management Fund only.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations.

4. FUND ACCOUNTING

The Corporation follows the restricted fund method of accounting for contributions.

(i) The EDSM Fund is used to account for the operations of the Corporation including reporting the restricted revenues received and expenses approved annually by the UARB. Cash received under the EDSM Fund is only used for operations of the fund with the exception of approved transfers to cover the cost of capital assets;

(ii) The Provincial Fund is used to account for the operations of the Corporation including reporting the restricted revenues received and expenses incurred under contract with the Province of Nova Scotia. Cash received under the Provincial Fund is only used for operations of the fund with the exception of approved transfers to cover the cost of capital assets and approved loans;

(iii) The Capital Asset Fund is used to account for capital assets, including their purchase, amortization, and disposal. Operating costs of capital assets are accounted for in the EDSM Fund and the Provincial Funds.

5. REVENUE RECOGNITION

The financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations using the restricted fund method in which externally restricted revenues are recognized upon receipt in the fund corresponding to the purpose for which they were made. The electricity annual assessment and Province of Nova Scotia revenues are externally restricted.

Interest income on short-term interest-bearing deposits is recognized as revenue in the EDSM Fund or Provincial Fund in the year in which the investment income is earned.

See accompanying notes to the financial statements.
Cash and Cash Equivalents
The Corporation discloses bank balances and short-term interest-bearing deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

Capital Assets
The Corporation’s policy is to record the purchases of capital items in excess of $10,000 on the statement of financial position. Capital assets are initially recorded at cost.

Amortization is provided for using the rates and method over their estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Rate</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>33%</td>
<td>Straight-line</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Terms of lease</td>
<td>Straight-line</td>
</tr>
<tr>
<td>Software</td>
<td>50%</td>
<td>Straight-line</td>
</tr>
</tbody>
</table>

One half year’s amortization is taken in the year of the acquisition.

Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at year-end. Foreign currency expenses are translated at rates in effect during the year. Gains and losses from translation are included in the determination of income for the year.

Reporting to UARB
The UARB approves the DSM Plan (the “Plan”) for the Corporation, including electricity savings and associated expenditures in a calendar year. The reporting methodology to account to the UARB for actual results against the Plan requires a calculation which adjusts total costs in the DSM Fund for interest revenue, amortization allocated on the basis of Full-Time Equivalents of staff resources assigned to the programs as determined by the CAM, and HST input tax credits. The adjusted cost is then compared to the funding received via the Plan.

Use of Estimates
The preparation of financial statements in accordance with Canadian Accounting Standards (for not-for-profit organizations) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Some of these estimates and assumptions include allowance for doubtful accounts, HST receivable, estimated useful lives of capital assets, accrued liabilities and HST payable. Actual results could differ from these estimates.

Cost allocation methodology
The Corporation follows a cost allocation methodology (“CAM”) to allocate expenses not directly related to a fund, see Note 17.

4. FINANCIAL INSTRUMENTS
The Corporation’s financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and HST receivable and payable balances. It is management’s opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from financial instruments other than as stated in Note 16.

All of the Corporation’s financial assets and liabilities are measured at amortized cost, which approximates fair market value given their capacity for prompt liquidation, with the exception of HST receivable as explained in Note 10.

5. PROVINCE OF NOVA SCOTIA
In March 2012, the Corporation finalized a multi-year fee for service agreement with the Province of Nova Scotia. Under this agreement, fees are received quarterly beginning April 1, 2011 inclusive of March 31, 2014. On signing of the agreement, the amount relating to services provided for the year ending 2011, $11,437,500, was paid to the Corporation and recognized in revenues during the current year in accordance with the Corporation’s revenue recognition policy. The Corporation also received $14,800,000 in fees for services rendered during the current year, plus various contribution agreements including, but not limited to, Solar and Sustainable Transportation. In 2011, the Corporation received $13,540,000 related to various contribution agreements.

6. PROVINCIAL GRANT
In May 2010, the Corporation received an unrestricted grant of $175,000 from the Province of Nova Scotia to defray start-up costs. An amount of $11,301 was recognized as revenue in 2010 as expenses were incurred for consulting and professional fees associated with the development of the non-electricity fuels activities. In 2011, the remaining amount of $163,699 was recognized as revenue, as additional start-up expenses were incurred.

7. INTERFUND TRANSFERS
The Corporation’s management transferred $389,884 (2011 - $435,591) from the DSM Fund and $133,653 (2011 - $112,593) from the Provincial Fund to the Capital Asset Fund for the purchase of furniture and fixtures, leasehold improvements, and software. The amounts transferred from the funds were based on the allocation of Full-Time Equivalents of staff resources assigned to the programs as determined by the CAM.

8. CASH AND CASH EQUIVALENTS
The Corporation manages its cash and cash equivalents according to its cash needs, in accordance with the Corporation’s investment policy. The average interest rate on deposits at year end was 1.10% (2011 - 1.10%). Short-term interest-bearing deposits mature in March 2013.

9. ACCOUNTS RECEIVABLE

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund</td>
<td>Provincial Fund</td>
<td>Total</td>
</tr>
<tr>
<td>Fund</td>
<td>Fund</td>
<td>Fund</td>
</tr>
<tr>
<td>NSPI receivables</td>
<td>5,169,825</td>
<td>5,169,825</td>
</tr>
<tr>
<td>Other receivables</td>
<td>953,144</td>
<td>46,561</td>
</tr>
<tr>
<td></td>
<td>6,122,969</td>
<td>46,561</td>
</tr>
</tbody>
</table>

Comparative other receivables of $986,573 are net of a valuation allowance of $272,000.

10. HST RECEIVABLE / PAYABLE
The Corporation filed a ruling request with the Canada Revenue Agency ("CRA") in October 2010 on the following two issues:

a) Whether the Corporation is making a taxable supply to NSPI and, as a result, whether the Corporation is required to charge and collect HST on the payments received from NSPI; and

b) Whether the Corporation is entitled to claim full input tax credits for HST paid on expenses incurred in the course of delivering Electricity Demand Slide Management programs.

A ruling was received in April 2012 which denied both issues presented to CRA.

In May 2012, the Corporation requested a second level review of the ruling. The second level review is outstanding as at the date of the auditors’ report.

In anticipation of a favourable ruling, the Corporation has accrued a receivable of $9,844,750 (2011 - $4,624,268) in the DSM Fund. If the ruling were to deny HST input tax credit eligibility, the Corporation’s expenses would increase by approximately $4,220,483 in 2012 (2011 - $3,675,907; 2010 - $496,360).

The Corporation is claiming input tax credits for HST paid on expenses incurred in the Provincial Fund under fee for service agreement. The cumulative input tax credits as of December 31, 2012 amounted to $1,642,331, of which $273,296 (2011 - $445,943) was outstanding at year end. As of the date of the auditors’ report, CRA is allowing input tax credits under the Provincial Fund pending a review.

11. DUE FROM (TO) FUNDS
During the year $4,200,482 (2011 – nil) was loaned from the Provincial fund to the DSM Fund to finance HST input tax credits that have been denied by CRA. Interest will be accrued at a rate equal to the average interest on deposits.

12. CAPITAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated Amortization</th>
<th>Net</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>611,672</td>
<td>204,762</td>
<td>406,900</td>
<td>207,835</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>483,112</td>
<td>113,126</td>
<td>369,986</td>
<td>291,668</td>
</tr>
<tr>
<td>Software</td>
<td>28,780</td>
<td>14,460</td>
<td>14,320</td>
<td>5,422</td>
</tr>
<tr>
<td></td>
<td>1,123,564</td>
<td>323,388</td>
<td>791,226</td>
<td>501,925</td>
</tr>
</tbody>
</table>

13. FUND BALANCES
On August 4, 2009, the UARB approved a DSM Cost Recovery Rider mechanism for NSPI for 2010 and beyond that includes a DSM Balance Adjustment (“DSM BA”). The DSM BA is a true-up component that includes the ability for the Corporation, as Administrator of the DSM Fund, to recover or refund to rate payers the difference between the actual and approved costs of the Plan.

The recovery or refund covered under the DSM BA is subject to approval by the UARB. As information required for the balance adjustment is not available until after December 2012, any approved recovery or refund would not be realized until 2014.
14. CONTINGENCIES
The Corporation has an agreement with NSPI to extend financing to certain Business, Institutional and Non-profit ("BIN") customers participating in either the Business Energy Solutions, BIN Custom, or Business Energy Rebates programs. Those customers are approved by NSPI for repayment terms up to 48 months. Financing costs related to the principal are paid to NSPI by the Corporation on a monthly basis and are considered part of the applicable program cost. The Corporation is contingently liable to cover defaults on principal amounts outstanding. At December 31, 2012 the balance of total financing extended was $1,903,704 (2011 - $2,405,798).

The Corporation made various offers with Nova Scotia's enrolled in the New Houses, Home Energy Assessment, Residential Solar, and Green Heat programs to provide incentives once measures are implemented and confirmed in their place of residence. Customers have between two and twelve months to complete the measures identified if they so choose. At this time, the Corporation cannot reasonably estimate the amount of rebates it could be called upon to honour should customers complete the programs.

15. COMMITMENTS

a) The Corporation has entered into a lease agreement for the rental of its office premises, expiring December 31, 2017. Minimum annual lease payments over the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$362,260</td>
</tr>
<tr>
<td>2014</td>
<td>$367,944</td>
</tr>
<tr>
<td>2015</td>
<td>$373,628</td>
</tr>
<tr>
<td>2016</td>
<td>$377,418</td>
</tr>
<tr>
<td>2017</td>
<td>$377,418</td>
</tr>
</tbody>
</table>

b) The Corporation has entered into a contract for the development and distribution of the home energy report. Future minimum payments for the next three years are approximately as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Future Minimum Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>2014</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>2015</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

16. RISK MANAGEMENT

The Corporation's financial instruments and the nature of the risks which they may be subject to are as follows:

<table>
<thead>
<tr>
<th>Risk Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk</td>
<td>The risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market interest rates.</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>The risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market liquidity.</td>
</tr>
<tr>
<td>Currency risk</td>
<td>The risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in foreign exchange rates.</td>
</tr>
<tr>
<td>Interest Rate Risk</td>
<td>The risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market interest rates.</td>
</tr>
</tbody>
</table>

The Corporation is exposed to market risks arising from changes in the fair value of financial instruments due to market price fluctuations. Market risks consist of currency risk, interest rate risk and other price risk. The Corporation is not exposed to other price risk.

a) Credit risk
Credit risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in foreign exchange rates. The Corporation's functional currency is the Canadian dollar. The Corporation entered into foreign currency transactions during the year. The Corporation does not use foreign exchange forward contracts.

b) Liquidity risk
Liquidity risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market interest rates. The Corporation is exposed to interest rate risk with regard to its cash and cash equivalents. The Corporation has no interest-bearing liabilities. The Corporation's cash equivalents include amounts on deposit with a Canadian bank that earn interest at the market rate. Fluctuations in market rates of interest on cash do not have a significant impact on the Corporation's results of operations. Short-term interest-bearing deposits are not exposed to significant interest rate risk due to their short-term nature. Therefore, this risk does not have a significant impact.

c) Market risk
Market risk is the risk that the fair value of financial instruments due to market price fluctuations. Market risks consist of currency risk, interest rate risk and other price risk. The Corporation is not exposed to other price risk.
d) Currency risk
Currency risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in foreign exchange rates. The Corporation's functional currency is the Canadian dollar. The Corporation entered into foreign currency transactions during the year. The Corporation does not use foreign exchange forward contracts.

17. COST ALLOCATION METHODOLOGY

The Corporation engages in electricity demand-side management ("EDSM Fund") and other energy efficiency and conservation programs ("Provincial Fund"). The costs in each fund include direct costs of the programs, including but not limited to customer payments, program support costs, and other program and administrative costs directly attributable to a program. The Corporation also incurs a number of joint program costs, common program costs, and salaries and benefits that are common to a group of programs, as well as, administrative and operational overhead, general program administration, and salary and benefit costs that are common to the administration of the organization and each of its programs.

The Corporation allocates the costs noted above based on the criteria indicated in the Efficiency Nova Scotia Corporation Cost Allocation Methodology Report, which is based on allocations including Full-Time Equivalents ("FTE") of staff resources assigned to the programs and Direct Costs ("Direct") of the programs. The CAM is subject to regular review by the UARB.

18. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.