

1 *St. John's, Newfoundland*

2 (9:45)

3 MR. NOSEWORTHY, CHAIRMAN: We're back in
4 somewhat familiar territory again. Good morning
5 everybody. Particularly those that are here this morning to
6 make a presentation or, indeed, to observe, and welcome to
7 the media for this, our public participation day in St. John's,
8 and for those of you who are presenting, for taking the
9 initiative to attend this hearing this morning. Thank you
10 very much. My name is Bob Noseworthy and I'm Chair and
11 CEO of the Public Utilities Board, and for purposes of this
12 hearing, and for those of you that haven't heard it ten times
13 over the past couple of weeks, I'm serving as Chair of the
14 panel whose responsibility it is to hear this particular
15 application.

16 I'd like to introduce my colleagues joining me on
17 the panel this morning. To my far right, Commissioner Don
18 Powell, who is a businessman from the Stephenville area;
19 to my immediate right, Commissioner Fred Saunders, who's
20 a retired businessman and now resides in the City of St.
21 John's; and to my immediate left is Commissioner Darlene
22 Whalen, who's Vice Chair of the Public Utilities Board. I'd
23 also like to introduce to you Mr. Mark Kennedy, he's in the,
24 sitting in the middle there. Mark is Board counsel for this
25 particular application; to his left is Cheryl Blundon who is
26 Board secretary; and to Mark's right is Dwanda Newman,
27 who's the new in-house counsel for the Public Utilities
28 Board.

29 I would call upon and ask the parties here this
30 morning, to the Applicant and the registered intervenors to
31 introduce themselves and indicate in what capacity you're
32 participating in the hearing. I'd ask Ms. Greene to start,
33 please.

34 MS. GREENE, Q.C.: Good morning. My name is Maureen
35 Greene. I am counsel for Newfoundland and Labrador
36 Hydro, the Applicant in this proceeding.

37 MR. NOSEWORTHY, CHAIRMAN: Newfoundland
38 Power?

39 MS. BUTLER, Q.C.: Good morning. Mr. Pearce, Ms.
40 Peckford, and you're familiar, of course, with Mr. Alteen.
41 I'm Gillian Butler and with Peter Alteen we represent
42 Newfoundland Power.

43 MS. HENLEY ANDREWS, Q.C.: I'm Janet Henley
44 Andrews. I'm representing the Island Industrial Customers,
45 which is Abitibi in Stephenville, Abitibi in Grand Falls,
46 Corner Brook Pulp and Paper, and North Atlantic Refining.

47 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate,
48 please.

49 MR. BROWNE, Q.C.: My name is Dennis Browne. I'm the

50 government appointed Consumer Advocate to represent
51 domestic consumers and others.

52 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
53 Browne. Other registered intervenors for this hearing are
54 the Town of Happy Valley-Goose Bay and Labrador City as
55 well. The reason we are here today and really undertaking
56 these public participation days is to indeed listen to public
57 input and comment on the application of Newfoundland
58 and Labrador Hydro for a general rate review. Pursuant to
59 *The Public Utilities Act*, Hydro are seeking approval to
60 increase rates to be charged for the supply of electricity to
61 its retail customer, Newfoundland Power, and its rural
62 customers. In addition, the application is requesting
63 approval of rates as well as terms and conditions of
64 contracts governing the supply of electricity to Hydro's
65 industrial customers.

66 Finally, in this application Hydro are also seeking
67 approval of their 2002 capital budget.

68 Essentially this application affects every consumer
69 of electricity in the province, be they householder, small
70 business, industry, be they living in rural or urban
71 communities, and the application will impact the rates each
72 will pay for electricity in the future. It is with this in mind
73 that the Board scheduled, in consultation with Hydro and
74 other registered intervenors here this morning it was agreed
75 to schedule a series of public participation days in various
76 locations throughout the province. These public
77 participation days are designed to provide the opportunity
78 for individuals and organizations, be they municipal
79 councils, economic development association, chamber of
80 commerce, service clubs, or indeed government agencies,
81 to make their views known directly to the panel on matters
82 contained in this application which affect them. These
83 public participation days to date have been held in St.
84 Anthony, Labrador West, Happy Valley-Goose Bay,
85 Stephenville, Grand Falls-Windsor, and indeed we'll be
86 concluding these public participation days here in St.
87 John's today, and we have been engaged in these various
88 locations over the past two weeks. For those of you here
89 this morning who may not be familiar with the role of the
90 Public Utilities Board and the process we employ in hearing
91 a rate application, I think it may prove useful if I spend just
92 a brief moment explaining who we are and, indeed, what we
93 do.

94 The Public Utilities Board is a quasi-judicial
95 independent agency which is established under and
96 derives its authority from provincial statutes and
97 legislation, primarily the *Public Utilities Act* and *The*
98 *Electrical Power Control Act*. The Board has an
99 obligation under this legislation to regulate electric utilities
100 in the province, and this includes Newfoundland and
101 Labrador Hydro. The full Board of Commissioners have a

1 complement of three full-time commissioners and six part-
2 time commissioners, as well as ten staff. The four of us you
3 see on this panel this morning have been appointed from
4 the group of nine commissioners to hear this particular
5 application.

6 In accordance with our legislative responsibility,
7 this panel has a duty to hear the evidence presented by the
8 Applicant, Hydro, and other interested parties, and at the
9 end of the process render a fair and equitable decision.
10 The statutes require the Board to make rate decisions that
11 are reasonable and just and not discriminatory. The
12 legislation requires that the utility be allowed to earn a just
13 and reasonable financial return. The legislation also
14 dictates that power be delivered to customers in the
15 province at the lowest possible cost while ensuring safe
16 and reliable service. In fulfilling its statutory
17 responsibilities, the Board must protect the interests of all
18 parties, including producers, retailers and consumers of
19 electricity. In doing this we must also be sensitive and
20 strive to balance the interests of each class of consumer,
21 whether they be households, businesses, industries, both
22 small and large users of electricity.

23 Having described who we are and, indeed, why we
24 are here this morning, I would like now to spend another
25 brief moment explaining the process itself, what has
26 occurred to this point and what can be expected resulting
27 from this process. The application was submitted by
28 Hydro on May the 31st of this year, following which a
29 notice of public hearing was advertised throughout the
30 province. A series of pre-hearing conference days were
31 held throughout the summer and these days were
32 effectively set aside to set the rules and procedures
33 basically governing the conduct of the hearing, and this
34 included such matters as identifying registered intervenors,
35 setting various times and schedules and dates, the order of
36 witnesses and, indeed, other procedural matters govern the
37 hearing itself, and these procedures are outlined in a series
38 of Board orders which were issued subsequent.

39 In addition, this preliminary process allowed for
40 questions to be asked by one party of another and
41 responses to be prepared and circulated among all the
42 parties. Also pre-filed evidence of any expert witnesses
43 has now been filed and, indeed, has been distributed to all
44 parties. And I guess just to give some of you who are in
45 attendance here for the first time this morning, you can see,
46 I think, the amount of material that's been generated to
47 date, and it covers about 50 large binders and indeed is
48 growing on a daily basis. The application, for those of you,
49 again, who are interested, the application and most of this
50 material is indeed on the Board's web site for viewing and
51 reading. Following this preliminary work that went on
52 during the summer, the public hearing itself began on

53 September the 24th, and during this phase each of the
54 parties have the opportunity to question Company
55 witnesses, and their experts and in turn present the views
56 of their own experts, which will also be subject to cross
57 examination by the other parties. The process itself
58 involves one of examining, evaluating, and questioning the
59 large quantity of information and testimony presented. The
60 purpose is to ensure that all the necessary evidence
61 required to reach a determination on rates and other matter
62 contained in the application are placed before the panel.
63 The process will enable the panel to assess all the issues
64 covered by the application and render a fair and equitable
65 decision that will serve to balance, in the best manner
66 possible, the interests of all stakeholders.

67 The public hearing is expected to conclude in
68 early December following which a report will be prepared
69 by the panel containing a series of orders on rates and
70 other related matters relevant to the application. The part
71 of the process we are engaged in here today, as I indicated
72 earlier, provides the opportunity during these public
73 participation days for persons and organizations
74 throughout the province to provide public input and
75 comment on purposed rate increases and other issues
76 arising from the application. This can, indeed, be done in
77 one of two ways. Either by oral presentation, which we will
78 hear today, or indeed, subsequent can be done by a letter
79 of comment, which can be filed at any point in time prior to
80 the conclusion of the hearing. Now this can simply be
81 done by contacting the Board Secretary, Ms. Blundon, and
82 she can provide at anytime information concerning
83 addresses and the information that we would look for in a
84 letter of comment. All the oral and written material
85 submitted by individuals and organizations will form a part
86 of the public record, and the information gathered here
87 today along with letters of comment, will combine with the
88 documentation resulting from the formal proceedings and
89 will form the total body of evidence which will be
90 considered by this panel in registering its final decision. So
91 what you say here today will be heard and, indeed,
92 carefully examined by the panel in issuing its orders.

93 Just before we begin, I know Ms. Greene you
94 haven't been with us over the past ten days. It's been
95 traditional that we have a short statement from Hydro on
96 the matter. Are you in a position to do that?

97 MS. GREENE, Q.C.: I can rise to the occasion.

98 MR. NOSEWORTHY, CHAIRMAN: It has been relatively
99 short and brief, just within the (inaudible) context of the
100 application for those indeed who would be here this
101 morning participating in public participation days for the
102 first time. So if it's not putting you in too awkward a
103 situation I would appreciate it.

1 MS. GREENE, Q.C.: That's fine, Mr. Chairman.
 2 MR. NOSEWORTHY, CHAIRMAN: I'll come back to that
 3 in a moment. Just a couple of other items, housekeeping
 4 more than anything. The proceedings are being recorded
 5 under the supervision of the Board Secretary, Ms.
 6 Blundon, and will be subsequently transcribed for the
 7 public record, and in addition presenters will be sworn in to
 8 make this a part of the body of evidence before the Board.
 9 The reason for this is that our main goal is really to get the
 10 facts on the record in a way that is convenient to the
 11 parties and, indeed, in the public interest.

12 We have two presenters. I understand that we
 13 have no time constraints or time limitations. Perhaps
 14 around 11:00, 11:15, we would take a short break and
 15 proceed beyond that as certainly necessary, and that's it.
 16 I would, perhaps at this point in time ask Board counsel,
 17 Mr. Kennedy, to address preliminary matters before us,
 18 please.

19 MR. KENNEDY: Thank you, Chair, Commissioners. I'll
 20 read the formal Style of Cause. "In the matter of the *Public*
 21 *Utilities Act*, and in the matter of an application by
 22 Newfoundland and Labrador Hydro for approvals of: (1)
 23 Under Section 70 of the Act, changes in the rates to be
 24 charged for the supply of power and energy to its retail
 25 customer, Newfoundland Power, its rural customers and its
 26 Industrial Customers; (2) under Section 71 of the Act, its
 27 rules and regulations applicable to the supply of electricity
 28 to its rural customers; (3) under Section 71 of the Act, the
 29 contract setting out the terms and conditions applicable to
 30 the supply of electricity to its industrial customers; and (4)
 31 under Section 41 of the Act, its 2002 capital budget."

32 I can confirm as well, Chair and Commissioners,
 33 that the appropriate notices for the public hearing, as well
 34 as for these public presentation days have been issued,
 35 and that therefore this matter is properly constituted.

36 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
 37 Kennedy. We have two presentations this morning. The
 38 first presentation will be by Mr. Bruce Pearce and Sarah
 39 Peckford, and both are with the climate change action
 40 group of the Conservation Corps of Newfoundland and
 41 Labrador. And we have a presentation of Barbara Mullally-
 42 Pauly, who's chief of housing programs, housing buildings
 43 and regulations with the office of Energy Efficiency and
 44 Natural Resources Canada. I will call upon both
 45 presentations just shortly. I'm trying to give Ms. Greene a
 46 little bit of time to collect her thoughts. Ms. Greene, I
 47 wonder could you just have some brief comments on the
 48 application, please?

49 MS. GREENE, Q.C.: Thank you, Mr. Chairman. As the
 50 Chairman has indicated Hydro filed its application
 51 requesting changes in the base rates that it charges its

52 customers on May 31st. This is Hydro's first application in
 53 ten years. The last time that Hydro received a change in
 54 the base rates was in 1992, so it's ten years since Hydro has
 55 been back looking for a change in the rates it charges its
 56 customers. The primary driver for this particular
 57 application is the cost of No. 6 fuel that Hydro burns at
 58 Holyrood, and we have characterized that as one of the
 59 primary issues for this hearing. This is also, well this our
 60 first application in ten years. It is the first under new
 61 legislative requirements for Hydro, and because of that we
 62 have a number of issues arising that have not arisen in the
 63 past in a Hydro rate application, or a rate hearing. Under
 64 the new legislation Hydro is fully regulated as any other
 65 investor, as the other investor owned utility in
 66 Newfoundland, and Hydro must earn a return on its rate
 67 base. And so this is the first hearing that the Board will
 68 consider the appropriate rate base for Hydro; what is the
 69 appropriate return on that rate base; and as part of that, the
 70 appropriate return on equity.

71 There are a number of issues arising for this
 72 hearing. A number of them are financial in nature. The first
 73 concerning the revenue requirement, and one of the
 74 essential elements in the revenue requirement are the
 75 financial, profit levels for Hydro that I just mentioned
 76 earlier. In addition, the other part of the revenue
 77 requirement of the other expenses, the controllable and
 78 uncontrollable expenses for Hydro, and that is one of the
 79 issues before the Board.

80 The second main category of issues is the cost of
 81 service, and that's the methodology that is used to design
 82 the rates to recover the revenue requirement that Hydro
 83 needs. And, again, under this main subject matter there are
 84 numerous issues the Board will have to deal with. As part
 85 of the cost of service methodology, the issue of how rates
 86 are designed and how we recover the revenue requirement
 87 that we need in order to provide service to our customers.
 88 You could say that's one of the issues here this morning
 89 which would affect rate design and the issue of energy
 90 conservation (inaudible) management, would be part of
 91 those issues the Board must consider.

92 So there are many complex issues in this hearing,
 93 and I won't take anymore time to review them all. Actually,
 94 I was thinking in the last two weeks how we're going to
 95 address in the final argument. It's going to be a challenge
 96 because we have so many issues and how to deal with
 97 them.

98 Those are the opening comments that I would like
 99 to make. It's very difficult to put this type of application, to
 100 summarize it into a few moments, but hopefully that is the
 101 general overview of why Hydro is here and what we are
 102 asking for. I should say that the rate that Hydro is
 103 purposing to its, after a ten year freeze without any change

1 in the base rates, the original submission was a 6.7 percent
2 increase to Newfoundland Power, which equates to an
3 increase at the retail level of 3.7 percent, an increase to
4 Industrial Customers originally of 10.4 percent on the base
5 rate, which was reduced to 8.5 percent. So those are my
6 opening comments, Mr. Chair.

7 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,
8 Ms. Greene. I'm glad to know that somebody else is
9 thinking about how to deal with these issues that occupied
10 my waking moments over the last few weeks and probably
11 will for the next few weeks ahead as well. I'd like to
12 welcome Mr. Bruce Pearce and Sarah Peckford, welcome.
13 Thank you for coming and we look forward to your
14 presentation. Will both of you be involved in the
15 presentation? Okay, could you, Mr. Pearce, in the first
16 instance, take the Bible in your right hand, please? Do you
17 swear on this Bible that the evidence to be given by you
18 shall be the truth, the whole truth, and nothing but the
19 truth, so help you God?

20 MR. PEARCE: I do.

21 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.
22 I wonder could you pass it along to Ms. Peckford? Ms.
23 Peckford, do you swear on the Bible that the evidence to be
24 given by you shall be the truth, the whole truth, and
25 nothing but the truth, so help you God?

26 MS. PECKFORD: I do.

27 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.
28 You're both with the Conservation Corps in Newfoundland
29 and Labrador? Could you indicate in what capacity you
30 serve with the Corps, please?

31 MR. PEARCE: I'm the Climate Change Action Coordinator
32 with the Conservation Corps.

33 MS. PECKFORD: And I'm the Eco-Team director for the
34 Eco-Team program.

35 MR. NOSEWORTHY, CHAIRMAN: Welcome, once again.
36 Thank you for coming. We look forward to your
37 presentation, and certainly you can proceed. Thank you.

38 MR. PEARCE: Thanks, Mr. Chairman. It's an honour and
39 a privilege to be here this morning on public participation
40 day. And also, good morning Commissioners, and
41 Intervenor, and the Applicant, and members of the public
42 and the media. I also wanted to welcome Barbara Mullally-
43 Pauly who's here with Natural Resources Canada who will
44 speaking after us on many of the same issues, and I also
45 wanted to acknowledge Bruce Gilbert, our Executive
46 Director with the Conservation Corps, who is with us here
47 this morning.

48 I'll tell you just a brief word about myself so you
49 know where I'm coming from. I've left a bio here for you,

50 but I think it's always good to know where the perspective
51 is coming from. And I do have a background prior to the
52 Conservation Corps of working in energy management, not
53 within the utility sector but within municipal and provincial
54 governments, and not within this province, however. But
55 it's a set of issues that I've always found promising, energy
56 conservation, and this is why we're here this morning, is to
57 offer our capacity to help. We're going to share some new
58 information with you this morning about the results of
59 some of the work we've undertaken with our partners,
60 including both the Applicant and Newfoundland Power, as
61 well as Natural Resources Canada and the Provincial
62 Government, amongst many others. We believe in effective
63 public policy that balances social, economic, and
64 environmental concerns. While decisions of the Board
65 have to be economically sound, and we understand the
66 need for that, we think that conservation can play a role in
67 bringing in social and environmental concerns and
68 balancing them as well, giving you some tools that are cost
69 effective if they're designed properly. And that's what
70 we're here to talk about this morning, that can assist with
71 cushioning the impact of the purposed rate increase, which
72 is one issue, and also provide long-term solutions for
73 issues that are also before the Board around energy
74 management. So that's a quick word about myself and I'm
75 going to pass it over to Sarah now to introduce herself to
76 you.

77 MS. PECKFORD: Hi, my name is Sarah Peckford. I'm
78 originally from Stephenville, but I've lived in various
79 communities all throughout Newfoundland and Labrador.
80 I went to university in Saint Mary's in Halifax and received
81 a Bachelor of Science in Environment Studies, and since
82 then I worked the municipal government in Nova Scotia,
83 Kentville, helping the role out there with the reduction
84 program and then I came back home, which is things that
85 youth rarely do, and I have been working with the
86 Conservation Corps since January 2000.

87 (10:00)

88 MR. PEARCE: Just to walk you quickly through our
89 presentation, you all have a package, I believe. On the
90 cover of that package there's a table of contents, and we're
91 going to move as quickly as we can through this. In
92 between number three and four we're going to show you a
93 brief video which speaks volumes and it will shorten the
94 time of our presentation. And we aim to please, we hope
95 that it will be informative as well as entertaining. The
96 Conservation Corps of Newfoundland and Labrador was
97 created in 1992 by the Provincial Economic Recovery
98 Commission as a way of dealing with some of the
99 employment concerns around youth, and also tackling
100 environmental and cultural heritage issues as well. The
101 organization, we believe, has been extremely successful in

1 delivering on that mandate since 1992, having employed
2 more than a 1000 young people from stem to stern across
3 the province. The climate change program that we're going
4 to talk about today, which is really an energy efficiency
5 program, is the newest kid on the block at the Conservation
6 Corps having joined the organization within the last two
7 years. And we searched the country, and indeed beyond
8 the country, for models of community based NGO delivered
9 energy management services, what works and what doesn't.
10 The timing of our endeavour was perfect because, in fact,
11 a lot of consultants were working for the federal
12 government and their partners at the time, post Keyoto
13 Accord (*phonetic*), surveying effective DSM strategies,
14 what worked; what didn't, from the 1970s onward. We
15 researched those documents and we built the program that
16 we're going to show you this morning briefly, which we
17 think is an effective tool in helping people manage their
18 own energy costs. We think that consumers must play a
19 role. It's not simply a matter for utilities and governments
20 to manage. We believe that the burden must be borne by
21 a number of stakeholders. And the only way that
22 consumers can play an effective role is if they're given
23 effective tools to manage their energy use.

24 And we'll also discuss some of the co-benefits of
25 embarking on energy conservation strategies. It's not to
26 say that they don't already exist in this province, we're a
27 living example that they do, and both utilities have
28 programs as well, but we think that much more needs to be
29 done. And in the context of this hearing, it provides an
30 opportunity for the Utilities Board to see where it fits
31 effectively within all the other decisions you've got to
32 make. We realize that it's only one piece of the puzzle, but
33 we're hoping to see something come out along the bottom
34 lines of our presentation here, along the lines of the request
35 we're putting before you, which we've left fairly wide open
36 for you to work with the other partners and decide what
37 decision you're going to make.

38 If you go past the bio in your package, you will
39 see that there is a web page from the Green Communities
40 Association. I told you just a moment ago that we
41 searched for models that would be consistent with the
42 Corps' mandate and also consistent with effective DSM in
43 the NGO sector.

44 We've adopted the Green Community's model,
45 which emerged in the early 1990s, late 1980s, out of Ontario.
46 And you can see that the Green Communities in the first
47 heading there are defined as non profit community based
48 multi-partner organization that bring environmental
49 solution to homes, businesses, institutions, and
50 governments. They're not advocacy or lobby groups in the
51 traditional environmental NGO sense. They're set up to
52 help partners be better at what they do, and help then

53 deliver solutions from the locally designed and managed
54 perspective.

55 Their tools are home visits, amongst other
56 services, and that's true of us as well, and they're
57 community based, which is also true of the Conservation
58 Corps. We're well respected and well liked in the many
59 communities that we've worked in, so we wanted to take
60 advantage of that goodwill and bring it to the energy
61 management climate change issue.

62 So these elements attracted the Conservation
63 Corps to embarking on this project. If you turn the page to
64 the next white one which is attached, you'll see the press
65 release for the Green Communities initiative in Ontario,
66 which the Green Communities Association helped give
67 birth to. It was a provincial policy initiative, the first of its
68 kind in North America, as you can see in the second
69 paragraph of the press release, offering an integrated
70 community based approach to increasing energy and water
71 efficiency.

72 In the broadest possible sense ... I'm trying to find
73 a Newfoundland example for something that looks, or
74 smells, or sounds like, this Green Communities initiative,
75 and to me the RED Board model is somewhat like that.
76 Putting people in a room together from a variety of
77 perspectives and points of view and providing them with
78 some planning tools and resources to effectively navigate
79 solutions for a region. Now in Ontario that's how the Green
80 Communities model worked.

81 If you turn the page yet again, you'll see on the
82 back of the press release, the model outlined. Partners
83 working together integrate, co-ordinate, and innovate, to
84 provide a single window of service, DSM service, to the
85 client group, so they're not getting hit with multiple
86 messages from a variety of partners. And it also has been
87 more cost effective.

88 The program itself was started by Premier David
89 Peterson, the Liberal Premier of the day, who has expanded
90 on their, the NDP government. It was abruptly cancelled in
91 1995 when the next government took power. However,
92 because the Green Communities themselves within two or
93 three years had established their roots in the community,
94 and many private partners as well as community partners
95 wanted to continue endeavour, they've expanded, as you'll
96 see on the next page, the contact list of groups has grown
97 from a dozen in Ontario to a base of 35 coast to coast
98 across Canada, and we're the first Green Community in
99 Newfoundland and Labrador. And you can see the little
100 check mark beside our name there. We're quite proud that
101 we've really made it coast to coast.

102 So this is why we got engaged in the issue, and I
103 think we really wanted to develop a strategy that was going

1 to help people better manage their energy costs, because
2 climate change was an issue that was looming over the
3 province and we wanted to try and find some solutions that
4 were going to assist the people of the province.

5 And I'm going to now turn it over to Sarah to talk
6 a little bit about the goal of the project, and she'll walk you
7 through the background on what we do.

8 MS. PECKFORD: On the background there right behind
9 the (inaudible) communities page, I'll just highlight some of
10 the more important parts of the background there. First of
11 all, I guess, I should tell everyone that we've assessed
12 2,400 homes since January of 2000 and we've crunched our
13 numbers, and as you can see there there is an average of
14 potential savings of 18 percent energy savings annually,
15 832 annually, and as well 2.1 (inaudible), which is extremely
16 important.

17 Second of all, we ... our Energuide for houses
18 service is ... we charge a price for this service, so we receive
19 revenue from our customers as well as funding from
20 partners. We have three offices in Newfoundland. We
21 have one on the west coast in Corner Brook, one in Gander,
22 as well as one in St. John's, but we do service many, many
23 rural small communities all throughout Newfoundland, as
24 well as Labrador.

25 The service that we offer is the Energuide for
26 house service, and it's fabulous service and it generates
27 economic spending within all the communities that we
28 serve. Customers potentially will spend about \$1,300
29 pursuing renovations that, or recommendations that we
30 have suggested in the report.

31 The future of the Eco-Team Project ... this past six
32 months myself and another staff member were tasked with
33 the ambitious plan of writing a business plan for a primarily
34 government funded program and we wanted to take it to
35 another level. We wanted to make it a non profit
36 environmental business, and if anyone has ever done a
37 business plan, well that was a task for you.

38 Anyways, the business plan is completed. We
39 use that as our direction and our plan for the future and
40 we're following it, we try to follow it to the T every single
41 day. So we've created a three-year business plan until 2004
42 and we're hoping that our revenues from our customers, as
43 well as funding from other federal and provincial as well as
44 municipal partners will help us succeed.

45 The policies (inaudible) in June of '99. At that time
46 Bruce here initiated 1.2 million dollars in funding from
47 various partners, as you can see.

48 MR. PEARCE: Under the "who else" section.

49 MS. PECKFORD: And as you can see there our partners

50 range from communities, credit unions, hardware stores, to
51 health organizations. We have a broad based partnership
52 with a lot of different organizations. It's amazing.

53 And, I guess, lastly we're here to talk of the climate
54 change issue as well as to help home owners in
55 Newfoundland and Labrador adjust the issue of heating
56 costs. And as you can see on the last page residential
57 activities including energy, water waste, and transportation
58 account for 17 percent Canada's greenhouse (*phonetic*)
59 gas emissions. So by providing the Energuide for houses
60 and service as a tool to home owners they can definitely
61 curb their greenhouse gas production. And that's about it
62 for the (inaudible).

63 I guess the next thing we're going to show is the
64 video. The video was produced this past winter. It's a
65 promotion tool for home owners and small businesses. It
66 was really interesting, once we started offering the
67 Energuide for houses services our phone started ringing
68 from a variety of unique organizations, including churches,
69 hotels, (inaudible), tourist homes, you name it, not only
70 home owners. So we decided to create a promotion tool
71 that's effective and that shows the whole scope of the
72 Energuide, because it's a bit of a complex service and we
73 wanted make it, you know, to show it, and to show how it
74 can be effective and helpful.

75 The video profiles home owners that have had the
76 Energuide for houses service as well as the B & B owner
77 and operator, Tonya Correlli (*phonetic*). So it's pretty
78 good and hopefully it's concise, yet effective.

79 (10:15)

80 MR. PEARCE: And if anybody has a problem with the
81 volume just raise your hand if you want it to go up. Does
82 everybody got their popcorn?

83 (*video presentation commences*)

84 MR. PEARCE: We might need our Tech folks because it
85 looks like it's out of focus.

86 (*video presentation concludes*)

87 MR. PEARCE: Thanks everyone for you indulgence.
88 Forgive the inherent sales pitch in that, it is a marketing
89 video. It is going out this fall to every bed and breakfast
90 operator in the province via our eco-teams thanks to
91 support from ACOA.

92 Now Sarah's going to walk you through the
93 Energuide Report that's in your file here.

94 MS. PECKFORD: The Energuide Report, the cover page
95 looks like, looks like this. So the first page that you see is
96 the, is the Energuide label, and you've probably seen this
97 label on your fridge or stoves, or dishwashers, somewhere.

1 Usually when we go into a home I always ask, you know ...
 2 and most people are quasi familiar with the label. As you
 3 can see it has the name which we did and the town, and as
 4 well as who the Energuid was performed by. In this case
 5 it was performed out of our St. John's office. It was, in fact,
 6 in Port aux Basques, and I should say up front that this is
 7 a typical home. We didn't pull one out of our stack that has
 8 huge, huge savings that ... from a 1900 home. It's quite
 9 typical. The house was built in the mid 70s, I believe.
 10 Yeah, 1976. And the majority of the homes that we access
 11 are in the 70s, so this is quite typical. The number that you
 12 see there on top, 67, that's the rating that their house
 13 currently is. The Energuid for houses services is a two
 14 step process, and this is the A label, this is what it is right
 15 now. As you can see, it's from 0 to 100, 0 being least
 16 efficient, and 100 being extremely efficient. And to put that
 17 in context, if you had an R-2000 house it would rate about
 18 80. It's not ... you know, it's really not that bad.

19 So the next page it, again, shows the rating, and
 20 the key thing here to realize is the potential rating. The
 21 house can go up from a 67 to a 78, and that's a fair jump.
 22 That's about 11 points. And as well, you can see the
 23 typical rating and the house characteristics, so it kind of
 24 puts it in the context of what kind of home it is. I should
 25 say that we've done houses that are as low as 30 or less
 26 and we've done some really good houses. We've never
 27 done a house, I don't believe, that was over a 79. So it's
 28 extremely interesting when you ... come back to the
 29 Energuid and you put all the info into the computer
 30 software it's almost like Christmas, you're waiting for the
 31 Energuid rating to pop up to see exactly what it is.

32 Okay, now we have the energy consumption
 33 (inaudible), this is, again, the current estimate and after
 34 improvements. If the home owner does implement some of
 35 our suggestions, or all of them in this case, you can see
 36 that the savings is 35 percent. I should say that the hot
 37 water percentage sometimes will go down one or two
 38 percentages. The lights and appliances rarely do not.
 39 Usually most times it is the space heating.

40 MR. PEARCE: If I could just say something on that. The
 41 tool is focused on space heating but we also add on other
 42 elements, which we'll talk about in a minute, which look at
 43 appliances, lights, and water savings potential as well.

44 MS. PECKFORD: So then we have estimated heat loss, and
 45 that shows where you're losing your heat, and in this case
 46 you can tell that the basement is a prime area of concern as
 47 well as the main walls, the windows and doors, and as well
 48 as some air leakage and (inaudible).

49 So the next page is ... this is the meat and bones of
 50 the report. It's the text, it's what we provide the consumer,
 51 or the home owner, as its suggestions, it's purely

52 suggestions. We leave it with the home owner. We explain
 53 everything out. We provide them with price quotes, and
 54 whether they want to implement any of those
 55 recommendations is completely up to them. You will see
 56 the upgrade the main wall insulation levels; air sealing,
 57 that's pretty common. You can see we outline the ceiling,
 58 electrical outlets, adicatch (*phonetic*). From the blower
 59 door we can tell exactly what's the most leakiest area in
 60 their house, so say the adicatch was extremely leaky, which
 61 it usually tends to be, we'll tell the person, and the home
 62 owner is with us the entire time so they know that
 63 anyways.

64 Upgrade domestic hot water system. We always,
 65 always, always inform the home owners about the hot
 66 water system. We tell them the importance of setting back
 67 the thermostat. We tell them about wrapping their hot
 68 water tank. We always find hot water tanks in the coldest
 69 part of the house sitting on the concrete, and then we
 70 always look at them and say, hmm, so what hot water tank
 71 is this, what number, and they'll say, oh, it's second or
 72 third. We're always running out of them. It seems like
 73 they're always, you know, eroding on us, and it's probably
 74 because the hot water tank is sitting on the concrete, the
 75 cold concrete floor. So we always provide them with
 76 suggestions. For example, to put it on a piece of plywood
 77 or a one inch poly-bead, etcetera. So that's an extremely
 78 important part of the service. As well, the basement.
 79 Newfoundlanders love to build basements but they never
 80 like to insulate them. So that's extremely common, and it's
 81 amazing the pay-back and the savings that insulating your
 82 basement can really have. Windows, we have windows in
 83 here. Windows are tricky, windows loose heat anyways,
 84 whether they're argon filled or whether they're, you know,
 85 vinyl sliders. But we always ask the home owner are you
 86 thinking, are you considering about replacing the windows,
 87 and if so we'll put it into the report. In this case they
 88 obviously were thinking about it, so that's why we put it in.

89 Then we have additional recommendations, we
 90 have ... we talk about the water conservation kit that we
 91 install, we talk about alternatives to pesticides. Sometimes
 92 if they ask us a question about one particular thing we'll
 93 adjust it in this section. The deep freeze, you can see, we
 94 always tell people that if you have an older deep freeze in
 95 the basement and it's empty it's using more energy, so make
 96 sure you fill it up with ice bags, things like that.

97 And then we have the energy savings calculator.
 98 Now this is, this is the crucial part, and as are explained in
 99 the report to the home owner, they just want to skip right
 100 to this. So as you can see there's two of them, and the
 101 reason that there's two of them is there's a general run and
 102 then there is the as operated one. The general run is the
 103 one where, is the one where we don't make any

1 assumptions. So the Energuide for houses has so many
2 assumptions so that it's, provides a similar service to all
3 home owners. And those assumptions are, you know, that
4 there's four people living in the house, 50 percent of the
5 people are at home during the day, the temperature set is at
6 21 degrees. Well we do the energy savings calculator
7 based on what the actual home owner's family is like and
8 with the assumptions. So in this case you can see the
9 savings, which is \$702.00 and as well you can see all of the
10 things that we recommended. If they did all of them, if they
11 implemented all of them, you would see that their pay-back
12 period would be about 9.8 years, the cost would be about
13 \$6,900, and the savings would be \$700.00, approximately
14 700 dollars a year.

15 So this is what people want to see. People want
16 to know what they should spend their money on, because
17 we know ... you know, we're not fooled, we're not naive, we
18 understand that home owners only have a certain amount
19 of money set aside ... and they'll only do things, you know,
20 in time and they may only ... in this case they may only deal
21 with the hot water tank, they may only insulate the main
22 walls, but the next coming years this provides them with a
23 plan.

24 Then we have the air tightness test results.
25 Basically it just shows how leaky the house was, and you
26 can see the scale for extremely tight to extremely leaky, and
27 where this house ... and also right on the bottom is the
28 equivalent leakage area. It shows exactly how big the hole
29 ... if you added up all the cracks and gaps in their home,
30 how big that hole would be, and I think Tonya reiterated
31 that on the video. She said, you know, when she looked at
32 the report and her and her husband, Kelly ... you know, she
33 said, Kelly, my God, you know, we have a hole in our house
34 equivalent to 100 square feet, 100 square inches, I should
35 say. Then it explains the blow door test, a lot of people
36 find that really interesting, and then, again, we have the
37 energy upgrade report.

38 And also with the Energuide for houses service
39 we always install a water conservation kit. We have
40 fabulous municipal partners all throughout the province
41 and many of them have purchased water kits such as this
42 with a shower head, rain gauge, faucet (inaudible),
43 (inaudible), you name it. And we install that in the home
44 before we leave, so that helps cut down on their hot water
45 use and as well as just regular, regular water.

46 (10:30)

47 MR. PEARCE: Thanks, Sarah. I should say that the beauty
48 of the program is it's third party assessment, and this is one
49 of the ... the reason we're giving you all this detail is that we
50 believe that, that it's important that the advice come from
51 people who, you know, aren't selling them the power, quite

52 frankly. That's been the weakness in past DSM programs.
53 If it's primarily coming from the person who may be seen to
54 want, be wanting to sell you more of the product, despite
55 the genuine interest of both utilities here in demand side
56 management, sometimes it rings false with the customer
57 and that's unfortunate, but this is where a group like the
58 Eco-Team project can come in as a third party accessor.

59 The second thing I wanted to point out is that the
60 price quote are not ... we're not contractors. We have
61 drawn the line at being independent energy advisors. As
62 the video said, we're only selling comfort and savings back
63 to the consumer, but we do urge them to go out into the
64 marketplace and get the job done. And by the way, 50
65 percent of Newfoundlanders plan to renovate every year.
66 So if they're going to do the not so eco-wise thing of, you
67 know, putting in five jacuzzis and ten freezers in the
68 basement, maybe this assessment would be a good first
69 step before they take that plunge, and maybe they could
70 actually pay for some of those appliances with the, with the
71 savings from this tool.

72 It's quite conventional practice in institutions,
73 government has gone a long way to retrofitting its
74 buildings using these types of processes, but the people
75 that have missed out on this service, by and large, have
76 been residential consumers. It's been spotty across the
77 country. And we've been there; done that in
78 Newfoundland, but the Energuide service is a new wrinkle
79 in the fabric and we want to give it a good test drive to see
80 how it works here, as well as the service in the province.

81 Now Sarah's going to show you some of the
82 results. If you look at your green (inaudible) sheet we're
83 getting near the end of the presentation, bear with us.
84 We're very proud of these fabulous results. And they cut
85 across a variety of issues, one or two of which relate to the
86 rates, but others which relate to climate change as well.

87 MS. PECKFORD: Okay, as you can see the cover page ...
88 we've provided a sample of the spreadsheet. And maybe
89 I'll just go to that page first. You can see there is a file ID,
90 that's the person's file. All the information that we have is
91 kept confidential, so if anyone had an Energuide for houses
92 assessment you would be assigned a number.

93 Then you can see the kilowatt hours before and
94 after, that is if they implemented all the suggestions. The
95 (inaudible) of oil before and after, if in fact, they did heat
96 with oil. The potential CO₂ tons, tons of CO₂ saved, the
97 potential dollar savings, and the region. That's where the
98 team was based, that could have been in Ramea, so that's
99 exactly where the team is based.

100 And remember these are all ... although we love
101 these numbers and we love these stats, it's all potential.
102 We do make follow-up phone calls with our customers

1 approximately every six months, and we say, hi, how are
2 you doing; have you implemented any of our suggestions;
3 if so, what ones; have you resulted, any energy bill
4 savings, excellent; have you had any barriers; did you need
5 any, you know, further advice, etcetera, etcetera. So we're
6 always ... it's really neat, we're always in contact with our
7 customers. And many a times we get phone calls from
8 them, sometimes more than we'd want, about, oh, I'm just
9 insulating my basement and I'm really excited. Can you
10 come over and ... you know, am I doing it right, etcetera, so
11 it's quite amazing.

12 So as you can see, the front page ... we've done
13 2043 assessments, 380 of those are Energuide for houses.
14 We have scientific data from those, and as well we did 2053
15 home green-ops. And I should just state that when this
16 project was first initiated we did home green-ops, and
17 basically it was an Energuide for houses without the
18 science. We didn't have a blower door and we didn't have
19 a computer software program. We used our mind, and our
20 clipboards, and our training. We've eliminated that service
21 now because we found that people want science, they want
22 exactness, they want to know exactly how much money
23 they're going to be saving on their bills. So the listings
24 here are from Energuide for houses assessment, and what
25 we've done is we've applied an average to the home green-
26 ops.

27 The litres of water, because of the water kits that
28 we install, they say about 493 litres a kit, and times 365
29 days a year, you know, you can do the math. Then we
30 have kilowatt hours and litres of oil ...

31 MR. PEARCE: I should just say one thing on water. In
32 Newfoundland we consume the highest amount of water
33 per capita, according to the 1999 Municipal Pricing Report
34 from Environment Canada. We use 600 litres a day, the
35 Canadian average is 342 litres a day. The lowest is Prince
36 Edward Island, which is just under 200 litres a day. So this
37 has enormous potential for municipal infrastructure
38 planning. So I just wanted to make that point. And, of
39 course, moving water, it's a heavy commodity to move
40 around up and down hills, so there's energy savings if we
41 can, if we can cut that.

42 MS. PECKFORD: And as you can see, the percentage of
43 savings that's the interesting, that's the interesting numbers
44 as well as the tons of CO₂, and what most people want to
45 know is what's our potential dollar savings per year, and
46 that has been 832. So I think that's that for now.

47 MR. PEARCE: Well we're now at the results section, as
48 you know, of the agenda for our presentation. I'm going to
49 move quickly through the next document, which you see
50 has the cover picture, we're doing it right here. It's being
51 promoted by the "Getting the Message Out" campaign of

52 the Provincial Government as a made in Newfoundland
53 success story around climate change. It could also be seen
54 as an energy conservation success story.

55 If you turn the page to the first one, the point we
56 want to make here, using this program rather than Joe's
57 software program that he, you know, invented on his own.
58 This program brings in a federal partner to help
59 Newfoundlanders and Labradorians. Every time we do a
60 home up to a certain budget limit, there's obviously an
61 envelope for Newfoundland and Barbara will tell you about
62 this, Ottawa pays the accessor, not a home owner grant
63 program, but the accessor, \$150.00 for each file. The data
64 goes to Ottawa electronically so they can monitor how
65 Newfoundland and Labrador is doing on CO₂ emissions in
66 the residential sector. So there's a lot of "QA" built into
67 this quality assurance.

68 So the A visit under year one, as you can see, is
69 the first time we go to the home owner, give them the first
70 rating on the house as is. That's the revenue we anticipate
71 for the coming year. And the B visit we've been extremely
72 conservative. We want to do, of course, many more B
73 visits, that's after they've done the retrofit and the revenue.
74 The point here is, if you look at the bottom right corner of
75 that total, that half a million dollars levered into
76 Newfoundland and Labrador if we can use that effectively
77 in the right places, the right time, for the right people who
78 need the service.

79 The next page, we'll ... one of the reasons we're
80 here today is because two of our partners ... one is an
81 intervenor and one is an applicant, and the third is the
82 Provincial Government, and we know you're adjudicating
83 under powers from the Provincial Government. All of you
84 in a sense are partners in what we're trying to build here,
85 and Natural Resources Canada, of course, being first off the
86 mark through the Energuide program, we have now just
87 landed the exclusive contract to deliver this service in
88 Newfoundland and Labrador, which is a real milestone.
89 Newfoundland and Labrador Housing Corporation are
90 looking at doing a number of their most needing fix-up
91 units in anticipation of a potential federal retrofit program,
92 which follows on last year's 1.3 billion heating rebate,
93 which I think everybody in retrospect is now looking in the
94 rear view mirror saying, gee, that didn't really achieve long-
95 term savings. It was a well meaning emergency measure,
96 followed in step by our Provincial Government, a 5 million
97 dollar rebate. But they're looking at a 365 million five-year
98 program which would do the retrofit, and leave our
99 provincial and other partners to help with the retrofit
100 financing part of it, but in order to trigger the financial you
101 have to have an assessment, a bona fide assessment.

102 Next, the Federation of Municipalities. Petro
103 Canada ... municipalities, I can't say enough about, so I

1 won't go into it in detail, it's in the backgrounder. They,
2 obviously, understand the bottom line and the cost
3 savings potential for themselves. Petro Canada was the
4 first energy company involved in this project, and we can't
5 thank them enough. They're into the DSM through our
6 project to the tune of about \$200,000 so far, and we're only
7 going into the third year of our partnership, and they plan
8 to be with us well into the future.

9 Newfoundland Power has purchased a blower
10 door for us, the technology you saw. They've done a bill
11 insert to all their customers last Christmas, which is in your
12 package here called "Comfort and Joy", and they've raffled
13 a number of our assessments at enviro-fests and
14 community events. And there's a letter in the package here
15 from a meeting we had with them last week explaining, in
16 the context of the discussions we're having today, some,
17 how they want to (inaudible) up some of the programs and
18 interests we have in working together to help people
19 manage their energy.

20 Newfoundland and Labrador Hydro early on in the
21 project identified targeted ways to use our service in rural
22 communities, and we were taken by Newfoundland and
23 Labrador Hydro at their expense to the Northern Peninsula,
24 Baie Verte, Fogo Island, Bay d'Espoir, and there were plans
25 to go to Labrador which haven't happened yet, but we're
26 hoping. And we did a number of assessments for
27 customers who had bill complaints and that kind of thing,
28 and tried to get some interest happening through
29 community meetings. So there was a community based
30 social marketing focus to this, trying to get communities
31 engaged collectively in taking some action to reduce their
32 bills. The timing was good last year with the spike in the oil
33 price.

34 Eco-Action, a federal program funding us to help
35 deliver home energy ... look at the sanctity, the performance
36 of the oil system. And we all know what happened last
37 winter. So if you can get in before and prevent the spill
38 from happening, you're saving not only energy and making
39 the home more efficient, you're also helping the
40 environment.

41 Health Canada and CMHC, I put those last
42 because we were just on the cusp of trying to explore the
43 barriers that Newfoundlanders and Labradorians may face
44 in receiving the energy efficiency message. And people
45 who get involved in DSM (inaudible) know that you can try
46 and sell the idea but people may not always take the
47 message, and one of the concerns we've heard is energy
48 efficiency may equate with poor indoor air quality. The
49 more I tighten up my home, my kid's asthma triggers are
50 going to increase. So what we want to do is do some
51 research with CMHC and Health Canada to try and uncover
52 those barriers, address them, and get people to take the

53 action, because we all know the R-2000 home is endorsed
54 by the Lung Association as the healthiest home going, but
55 try and tell that to people who do their own home building,
56 it's a tough sell.

57 We just spoke a moment ago about our two
58 partnerships with Newfoundland and Labrador Hydro and
59 Newfoundland Power. I'm going to ask Sarah to just very
60 briefly walk you through the Newfoundland Hydro tour
61 and the results from some of their customers in rural
62 Newfoundland, the yellow sheet, which is next.

63 MS. PECKFORD: These are just selected results for some
64 of the assessments we completed on Hydro's customers.
65 I had the opportunity to go Northern Peninsula tour, so
66 some of these homes I can relate with, and other staff
67 members went on the other assessments. But as you can
68 see, it's the same template, the ID, the kilowatt hours before
69 and after, the same for oil, the same for the CO₂ savings,
70 and the potential savings. Many of the homes, you know,
71 needed, or could use some improvement in regards to
72 energy efficiency, and as well some scored quite well. I
73 think one of the most common things we saw in a lot of
74 these homes were ventilation problems, ventilation issues.
75 A lot of people had these beautiful, well, you know,
76 extremely tight homes, and they didn't have a heat
77 recovery, ventilation, or air exchanger system in it, so their
78 windows are rotting. As well a lot of people just needed
79 some advice, and everybody was extremely receptive to our
80 visits and I think that we helped out quite a large number of
81 people.

82 MR. PEARCE: And Newfoundland and Labrador Hydro
83 also did a bill insert, which was fabulous, to about 8 to
84 10,000 customers in the areas we went to. I don't have any
85 copies left because they're all gone now, so I wish I could
86 have brought some to show you, but they were great, very
87 consistent with our marketing material that we developed,
88 in fact used the same designer.

89 Newfoundland Power's letter, which is the blue
90 one which follows, is also new information. We met with
91 Newfoundland Power with Bob Pike and Peter Alteen. And
92 this is taking us in the direction that we'd like to go, and
93 you can see that there's four items outlined here that they'd
94 like to look at proceeding with in DSM. Greater integration
95 of the efforts between our two organizations. Two,
96 increasing the co-ordination of our promotion efforts to
97 engage people in making the right moves. And third, this
98 is a key one, providing financial support, not just for us but
99 for the consumer, to get them to pass that first barrier of
100 undertaking energy efficiency upgrades. Now we don't
101 think it should be a free lunch for the consumer either. This
102 is why we're doing the report in the first place. Pay for it as
103 you go through the energy savings, and we'll show you the
104 energy savings, are you will to make the commitment,

1 consumer, to conserve. It's a much tighter more focused
2 and scientific message than back in the 70s when we just
3 said put a sweater on and turn down the lights. We all
4 remember President Jimmy Carter telling us that way back
5 when.

6 Number four, improving consumer support. This
7 is where we talk about (inaudible) financing or other tools
8 that could assist the consumer to undertake action, and
9 Newfoundland Power and us noted that some elements
10 might be missing from the financing packages that they
11 have, and again every couple of years you've got to go
12 back to the drawing board and take a look at it. So we're
13 very encouraged, and one of the recommendations we've
14 made to both utilities is that we form an energy partners
15 team, similar to the Green Communities model you saw,
16 where you bring utilities, major stakeholders, municipal
17 governments, groups like ourselves, and together we
18 design a strategy and, especially around DSM, that's
19 locally based that's going to work.

20 Okay, we're almost done. Thank you for being so
21 kind. Briefly, again, climate change. As we said at the
22 beginning, this was the genesis of the project. We talk a
23 lot about energy efficiency but you'll notice that our
24 marketing materials, climate change is the sub-text. We
25 don't mention it a lot. It's not that thing that gets people off
26 the couch to fix their homes up, but it is the co-benefit of a
27 demand side management strategy. And what we're
28 wanting to express to the Board today, and I'm sure you're
29 all aware, it is an emerging energy policy factor for
30 Newfoundland and Labrador, which is becoming a major
31 petroleum producer. We're going to have to take a look at
32 that issue ... and demand side management is being
33 undertaken by a lot of utilities in the context of climate
34 change as well. If you look at the projected temperature
35 change, this is a good reason to take some action. 2040 is
36 only 39 years away. You can see the magnitude of the
37 temperature increase. We've already seen a half a degree
38 centigrade increase and a tenth of meter sea level rise
39 globally as a result of, what we believe is, human induced
40 climate change. Canada and Russia stand to be the two
41 countries that would be most severely effected, potentially
42 losing up to 40 percent of their habitat as it's currently
43 designed by mother nature. It becomes also difficult on the
44 island portion of the province when you look at species
45 migration. When species have to be forced to migrate,
46 where do they go? So we haven't answered these
47 questions yet, but scientists have come to the conclusion
48 that early action is required to reduce our fossil fuel
49 emissions, and this takes us back to the issue at Holyrood
50 which Newfoundland and Labrador Hydro and
51 Newfoundland Power are both well aware of, and we're
52 saying that we'd like to be able to help you with this

53 The next page, the changes in forests and
54 grassland boundaries ... obviously, this is interesting for us
55 here in Newfoundland and Labrador. This does not in any
56 way imply that these species will flourish in the new
57 boundaries, it just says that the climate will become
58 hospitable to, on the island, a shift from boreal to temperate
59 forest, and on the Labrador portion of the province, more
60 boreal forrest. It doesn't necessarily mean ... I haven't seen
61 trees pick up their bags and move in 50 years or less, so I'm
62 not sure ... it's an uncontrolled experiment so we'll have to
63 wait and see. But the goal of climate change action is just
64 to slow the rate down so everybody can take a breath and
65 adapt.

66 The next page, the sensitivity of coastal areas.
67 We have in Atlantic Canada the greatest length of sensitive
68 coast in Canada, and we all know how much of our public
69 infrastructure and our economy is tied to the coast, and
70 this just gives you an idea of some of the areas in our
71 province that would be at risk, just in case you happen to
72 own property in any of those areas.

73 The last two pages, the bar graphs indicate one of
74 the compelling reasons why Canadians need to take action
75 to improve energy efficiency in the home. We like to bring
76 the message back to the consumer. This isn't just about
77 the big companies who must take action, it's all of us who
78 have a share in this issue. We produce 19.6 tons ... can
79 you imagine 19 tons of a gas that you can't see, smell, and
80 taste ... well just imagine that's how much we produce. And
81 in fact this year, the Toronto Star in (inaudible) told us that
82 Canada has surpassed the United States, so we're now
83 number one at something, and that's the highest per capita
84 consumption of energy. There's some reasons for that.
85 We all know some are difficult to control, cold climate and
86 vast distances to transport our goods, but we could do
87 better.

88 The last page, in terms of the economic issues, the
89 tons of CO₂ equivalent per million dollars of GDP per
90 provincial jurisdiction in Canada, Newfoundland falls
91 somewhere in the middle, but 320 tons higher than
92 neighbouring Quebec, but we're lower than the other
93 maritime provinces. So it just gives you a sense of where
94 we are.

95 And if you look at the following, last document,
96 this the crux of it all. What's the plan of action? We've
97 been waiting and watching for the provincial government
98 to enunciate what it would be, and it's done so, it's taken
99 the first step to do so through the Climate Change Action
100 Plan, adopted August 26th this year by the New England
101 Governors and Eastern Canadian Premiers. It represents
102 half of Canada's premiers, three political parties, the
103 (inaudible) representing both parties, so significant.
104 Newfoundland signed on to it at the premier's level, and

1 over time public policy must become consistent with this
2 plan. We realize it's outside your frame of reference for the
3 purpose of this hearing, but we're saying it's on the
4 doorstep, and by engaging in demand side management,
5 guess what, we reduced greenhouse gas emissions so we're
6 already starting down that road anyway.

7 If you just go to the very last page of that,
8 because I'm going to wrap up now. Action item six in the
9 plan ... I didn't give you the whole plan. There's a
10 (inaudible) ten point plan. The reduction of total energy
11 demand through conservation. The basis for action is well
12 announced here. It's been in some of the messaging that
13 we've talked about this morning. There's lots of good
14 reasons to do this. It's a win/win, it's no regrets. The goal
15 is (inaudible). By 2025 increase the amount of energy
16 saved through conservation programs as measured in tons
17 of greenhouse gas emissions within the region by 20
18 percent ... using programs designed to encourage
19 residential, commercial, industrial, and institutional energy
20 conservation. That (inaudible) out as an implementation
21 strategy under recommendation 22 of the plan. And if you
22 look at the second sentence ... that brings us right back to
23 where we started from. Actions recommended include
24 (inaudible) participation in the U.S. Energy Star Program,
25 which is their version of Energuide, and the Canadian
26 Energy Guide Program, which I think they meant is
27 Energuide. And this is why we're here today to encourage
28 movement forward on a plan of action to engage in DSM
29 strategies with the utilities. We're here to help and roll up
30 our sleeves and work on it. And you can see at the bottom
31 of our cover page what our request is, which is that the
32 Public Utilities Board give Newfoundland and Labrador
33 Hydro and Newfoundland Power both direction and
34 permission to invest in new and expanded energy
35 conservation programs, including those delivered by the
36 Conservation Corps in Newfoundland and Labrador.
37 Thank you very much for your time and we appreciate
38 having been here this morning.

39 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,
40 Mr. Pearce and Ms. Peckford for that most comprehensive
41 and interesting presentation. It has been tradition to allow
42 for questions from the Applicant, the Intervenors, and
43 possibly the panel, and I understand you're receptive to
44 that. Okay, I ask Hydro if they would have any questions
45 ...

46 MS. GREENE, Q.C.: Mr. Chair, we traditionally break at
47 11:00. I do have a number of questions, so it might be an
48 appropriate time to break now.

49 MR. NOSEWORTHY, CHAIRMAN: It probably would,
50 yeah. I was looking at quarter after, but that's fine. We'll
51 break for 15 minutes. We'll reconvene at about, close to
52 quarter after. Thank you.

53 (11:00)

54 (break)

55
56 MR. NOSEWORTHY, CHAIRMAN: Thank you. There has
57 been a suggested change in the schedule to try and
58 accommodate some commitments, travel commitments, and
59 what have you, that some people have, so we will be
60 proceeding, with your indulgence, with the next
61 presentation and indeed allow for questions of all
62 presenters following that, so if there's no objections we'll
63 proceed on with the next presentation. I'll call upon
64 Barbara Mullally-Pauly. Welcome Ms. Mullally-Pauly. I
65 wonder could you take the Bible in your right hand, please?
66 Do you swear on this Bible that the evidence to be given
67 by you shall be the truth, the whole truth, and nothing but
68 the truth, so help you God?

69 MS. MULLALLY-PAULY: I do.

70 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,
71 and welcome once again. And I'd ask you to begin your
72 presentation, please.

73 (11:30 a.m.)

74 MS. MULLALLY-PAULY: Commissioners, intervenors,
75 utilities, ladies and gentleman, and good friends of the
76 Conservation Corps. My name is Barbara Mullally-Pauly
77 and I'm here this morning representing the office of Energy
78 Efficiency at Natural Resources Canada. The reason why
79 the office of Energy Efficiency agreed to come to speak on
80 behalf of the work of the Conservation Corps is that this
81 work is very important to us in helping to achieve our
82 national goals. At the office of Energy Efficiency I am
83 involved primarily in the climate change programming,
84 which is designed to reduce Canada's CO₂ emissions to
85 help Canada meet its (inaudible) commitment. We also
86 have a commitment, of course, to help Canadians use
87 energy more efficiently in all sectors of the economy. To
88 this end we have 17 programs that effect all sectors, so we
89 cover everything from industry, the commercial sector,
90 down to the residential sector. My own responsibility
91 extends to those programs that deal primarily with the
92 residential sector, both new housing, new construction and
93 existing housing. I've been involved in the energy
94 efficiency field. In fact when I was figuring that out last
95 night I thought it's very embarrassing to tell people that
96 I've been at this for so long, but I joined the Department in
97 1976 with its very first energy efficiency programs and I've
98 seen a lot of things in those years. I was involved with the
99 Canadian Home Insulation Program and the Canada Oil
100 Substitution Program, so I've seen how grant programs
101 work and don't work. I was involved because of this in the
102 whole issue over urea formaldehyde foam insulation, so I

1 also know what components of a program work and don't
2 work. I was around during the first round of demand side
3 management programs by many of the utilities. I've been
4 around through a period when funding was cut and we
5 depended on primarily providing information to people.
6 And it seems the more you stay around the more you see
7 different types of programming approaches and you see, I
8 hope after all this time, what works and what doesn't work.

9 And one thing I'd like to say right now is that if
10 publications worked, if printing material worked ... I could
11 swear for the amount of paper we've produced and the
12 amount of information that we, and the public utilities, and
13 the provincial governments, and the oil suppliers, and
14 everybody else has produced in the last 25 years, we could
15 have insulated every single home in Canada to such an
16 extent that none of our programs would be necessary
17 today. But the truth is just producing information doesn't
18 work.

19 When we were asked to develop new
20 programming approaches about five years ago we took a
21 very careful look at all kinds of activities that had gone on,
22 not just in Canada, but in other northern climate countries.
23 We looked at what happened in the United States and in
24 Europe, so we took a long look around us, but we also
25 looked at what was happening within Canada, the type of
26 experience that we had. And we realized that there were a
27 number of factors. First of all, the Canadian public today is
28 much more educated and aware than they were 25 years
29 ago. A simple advertising message telling people to turn
30 out the lights, they even see this message anymore, but
31 people are ready, willing, and able to accept detailed
32 technical information, they want this kind of information.
33 So we knew that there was a desire for information.

34 Secondly, people are looking for impartial
35 information. If someone who sells you windows is going
36 to come and prepare you for, or tell you that you need new
37 window, I think most consumers are very weary and
38 recognize that if you have a stake in the product you sell
39 the advice might be somehow less trustworthy to the
40 customer, although it may be given in totally good faith. I
41 think customers have a natural tendency today to mistrust
42 this type of information. So we wanted a way of getting
43 out impartial information.

44 And thirdly, we took a look at ways to deliver
45 programming. From the federal perspective the amount of
46 money we are putting in this, although they're fairly large,
47 when you divide it out across the 30 million Canadian that
48 we're trying to reach the amounts of money turn out to be
49 fairly limited. There's certainly not the kind of funding to
50 have people from the federal government knocking on
51 peoples' doors saying, hello, I'm from the federal
52 government and I'm here to help. We know that's another

53 strategy that has little credibility and doesn't work. What
54 we do know works, and this is based on the evidence, is
55 that a community based approach and our involvement
56 with third party delivery agents and our involvement with
57 other partners, and I use partners in the very loose sense of
58 collaborators, but partnerships with utilities, with energy
59 suppliers, with other interested parties like municipalities,
60 where possible in conjunction with the provincial
61 government and also in partnership with other federal
62 agencies. When we can pull all of these partners together
63 and have a community focus, we can usually develop very
64 good program delivery options.

65 Although I'm only speaking about the residential
66 programs and that's my focus, we do have other programs
67 that operate in the industrial and commercial sectors. And
68 certainly the office of Energy Efficiency is very keen also to
69 offer its ability to collaborate to utilities and to other
70 partners to work with us on some of those programs too,
71 because we have ... each program has a unique strategy, so
72 if you are interested also in looking, in terms of demand
73 side management, if you're looking beyond the residential
74 sector, I'm not the expert but certainly could put you in
75 touch with the right people because there are interesting
76 program options available, especially, for example, in the
77 commercial and institutional and industrial sectors.

78 In terms of residential programs we've been given
79 funding now under action plan 2000. We have substantial
80 funding for the next five years, and we have also had the
81 original funding that we requested for Energuide for
82 Houses, was renewed. Now the renewal for Energuide for
83 Houses is a very significant fact I'd like to bring to your
84 attention. When we developed this program we took a look
85 at how to get out there and deliver, and we decided rather
86 than working on a contribution basis that they would try to
87 go out and look for partners with whom they could contract
88 to deliver us the Energuide service on a fee for service
89 basis. We've used the request for proposals, we've done
90 it nationally, we went through Public Works Canada, so
91 received competition in proposals from many different
92 types of groups in different sectors. And presently we
93 have contracts with private sector companies. We have
94 contracts with one public utility, Manitoba Hydro is now
95 one of our contractors. We deal with the Yukon Housing
96 Corporation. The Province of Quebec is a delivery agent.
97 But I'm proud to say that here in Newfoundland the
98 winning bid came from the Conservation Corps of
99 Newfoundland and Labrador. They put together a very
100 solid proposal, and there was no controversy, they won the
101 bid for the province, and right now the contract we've
102 signed with them over the next two years will be for
103 \$125,000 worth of services, but to the end of the five years
104 of services I fully expect that we will have invested, we're
105 prepared to invest close to \$500,000 in the existing housing

1 sector through Energuide for Houses, and somewhere in
2 the realm of about \$300,000 to support the R-2000 program
3 and our new housing program, which is not run through
4 the Conservation Corps but which is generally done in
5 partnership with the home building industry. So we're
6 prepared to make a substantial investment to support these
7 kinds of programs.

8 If you look at how the programs work, if you look
9 at how the community based energy audits work, we find
10 that they are very effective in reaching consumers, not just
11 in making contact with the consumer, but in getting people
12 to take action. Because of the nature of the program ... I
13 was saying we were very pleased that our funding for
14 Energuide was renewed, and you're probably all aware of
15 the issues that arose with government grant funding under
16 Human Resources Development Canada last year. And
17 after that department was audited and after the concern
18 there were new rules put in place by Treasury Board which
19 are much more stringent for the renewal of programs, and
20 to be renewed a program has to undergo a full and
21 complete program evaluation by an external party.
22 Energuide went through this and came through that
23 evaluation extremely successfully, and if we did so it's
24 because we've chosen the right kind of partners, such as
25 the Conservation Corps, to get out there, not just deliver
26 the message, but actually do what we intended to do,
27 which is document CO₂ savings. Now I tend to talk in
28 terms of CO₂ savings because my (inaudible), the little
29 paper they give you to make you chew up and swallow, is
30 review CO₂ emissions in the residential sector to (inaudible)
31 levels by 2010, 2012. I mean, I being a bit factious but we're
32 all given the commitment to meet the Keyoto (*phonetic*)
33 objective within our own sector of the economy.

34 With the Conservation Corps, the model of the
35 Conservation Corps and the green communities, has
36 proven to us to be the most effective type of delivery
37 mechanism. Now we have a number of different models, as
38 I said, one through a provincial government. The utility
39 one is very new. They just got the contract last week, so
40 I can't speak to effectiveness there. But if I look back over
41 the last few years of program delivery I would be able to
42 say that based on our own quality assurance research,
43 which we have performed again under contract, we do this
44 every year to monitor the effectiveness of the program, we
45 know that when you use this community based approach
46 to demand side management you actually get energy and
47 CO₂ savings, they're real, they're measurable. We have
48 found that when you use this type of approach seven out
49 of ten home owners undertake some measure, at least half
50 on average, of the energy efficiency recommendations
51 within the first year of receiving their home energy
52 efficiency report.

53 This is quite outstanding because I know, for
54 example, in the past I've tried everything, we've tried payed
55 advertising. In the early years we used to just do ads and
56 hope people read them and did something. I think we've
57 been (inaudible) of that kind of notion. We know now that,
58 for example, a successful bill stuffer campaign is one where
59 out of every 100,000 fliers you send out, perhaps 2000
60 people bother to look at it, and they give you a phone call
61 that might lead them to order a publication, but the actual
62 amount of activity they do gets smaller and smaller. So we
63 have learned that, for example, national advertising or ever
64 major advertising, although some help to provide
65 awareness, you want to build awareness ... advertising
66 does not lead to action. The key is to actually get out there
67 within the community and have someone offer the service.
68 So you need to support it with promotions, and I'm really
69 very grateful to those utilities that have supported our
70 activities through bill stuffers and through promoting it in
71 their own literature and on their web sites. I mean, this is all
72 necessary, but just as we put the information on our web
73 site, that's only our very first in making people aware that
74 they're even, that there are services out there and there are
75 ways that they can achieve (inaudible).

76 With the Conservation Corps, like I said, seven
77 out of ten home owners undertake the work and we know
78 that they're spending on average somewhere around \$1,300
79 on materials and labour. This is significant because the
80 one, the beauty with Energuide and one of the reasons the
81 federal government likes this program is that it's available
82 to all Canadians and we can cover all communities. It's not
83 just available in large urban centres. It provides economic
84 activity across the country and it's also responsible for job
85 creation, and these are not part-time, these are not kids
86 cleaning parks. The Energuide jobs are highly technical
87 jobs, they require, first of all, good education and training,
88 but once the people acquire this knowledge we feel that
89 they have the basis and can spin off to develop their own
90 small businesses. And this is just a side line, because as
91 with Natural Resources Canada, job creation is not one of
92 our primary objectives, but if you can set something in
93 motion that is alive and functioning when you're long gone,
94 this is important.

95 Just to underline the commercial value of the
96 service, a number of the large home inspection companies,
97 in fact, applied for contracts to deliver Energuide as an
98 adjunct to their present services, so I think the home
99 inspection industry in a number of provinces has
100 recognized that this is a valuable service.

101 The real difference in getting your information
102 from someone who's community based, that seems to be
103 the key. If you can have a visit by people who are
104 knowledgable, who are from the community, who

1 understand the unique conditions within your province,
2 who understand what you're up against, and who may also
3 bringing you information on behalf of familiar entities like
4 your local utility, your fuel supplier, from the municipality.
5 This seems to be key in motivating home owners to take
6 action, because the real key of the whole social marketing
7 approach, and that's the jargon for the kind of the approach
8 we take here as opposed to strictly a promotional or
9 advertising approach, is the one on one contact, the
10 personal relationship which is established over a period of
11 hours, the credibility of going through your own home and
12 seeing your own issues. They will point out exactly what
13 you have to do. That's really very different than reading a
14 brochure that says, well you may have a problem here; you
15 may have a problem there. When we surveyed Canadians
16 and asked them if they lived in energy efficient houses, 75
17 percent of Canadians told us that they lived in an energy
18 efficient house. Well we know, for example, with the data
19 we've done with Energuide, we've done over 30,000 houses
20 and these people are either lying or very, very misinformed,
21 they're living in a bubble, because we found that very few
22 houses are at the potential. Most houses, most home
23 owners can save economically between 15 to 20 percent of
24 their energy costs by undertaking cost effective upgrades.

25 The renovation industry in Canada, renovation
26 and home construction are 50 billion dollar a year
27 industries, but the reason why they don't tend to be, they
28 don't seem to make as much noise as some of the other
29 large industries is that they're made up largely of very small
30 businesses spread all across the country. What this tells
31 us is that most Canadians every year undertake some form
32 of renovation, and CMHC has done extensive research, and
33 we know that half of all Canadians this year who own
34 homes are going to be doing something to upgrade or
35 maintain that home. One of the most effective times to
36 improve energy efficiency is, of course, to include those
37 activities with your renovation, and the best way to get
38 people to do that is to make sure that they have the
39 information on hand in the form of an Energuide report so
40 that they can then take action, either on their own ...
41 because a lot of Canadians, and especially in your province
42 and in rural areas tend to do the work themselves, but also
43 it's very important to have this if you're going to get bids
44 from a contractor, because I don't know about you, but if
45 you get bids and you're not too sure what work needs to be
46 done ... and I think we've all been through this when we
47 take our cars to the garage. It would be very helpful ...
48 imagine an energuide for cars that would tell you before
49 you took your car to the garage exactly what was wrong
50 with it. This is what energuide for houses is. It tells people
51 what the right things to do are. It helps them understand
52 the economic implications, because we're not asking people
53 to make uneconomic investments. And I think if you

54 remember what Ms. Peckford said about windows, for
55 example, they will ask the home owner if the home owner is
56 interested in replacing the windows. The reason we do this
57 is, although an energy efficient window will save you
58 energy, it's certainly not exactly a very good investment if
59 you're only doing it to save energy, but on the other hand,
60 if you're planning to replace the window for other reasons,
61 it only makes sense to spend a little bit more and put in a
62 good solid energy performing window. So there's a lot of
63 psychologically involved in how the reports are prepared.

64 As I said, we're prepared to continue to support
65 this group. We feel that they are doing excellent work, and
66 we feel that we now have a demand side management
67 model and energy conservation programming model that
68 works really well for the existing housing sector. These
69 groups tend to establish an ongoing relationship with
70 customers and that we are able, if you noticed, in the type
71 of activities they deliver ... from a program delivery point of
72 view, speaking now as someone from a government
73 department, when I look at a program delivery (inaudible)
74 that I can use ... but for example Environment Canada was
75 able to piggyback on their oil check program, Health
76 Canada may be able to piggyback on some of their indoor
77 air quality research. And by the way, we have invested at
78 Natural Resources Canada over the past three years in
79 extensive research on the indoor air quality and health
80 effects of our 2000 houses, because we always have the
81 anecdotal evidence that they were healthier to live in. The
82 preliminary results from the work we've done with Health
83 Canada on new housing, on our 2000 housing versus new
84 conventional housing, is that these house are healthier to
85 live in. And I do have, I have copies of the preliminary
86 research if you're interested, so we're able to validate that.

87 All of the lessons that come out of these activities,
88 like our 2000, flow into the activities surrounding
89 Energuide. Energuide is a great vector for, for example,
90 water efficiency. A number of the municipalities in Ontario
91 that I'm aware of that were concerned about water supply
92 and water treatment, real infrastructure issues, have
93 actually worked with their local green Community to work
94 on water demand side management programs, and this has
95 enabled the municipalities to extend the capacity of their
96 current systems or to defer capital investment for a number
97 of years. So if you can actually serve more households
98 with the same amount of commodity, this is actually
99 economically very good. In terms of demand side
100 management I always feel that it's better to have more
101 happy customers paying less than a few customers paying
102 more who aren't very happy with your services. In the
103 deregulated world of electricity, such as Alberta and
104 Ontario, this has come to be very true, and that's why
105 (inaudible) Consumers Gas has worked with the green
106 communities there and they actually underwrite part of the

1 cost of the other guide evaluation, they provide a coupon
2 to their customers. This is part of their strategy, not only
3 for demand side management, but they're very keen on
4 customer retention, because they're in a market where
5 they're very likely to lose their customer to the next
6 competing utility. Now you're in a very situation here, you
7 don't have to compete in the open ... or at least consumers
8 aren't going to go anywhere else to buy their power, but
9 nevertheless you are trying to look at providing your
10 customers with the best service at the lowest possible cost
11 to the customer but also at a value that's economic for the
12 utility and for the province. I mean, we have to be realistic
13 about this.

14 I can't think of too many other, more details that I
15 can give you except to say that we have done the research,
16 we know this approach works, we're willing to continue
17 supporting it. It's far more effective than advertising. We
18 do ... nationally this year, just to put things in perspective,
19 I'm only going to be investing about \$150,000 nationally on
20 advertising. It's simply because we know we have a public
21 responsibility to let people know on behalf of the
22 government of Canada that services are available, but we
23 have no illusion that advertising gets results, because if it
24 did why wouldn't we spend the 35 million dollars or huge
25 amounts of money just on advertising. We know that what
26 you have to do is take the money and invest it wisely.

27 The other key, before I leave, is that free advice is
28 worth just that. One of the fundamental components of the
29 Energuide approach, and this is in our contracts, is that the
30 contractors, those who get our contracts have to agree that
31 they will charge home owners a minimum fee for the
32 service, and we know from our research that there's a direct
33 correlation between having paid for the service and
34 actually implementing the recommendations. Now the full
35 cost of the service is estimated at 300 dollars, delivered the
36 way we do now. In the past when I used to get this kind of
37 information for research purposes, and I would have to go
38 out to engineering firms by the way, it was costing us
39 about \$1,200 per house, about a \$1,000 to \$1,200 to get the
40 same kind of information. We're buying data, this is how
41 we support the program. The data we get is desegregated
42 in the sense that we know all about the houses but we do
43 not get the names and addresses of people, so we do not
44 have a data base of people but we have a lot of information
45 now on houses. So it's a double barreled service to
46 Canadians, we are reducing CO₂ and at the same time we're
47 doing a lot of monitoring on what we're doing out there so
48 that's important to us, but the actual, asking of people to
49 pay a bit for the service helps, and where we can work with
50 partners to help defray that cost so that people don't have
51 to pay too much, I think that's the absolute best mixture
52 you can get. If you can work with the utility or other
53 partner to do some innovative financing, this is also a very

54 good way to encourage people to undertake the activity.
55 But I have to underline the benefits of the third party
56 advice, this always seems to be the key in making anything
57 happen and we've recognized it as the key so we, our model
58 now for all of our program delivery is through third parties.

59 I am certain I've left a lot holes, so you ... I'm open
60 to answer your questions afterwards. Thank you.

61 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,
62 Ms. Mullally-Pauly, for your presentation and sharing with
63 us your, clearly your substantial experience in the area of
64 energy efficiency. I would like probably at this point in
65 time to ask both Mr. Pearce and Ms. Peckford if they could
66 come up, and if you don't mind, we'll go through it at one
67 time and direct the questions to whoever may be
68 appropriate. The parties, I guess, can just direct the
69 question to either and just indicate that ... I'll begin with
70 Hydro, please.

71 *(11:45 a.m.)*

72 MS. GREENE, Q.C.: Thank you. Good morning. I'm going
73 to explore with you a, the specifics of how you think you
74 would apply ... what we've heard this morning is the broad
75 mandate of the Conservation Corps which, of course, is
76 much broader than just electrical utilities, so I want you talk
77 about how you see this applying for an electrical utility and
78 in the context of the application before the Board. So that
79 would be the focus for some of the, the few questions that
80 I do have. First, you mentioned that you have a number of
81 partners, and I believe you've indicated some of the
82 initiatives you've been involved with, with Hydro over the
83 past few years, and I wanted to explore those with you first.
84 The Conservation Corps have been involved with Hydro
85 on the energy conservation side, and I wonder if you could
86 just give the Board a brief update, or status report, on what
87 those initiatives have been?

88 MR. PEARCE: The partnership with Newfoundland and
89 Labrador Hydro through the program that we developed
90 included both the home green-up, promotion of the home
91 green-up service and the Energuide for Houses service.
92 We called the home green-up the small cup of coffee
93 service and Energuide, which is the large cup of coffee with
94 whipped cream. And the two services were of interest to
95 the utility and its demand side management strategy, and
96 in the spring of 2000 we met with officials in the Customer
97 Service Department to design a delivery strategy on a pilot
98 basis. So they were nibbling to see what would work for
99 their customers, and we thought that was a good approach
100 and a good first step, and we were very pleased with that
101 partnership. And as you can see from the data that we
102 provided we have some successful results to show and
103 people are undertaking the recommended retrofits and
104 saving on their energy bills.

1 We toured primarily rural Newfoundland and
2 Labrador, which Hydro serves. We used to have, by the
3 way, an office, a full-time eco-team of four staff in Happy
4 Valley-Goose Bay from January of 2000 until June 2000.
5 This was prior to our partnership with Hydro being
6 established, (inaudible) that partnership (inaudible) earlier,
7 we could have covered off areas in Labrador as well that
8 they were interested in serving, but we pulled out of
9 Labrador in June of 2000 because of funding shortfalls, and
10 we're very much interested in exploring together with hydro
11 and other partners, what can we do for the people in
12 Labrador and what would be the best targeted approach.
13 Sarah was one of the leaders on the tour, and we did about
14 120 homes during the tour. We went to St. Anthony and
15 had a public meeting there, which was the first leg of the
16 tour in October 2000. And the tour of each region lasted
17 approximately one week, so it was kind of like community
18 based marketing, the circus comes to town, it's getting cold,
19 let's get people in a room together to talk about energy
20 efficiency in a positive, upbeat, educational way, and while
21 we're in that community let's demonstrate for the first time
22 these two tools, which had never been seen, a blower door
23 had never been to St. Anthony, or Fogo, or Joe Batt's Arm,
24 or some of the communities in Bay d'Espoir that we went
25 to, so there was some media interest as well. It was
26 marketed well through the media.

27 We raffled a number of assessments while we were
28 in the community, realizing that we didn't have enough time
29 to do everybody who wanted to have the service, and we
30 went back and we were able to finance the return visit for
31 those raffles because Hydro had paid for them. We were
32 able to economically go back, and this is quite a distance.
33 Remember, our core offices are, were at that time for the
34 western region, St. John's, Stephenville, and Corner Brook,
35 and we had to get to St. Anthony and back, and our Gander
36 and Grand Falls teams had to get down to Bay d'Espoir and
37 up to Fogo Island. So there was some cost to us but we
38 wanted to, we said to Hydro if we can break even, we're a
39 non profit, we just want to cover our costs to get there and
40 back. They underwrote the full cost of the assessments in
41 that case and they underwrote the full cost of the tour itself
42 to all those regions. The marketing tools behind it,
43 including the bill insert, and I may be leaving a thing or two
44 out, but that was the nature of it.

45 The pilot then ended in late October or early
46 November 2000, and since then we've approached Hydro
47 and said do you want to take this to the next level, what
48 was your feedback on it. And the feedback from Hydro
49 was if we had to pay for the full cost, the full-meal-deal,
50 your hotel, your travel, and all that stuff, it's not economic.
51 We said we agreed, we don't want you to do that, but we're
52 at the point now where we developed a business plan, we
53 just want to focus on the delivery of the service, and can

54 you help us with that so that we can get to your customers.
55 So we just sat down with them actually last week to talk
56 about where we could go with that.

57 MS. GREENE, Q.C.: So that initiative you just described
58 was, several community visits to describe the types of
59 programs that you offer. Another initiative was dealing
60 with a number of high consumption customers, is that
61 correct?

62 MR. PEARCE: That's correct, yes. Thanks for reminding
63 me.

64 MS. GREENE, Q.C.: Could you explain that initiative,
65 please?

66 MR. PEARCE: In the summer of 2000 we were given a list,
67 after our initial meetings with Newfoundland and Labrador
68 Hydro, we were given a list of 21 customers who had high
69 bill complaints, and the only people that Hydro had, that
70 were kind of receiving the brunt of this, were either the
71 Customer Service staff at the 1-800 number or the poor old
72 meter reader, so ... and the old people were waiting at the
73 door for that meter reader to show up to give them an
74 explanation, so obviously, there wasn't a (inaudible) in that
75 community to help them, they wanted to experiment with
76 this service on those particular customers to see how we'd
77 manage. We didn't do any Energuides at that point. I
78 believe all those customers received home green-ups
79 during the summer of 2000, so we don't have any hard data
80 other than our follow-up, call backs, have you done this,
81 have you encountered any barrier, how can we help you,
82 so we do have that data, but that's where it all started with
83 the customers with the Hydro complaints.

84 MS. GREENE, Q.C.: And the third initiative, I believe,
85 occurred in 2001 was to assist with training on the energy
86 conservation, on the energy demand side piece for, with
87 respect to some of Hydro's staff, is that correct.

88 MR. PEARCE: Yes.

89 MS. GREENE, Q.C.: I understand the Conservation Corps'
90 mandate is broader, other than the energy conservation
91 that you're here to talk about this morning, there is also the
92 green teams, are you familiar with any of the partnerships
93 Hydro has formed with the green team, part of the
94 Conservation Corps in the last, since '95?

95 MR. PEARCE: Yes.

96 MS. GREENE, Q.C.: I wonder if you would give the Board
97 a very, just a very general highlight of those?

98 MR. PEARCE: It will be general because I'm not connected
99 with that program directly, but as I understand it, Hydro is
100 one of our oldest partners in the area of the Green Team
101 Program, going back a number of years, where the company
102 underwrites the cost of employing four young people to

1 work as a team during the summer to deliver a program
2 that's relevant to the local community. For example, one of
3 the ones I'm thinking of is the Cavity Nesting Box Program
4 (*phonetic*) in one of the communities in Labrador, just to
5 give you an example. It has to be a program where you can
6 get in and out in eight weeks over the summer period and
7 achieve some results, so that's what we've done with
8 Newfoundland and Labrador Hydro each year, in fact every
9 year, since the partnership started.

10 MS. GREENE, Q.C.: And you mentioned the nesting boxes,
11 so that was like planting trees or stream enhancement
12 projects, is that correct?

13 MR. PEARCE: Yes.

14 MS. GREENE, Q.C.: Do I understand from what, your
15 presentation today that the principal tool you see of use to
16 the electric utilities is the Energuide tool, as a tool?

17 MR. PEARCE: I would see it as the core around which you
18 could wrap other elements but, so I'm going to qualify what
19 you've said and say that Energuide is a tool around which
20 we can wrap other services, and that is the thrust and
21 nature of a green community organization versus other
22 service delivery agents, as Barb pointed out.

23 MS. GREENE, Q.C.: And when you ask the Board to, for
24 Hydro to invest and to give direction about conservation
25 programs the, as I said, the one that you talked the most
26 about and that I understood to be the principal tool you
27 were recommending is the Energuide, as the tool to
28 determine how a customer can achieve savings, is that
29 correct?

30 MR. PEARCE: It's the core tool, amongst others.

31 MS. GREENE, Q.C.: You've described the Energuide and
32 how it works, is it fair to say that the Energuide's biggest
33 advantage is with respect to the source of heating,
34 whether, what type of heating you have in your home?

35 MR. PEARCE: I'm sorry, could you repeat that?

36 MS. GREENE, Q.C.: The biggest opportunity identified by
37 the Energuide tool would apply to the type of heating you
38 have in your home. The biggest opportunity for savings
39 relates to the type of heating, is that correct?

40 MR. PEARCE: Yes.

41 MS. GREENE, Q.C.: The savings then that you've
42 identified, and I just want to explore that with you for a
43 moment. I think you used a savings of \$821.00 on average.
44 What ... would that include both electric heat and oil heat?

45 MS. PECKFORD: It depends on the home.

46 MS. GREENE, Q.C.: So, but in your numbers that you have
47 done, the 2400 homes.

48 MS. PECKFORD: Yes.

49 MS. GREENE, Q.C.: To come up with that average savings,
50 does that ... it includes whatever source of heat. I assume
51 even wood, if they heated by wood.

52 MR. PEARCE: That's right. We did break out the figures
53 for both electric and oil after we met with you because we
54 realized, obviously, our other partners in the oil industry
55 want to know where they shake out, so we do have an
56 answer on that.

57 MS. GREENE, Q.C.: And the average that you've quoted,
58 the \$821.00 or \$832.00 is based on ...

59 MS. MULLALLY-PAULY: Energuide also includes water
60 heating, and generally I understand that most water heating
61 here is electric, right?

62 MS. GREENE, Q.C.: And the two that you mention,
63 actually, in the guide that you gave us ... and I just wanted
64 to see if this was represented, because in the sample you
65 gave ... "The biggest percentage of savings was with
66 respect to heating", is that correct? It's on page three of
67 your Energuide.

68 MR. PEARCE: That's correct.

69 MS. GREENE, Q.C.: And I think as well on the video when
70 we saw the B & B operator was similarly with respect to
71 heating, was the biggest opportunity for (inaudible), so I'm
72 fair in saying that the biggest opportunities for savings
73 was on the space heating side. And if you look at lighting
74 and appliances it's usually a smaller percentage.

75 MR. PEARCE: Right. I'll add to that though, if we're talking
76 about ... we always like to put this in the, how can we
77 challenge the consumer to offset what they're up against,
78 and if we look at a total increase of 7.1 percent in the
79 coming year, we'd like to be challenged to find those
80 savings within in lights, appliances, and water, if we're
81 limited to that as the big savings tool. We can try to meet
82 or beat that, put us on the road to do that.

83 MS. GREENE, Q.C.: Yes, and I understand that, and, I
84 guess, in the context of this particular application your
85 Energuide, which is the tool that you're promoting, makes
86 the most sense to address savings on the heating, space
87 heating side.

88 MS. MULLALLY-PAULY: The Energuide tool per se
89 focuses on, as you say, heating and hot water heating,
90 those are both factored in. We default to a certain
91 consumption level for appliances and lighting, because in
92 the residential sector the amount of energy devoted to
93 those components is very small. For example, in a
94 commercial application lighting is one of you major energy
95 consumption items, so a commercial audit will always focus
96 on lighting. In the household the amount devoted to

1 lighting and to powering non resistance equipment like
2 televisions and microwaves, those types of things, is fairly
3 small, as you say. So that's why the tool focuses on that,
4 but the tool only works when its delivered in a certain
5 context, and I think it's the Conservation Corps approach
6 that we're looking at here. If you take the tool and combine
7 it with the approach, one of the things that we found that
8 the teams, whether they be the two here or anywhere, one
9 of the items that always comes up in terms of lifestyle ... it
10 might not go into the Energuide, but the evaluator very
11 often reports back to us that they find, for example, extra
12 refrigerators and freezers operating in the house, so the
13 person may have gone out and bought the latest energy
14 (inaudible) refrigerator for the kitchen, and leave the old
15 clunker, the 20 year old clunker that uses three times as
16 much energy, down to the basement. And sometimes a
17 little bit of encouragement from the team that would remind
18 them, did you know that it's costing you this much money
19 to run this piece of equipment. This is all built into the
20 home visit, so I think that you can't totally desegregate the
21 type of approach that we're taking here from the Energuide
22 tool. The Energuide on its own is a scientific tool and
23 that's, we don't measure ... we try not to measure behaviour,
24 because one of the main components we want to do is to
25 measure the energy performance of houses per se,
26 subtracting the people and their behavior from it for
27 obvious reasons.

28 MR. PEARCE: Can I just add a closing statement on that?
29 One of your customers that we did just outside of St.
30 Anthony that was quite interesting had no electric heat,
31 which is, I think, where you taking us. What do we do for
32 these people, how can we help them. I think that's
33 specifically why you wanted us to go in and look at that
34 customer. He had a couple of deep freezers in his
35 basement. It was a dirt floor, unheated space, broken seal
36 on the freezer and, you know, he was calling quite often,
37 and probably costing the company ... there's a cost of
38 providing long distance service to help that person and
39 there's also a cost to not being able to resolve that problem
40 for the customer, so this is why we went in to look at that
41 home even though he didn't have electric space heating.

42 MS. GREENE, Q.C.: When you come back and look at the
43 savings that are there, I think you've agreed that there's a
44 number of sources to these savings then, and I guess you
45 will have to do partnerships with others ... with heating,
46 with home delivery companies, with municipalities for
47 water, etcetera, and as you mentioned, Ms. Mullally and
48 Mr. Pearce ... I mean, what you often see too is, a cost
49 effective tool for the utility and its customers, so it really is
50 a partnership for all of those uses, isn't it, and all I'm trying
51 to identify with you is how Hydro, what it Hydro's role in
52 this, because this is what the Board has to be concerned
53 about. How can Hydro assist its customers for demand

54 side management and energy conservation in a way that's
55 cost effective for Hydro and its customers, because
56 otherwise it doesn't make much sense for either Hydro, or
57 the customer, or the Board.

58 MR. PEARCE: I think we need to sit down and map out a
59 strategy there. That's one of the things that's in our very
60 broad recommendation, we left it broad, so that we could
61 open the door to have that discussion and come up with a
62 strategy, but we believe that there is application for your
63 customers. We know that there is some constraints in
64 terms of the distance from where we are to where you
65 customers are and those kinds of issues, but you get the
66 benefit of levering in the partnerships. I'll give you a case
67 in point, partnerships that you don't underwrite. In the
68 case of the municipal governments, they were first off the
69 mark, all of them were looking at sewage treatment facilities,
70 water purification facility costs, and they wanted
71 (inaudible) to see how this type of a retrofit would help.
72 I've seen some of the old shower retrofit programs with the
73 little ... it looks like a plastic washer and it goes inside the
74 shower as a (inaudible), and I don't know how effective
75 they were, but we know that every shower head that we put
76 in ... because we personally test drove them ... are not
77 going to set the cause of energy conservation back. We
78 made sure that they functioned well for the customer,
79 because the worst thing you can do, and I think this helps
80 answer your question, is design a strategy that doesn't
81 apply to your customer base. We want to apply one that
82 targets your customers in the areas where they live and
83 where their concerns are. The energy retrofit, water retrofit
84 kits, are valued at \$60.00 because they include the price of
85 installation. We said to municipal partners we will install it
86 to make sure that the minute we leave the house the
87 savings start accruing, and we can claim those savings.
88 And municipal partners were only too happy to do that
89 because they were looking for a hands-on tool to make that
90 come about. So that tool is worth 60 bucks a pop, if you're
91 in as a partner we can help deliver it. And one of our first
92 objectives, from a social objective point of view, was to
93 approach Newfoundland and Labrador Housing
94 Corporation. We've got all these tools free to your
95 customers, people who want to make affordable housing
96 truly affordable and maintain it that way, let's go in and
97 help you tackle some of your problems, so we're just at the
98 point now where we're going to do numbers in the
99 hundreds for Newfoundland and Labrador Housing
100 Corporation, and the water retrofit would be the immediate
101 benefit.

102 MS. GREENE, Q.C.: And Hydro would be one partner of
103 many, if it made sense for Hydro and its customers.

104 MR. PEARCE: Correct.

105 MS. GREENE, Q.C.: If the space heating is the biggest

1 opportunity per se, and this is, we've seen from what
2 you've filed, would it make more sense to focus on those
3 where they have a high, where electric heat is high
4 penetration in the marketplace?

5 MS. PECKFORD: I would say yes and no. I think
6 Energuide for Houses does make sense for people who do
7 have electric heat, but I do think that by us being in the
8 home, by us talking to the home owner, by us noticing that
9 they've got three deep freezes in their basement which were
10 all old and clunky (*phonetic*) ... I think, I think it makes
11 sense for any home owner, regardless of if they heat with
12 electricity, oil, whatever. And I'll just give a quick
13 anecdote, there was a house in Port aux Basques that I
14 went into and they didn't ... although they didn't ... heat
15 wasn't electric, I assume it must have been oil, anyways we
16 went in ... I don't know if anyone has been to Port aux
17 Basques ... you know, most of the houses are built on
18 rocks, cliffs, and whatever else they can find. And we went
19 into the home and we got down to the basement, and there
20 was a finished basement room, like a rec-room, and then
21 there was a door, and then when you go in through the
22 door, honest to God, it was rocks, it was big huge boulders,
23 boulders not rocks, and in this part of the basement was a
24 crawl space and it wasn't finished, so you had the rec-room
25 kind of in the middle and the crawl space all around. And
26 sure enough as I'm walking in with one of the guys from the
27 office we notice the heat recovery ventilation system
28 sitting there trying, you know, trying really hard to work.
29 And as I looked at the heat recovery ventilation, I noticed
30 the gap, there was a gap about this wide, and I could see
31 the ocean, I could see the Atlantic Ocean in this gap, and
32 the home owner had complained that her heat recovery
33 ventilation never worked, it was always blowing cold air,
34 and she was spending a lot of money, electric-wise, to heat,
35 to make this, you know, (inaudible). It was working over-
36 time, double over-time all the time because it was
37 positioned, it was put in a place, in a cold space that wasn't
38 even, that wasn't even insulated. So immediately ... and
39 once she was with us, you know, clued in ... I mean, it's
40 common sense, you know, it wasn't rocket science. And
41 once we realized that the heat recovery ventilation was
42 probably put in the wrong place, it wasn't insulated, it
43 wasn't working properly, this is why she was blowing cold
44 air, once she did insulate, and when she did move the
45 system, wow, noticeable effects on her home, and her
46 electric, like, for her lights and appliances and her regular
47 electric use went down significantly, so that's just a case in
48 point.

49 (12:00 p.m.)

50 MS. GREENE, Q.C.: This is the type of thing you would
51 assess to see if it were cost effective for both the utility, if
52 the utility were to participate, and for the customer.

53 MS. PECKFORD: Uh hum, exactly.

54 MS. GREENE, Q.C.: With respect to your savings, I guess,
55 we did some analysis of the \$821.00 savings, and it roughly
56 equates to ... that's why I was interested if you have
57 included all different types of ... it depends on whether you
58 include or exclude tax, almost 40 percent of a typical house
59 with electric heat consumption for a whole year, it's quite
60 significant savings, isn't it.

61 MR. PEARCE: The figures for oil and electric break-down
62 to ... because after we met with you we went and found
63 those figures for you. On average for electrical consumers,
64 electric space heating consumers using electric as the
65 primary, space heating source, I think the average was
66 \$577.00, \$571 per annum for oil. And you've got to look at
67 the context, and oil is the reason we're here today in part.
68 If you look at the end use cost last year, we were rolling out
69 our program just as the roller coaster was leaving the track
70 on that, the price of that commodity, and so our figures are
71 skewed high as a result, and the average annual savings for
72 oil heating consumers in this province is \$1,200, and I kid
73 you not, that's the average.

74 MS. GREENE, Q.C.: Have you got the figures ... if there's
75 no ... if wood or ... is the source of heat. We're finding for
76 example ...

77 MR. HUTCHINGS: Ms. Greene, can you speak up, please?
78 We're not hearing you back here.

79 MS. GREENE, Q.C.: Sorry. We're just curious if you had ...
80 for another type of heating source, because we're finding,
81 for example, that our penetration for electric heat is only 25
82 percent on the island interconnected system, and roughly
83 five percent in the diesel areas where there's space heating
84 provided by the electric utility. We're finding that wood is
85 one of the primary sources of heat for our customers. Have
86 you done any figures where you've done those, where
87 wood might be the primary source of heating?

88 MR. PEARCE: I don't have them for you, but I can ask
89 Barb if you've got some experience from elsewhere.

90 MS. MULLALLY-PAULY: Those who know the Energuide
91 tool will realize that we don't use it to factor in wood
92 heating, because wood is so variable. First of all, a cord of
93 wood, depends on where you buy it. It used to be 4 by 4
94 by 8, but you might not be getting ... you might be getting
95 16 inches, you might be getting a (inaudible) cord. So, first
96 of all, there's so many variables in the wood heating area,
97 right down to the efficiency. It's very hard to track the
98 efficiency of wood burning appliances. They can go
99 anywhere from ten percent ... some people who try to heat
100 with a fireplace or really old stove, right up to 80 percent for
101 the modern high efficiency stove, so there's so many
102 variables in the wood area that at present we're not using

1 Energuide for that, but it's an area that we will look at
2 eventually. It's just that wood ... wood is very hard to
3 control. The one thing we do provide, and this is available
4 through the department, is a pretty good handbook, I
5 would say, for people who heat with wood on all aspects of
6 wood heating, from basically, very basic wood lot
7 management, right up to how to dry the wood and how to
8 burn the wood safely and efficiently. So this is something
9 that ... if in order to keep your customers happy you'd like
10 to be delivering that kind of information, certainly we can
11 provide that to the Corps. But in terms of hard data, I
12 would be able to, if you wish, I will check with our folks at
13 the Renewable Energy branch and see what kind of data
14 they might have on wood heating and we could provide
15 that to you, but I don't, we don't do it through Energuide
16 because it's just one of those impossible to, to calculate
17 variables.

18 MR. PEARCE: And one possible service response in that
19 area comes from Natural Resources Canada, which is the
20 national wood pilot change out program to encourage
21 people to cash in their old clunker for a more efficient one
22 and move up in energy efficiency using that appliance. We
23 think that would be extremely attractive to people here in
24 Newfoundland and Labrador, so we've explored being one
25 of the regions that pilots it. We missed the train this year.
26 It went ahead and ... Newfoundland, we were able to get
27 something in from Newfoundland under that program this
28 year, but we're very interested and we were told by Ener-
29 Can (*phonetic*) and the Department of Environment here,
30 it's just a pilot, we're going to keep at it. So if that is where
31 you're maybe leading us as well, we'd be interested in
32 working with partners on that.

33 MS. MULLALLY-PAULY: I think I'll let ... it's not really a
34 cat out of the bag, but another Natural Resources Canada
35 initiative that we're looking at through one of the other
36 programs within my division is the refrigerator change out
37 program, and I know that this is going to be piloted in a
38 couple of regions, a very limited pilot, but looking at, for
39 example, using the Conservation Corps or this type of
40 community based model as part of their home visits to
41 identify refrigerators that should be replaced and offering
42 a small, a significant rebate that would help encourage
43 people to buy energy efficient equipment. So this is ... we
44 tend to use this delivery model for a lot of different
45 programming activity, and primarily now I'd say other
46 people within the department are trying to pilot on top of,
47 on top of my delivery mechanism. They keep coming to me
48 now and saying, no, we think we'd like to pilot this; we
49 think we'd like to pilot that, and we are open to that.

50 MS. PECKFORD: If I can just add one thing. In our
51 upcoming, for funding proposal for the (inaudible), we have
52 identified wood heat as, I believe, a weakness of the

53 Energuide for Houses service, so we have dedicated funds
54 for wood heat training as well as piloting a project on the
55 west coast, northern peninsula, and rural areas to attempt
56 to help home owners, you know, beef up their stoves and
57 insure that they're burning wood efficiently and properly.

58 MS. GREENE, Q.C.: So I take it from those comments that
59 it really does depend on the unique circumstances of the
60 individual, and what makes sense for one may not be for
61 another, and it needs to be looked at in terms of what, for
62 example, what Hydro's market is, what its customers do,
63 and it's almost that type of approach as opposed to one, a
64 general approach, which was your presentation, really was
65 the overall, broad general one, is that correct?

66 MR. PEARCE: That's correct, and it's a whole house
67 approach, which is inherent in the program. It's ... you go
68 to your general practioner and you have them assess the
69 performance of your whole system. It's that type of
70 approach to demand side management, so you can put
71 things into the basket that you want to focus on and
72 maybe highlight those and drive those to a higher level,
73 and down play ones that you're not as interested in or
74 wouldn't be as effective for your customers, but we often
75 use this analogy. We did at the western health region
76 AGM last year, where we spoke to an audience of about
77 400. They, they really liked this message, which was
78 people often approach home improvement as a one piece at
79 a time affair, and you can understand that, people have
80 limited capacity. But, you know, to just look at the
81 windows this year, and honey, we'll get to the doors next
82 year and maybe the year after that we'll entertain the
83 insulation, may not be the most effective approach, and it's
84 been the tried and true approach up until now. And it's
85 kind of like saying to your eye doctor or my GP, that I can
86 only look at my left eye this visit and the next time I'll come
87 back and we'll look at the right eye, and then we'll move on
88 to the rest of the system. The whole house approach is
89 customer friendly because they're a whole person. They're
90 your customer but they may also be customers of other
91 service providers, so that's the way we like to ... we
92 maintain our independence of the green community based
93 on that fact. That's why you'll see on our letterhead, or in
94 our partners, we have oil companies, we have competitors
95 in a variety of sectors and we say to them, you go out and
96 compete, we want to be the friend of all of your customers
97 and give them the advice they need.

98 MS. GREENE, Q.C.: Thank you. That's all the questions I
99 have.

100 MR. NOSEWORTHY, CHAIRMAN: Thank you, Ms.
101 Greene. Would Newfoundland Power have any questions?

102 (*12:15 p.m.*)

103 MS. BUTLER, Q.C.: Thank you, Mr. Chairman, Mr. Pearce,

1 Ms. Mullally-Pauly, and Ms. Peckford. I'd like to thank all
2 three of you, actually, for your presentations. We
3 thoroughly enjoyed every moment of them. Newfoundland
4 Power's interest, as intervenor in this proceeding, is of
5 course, the least cost of electricity for its 215,000
6 customers, and Mr. Pearce has kindly included in the
7 package today our October 22nd letter to you, which
8 outlines the four broad areas in which we are looking
9 forward, very honestly, in working with you in those areas.
10 So I'd like to thank you all again and, Mr. Chairman, I
11 wonder, since we don't have any questions for them, would
12 this be an appropriate time to ask whether that package is
13 going to be marked as an exhibit because we do intend to
14 refer to parts of it later.

15 MR. NOSEWORTHY, CHAIRMAN: We can do that.

16 MR. KENNEDY: We can. We'll need more copies for, if
17 this is going to be filed as an official exhibit, and I guess we
18 can put it in as CC No. 1. And I'd ask Mr. Pearce to speak
19 to the Board Secretary after he's finished so he can arrange
20 for the delivery of the additional copies.

21 **EXHIBIT CC-1 ENTERED**

22 MR. NOSEWORTHY, CHAIRMAN: Anything else, Ms.
23 Butler?

24 MS. BUTLER, Q.C.: No, that's it.

25 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.
26 Industrial Customers, please? Ms. Henley Andrews?

27 MS. HENLEY ANDREWS, Q.C.: I have a couple of
28 questions. I'd like to also thank you for a very informative
29 presentation, and as I indicated in the break, you'll be
30 getting my house to do pretty soon. Newfoundland Power
31 may be a little worse off as a result, but ... I want to take a
32 look at, we'd like you to take a look at the green sheets that
33 are in your package, and I guess this question is really
34 primarily for the two people from the Conservation Corps.
35 Am I correct when I look at the, at the first page of that
36 document that the summary result that's provided is based
37 upon all of the assessments that you have done?

38 MS. PECKFORD: What we did with the numbers is we had
39 scientific data for 380 Energuides. As I said before, the
40 green-up isn't scientific, so what we did is we applied the
41 averages to the green-ups. So whatever average we got for
42 kilowatt hours and litres of oil, we times that by the number
43 of home green-ups.

44 MS. HENLEY ANDREWS, Q.C.: So if I go to the last page
45 of the document, which is page three, and go down to the
46 totals ...

47 MS. PECKFORD: That's different, and the reason that's
48 different is that's just the totals for the 380 Energuides
49 Houses' assessments.

50 MS. HENLEY ANDREWS, Q.C.: Okay, and that was really
51 my question. So that if you look at the, just look at the
52 electricity aspect of it, which is the kilowatt hours.

53 MS. PECKFORD: Uh hum.

54 MS. HENLEY ANDREWS, Q.C.: As I understand it, the
55 total kilowatt hours of energy consumed per year by these
56 380 houses would have been 9 million nine hundred,
57 twenty thousand and thirty-nine, is that right? If you look
58 at the total? It's in column one. It says, kilowatt hours
59 before.

60 MR. PEARCE: That's correct.

61 MS. HENLEY ANDREWS, Q.C.: Okay, and if the people
62 did the retrofitting that you recommended, then the total
63 would be 8 million three hundred fifty-eight thousand, six
64 hundred fifty-seven kilowatt hours?

65 MS. PECKFORD: After, yes.

66 MS. HENLEY ANDREWS, Q.C.: Afterwards.

67 MS. PECKFORD: Yeah.

68 MS. HENLEY ANDREWS, Q.C.: So I subtracted the after
69 from the before to try and determine what kind of a savings
70 in kilowatt hours might be achieved. So this savings is just
71 for 380 homes, is that right?

72 MS. PECKFORD: Yes.

73 MS. HENLEY ANDREWS, Q.C.: And by my calculation
74 that's 1.56 million kilowatt hours?

75 MS. PECKFORD: Right.

76 MS. HENLEY ANDREWS, Q.C.: For 380 homes.

77 MS. PECKFORD: Right.

78 MS. HENLEY ANDREWS, Q.C.: How familiar are you with
79 Newfoundland and Labrador Hydro's system, in terms of
80 how they provide their electricity to their customers? Are
81 you very familiar with it or not?

82 MS. PECKFORD: I wouldn't say we're extremely familiar
83 with it, but we are ... I mean, after doing so many of their
84 customers we are quite familiar about what constitutes a lot
85 of their customer base.

86 MS. HENLEY ANDREWS, Q.C.: So, well Hydro has some,
87 a lot of hydroelectric generation, and it also has a thermal
88 plant in Holyrood, and the thermal plant in Holyrood
89 consumes Bunker C oil, and what we've heard is that the
90 thermal plant in Holyrood is really used to provide the
91 amount of energy that Hydro's customers need above and
92 beyond what the hydroelectric can generate, so for every
93 reduction in consumption over the system, less fuel would
94 be burned at Holyrood. Do you have, do any of you have
95 any idea of the CO₂ benefits of reductions in the burning of

1 Bunker C?

2 MS. MULLALLY-PAULY: This is the kind of data that we
3 actually do have, but I have to say it's back at the office
4 and it's not, it's not my particular field of expertise, but we
5 could get you that information. One thing I'm going to ...
6 I'm going to make a guess here, but I think the utility can
7 correct me. I'm going to guess that a lot of the Bunker C
8 comes in to meet peak loads. In other words, it comes in
9 when you're at your coldest time of the year, when your
10 lights are on the longest. I think using Energuide in any
11 case, is we can help shave total load, we will probably look
12 at strategies with you to shave peak load, and that's
13 another message too, if you want to get that message out
14 to customers, and to attack electricity (inaudible) coldest
15 parts of the year. There could be strategies designed in
16 that regard. But in terms of getting data for you, we have
17 an awful lot of data back there, so perhaps you and I
18 should talk and we could get you some specific data.

19 MS. HENLEY ANDREWS, Q.C.: Okay, but you would
20 expect that if Hydro was burning less Bunker C then they
21 would have fewer CO₂ emissions?

22 MS. MULLALLY-PAULY: That's for certain.

23 MS. HENLEY ANDREWS, Q.C.: And if the, if the 380
24 homes were expanded to cover even 10,000 customers in
25 the province, then that would be significantly less Bunker
26 C that would be needed to be burned, would you agree?

27 MR. PEARCE: Yes. I think I speak on behalf of ...

28 MS. HENLEY ANDREWS, Q.C.: Okay, and that would
29 obviously reduce Hydro's costs.

30 MS. MULLALLY-PAULY: Uh hum.

31 MR. PEARCE: I should say, we approached both utilities
32 with that in mind back in, first Newfoundland Power, our
33 first overture was in the fall of '99. We were seeking a
34 partnership contribution at that time, and then later on with
35 Hydro in the spring ... we just discussed this, that very fact.
36 That this is what, was our initial mission was the CO₂
37 savings, but we were getting to that through the customer
38 service door and the energy savings potential. And not
39 being insiders in your, in the utility industry, we said it's up
40 to you now to tell us what you need us to do and how you
41 can use us and how we can grow this thing.

42 MS. HENLEY ANDREWS, Q.C.: I was interested, which I
43 thought was great, that Hydro had invited you to come and
44 had provided some assistance to help you go to places like
45 the Great Northern peninsula and some of its rural
46 customers. Were any of the communities that you visited
47 communities that are served by diesel generation?

48 MS. PECKFORD: No, I don't think ...

49 MR. PEARCE: No, no. We had, we had ... on the chaulk
50 board we had plans to go to coastal Labrador with a meter
51 reader and a chopper, and we were very much looking
52 forward to that in the middle of winter, but it didn't happen
53 at that time, and I understand that the utility was doing
54 some of its own DSM lighting replacement programs and
55 some other things that it had in mind at the time, so we
56 haven't done that yet, we haven't done diesel.

57 MS. HENLEY ANDREWS, Q.C.: I know that your
58 Energuide program is largely directed towards, or is
59 directed towards residential consumers, so I was, just
60 wondered what programs ... I know that Ms. Mullally-Pauly
61 mentioned in her presentation that there are programs
62 available for commercial consumers, and I was just
63 wondering if you could indicate what those programs,
64 types of programs are and how they could be accessed.

65 MS. MULLALLY-PAULY: The office of Energy Efficiency
66 offers several programs. The first one I will mention is the
67 commercial buildings incentive program, which is designed
68 to help offset the cost of designing energy efficient new
69 buildings, so there's a potential for up to \$60,000 in grant
70 towards defraying some of the extra design costs in
71 building new commercial buildings, so that's the first one.
72 And then there is the commercial buildings, there's the
73 innovators program, which is run under our commercial
74 industrial institutional sector, and innovators offers quite
75 a broad set of programs where a consultant will work with
76 a company to help them design an energy efficiency plan,
77 and there are funds available to help customers undertake
78 significant retrofits. So that exists in both the commercial
79 and the industrial sector. And I can leave behind some
80 information on who the contact is. The primary contact for
81 that is Ms. Carol Buckley, who's Director of the industrial
82 commercial institutional group. We'll leave behind some
83 documentation and I can certainly provide more, plus all of
84 that's available on our web site. So we have an number of
85 programs that are open to other sectors, and they have
86 some money to give away, which is really not the way I'm
87 operating in the residential sector.

88 MS. HENLEY ANDREWS, Q.C.: She'll certainly be hearing
89 from me. Thank you.

90 MR. NOSEWORTHY, CHAIRMAN: Thank you, Ms.
91 Henley Andrews. Mr. Browne, the Consumer Advocate,
92 please?

93 MR. BROWNE, Q.C.: Thank you, Mr. Chairman. I'd like to
94 speak to ... just a question to Ms. Mullally-Pauly. The, Ms.
95 Andrews mentioned the Bunker C component that's driving
96 our generation, and that it's 30 percent from the Holyrood
97 thermal generating plant. Can you ... do you have any idea
98 of the efficiencies of that, for using oil to bring ultimately
99 electric heat to peoples' homes, do you have any comment

1 on that?

2 MS. MULLALLY-PAULY: I'm not an engineer in that
3 regard, as you know, Mr. Browne, but the one thing I can
4 tell you is whenever you transform energy there are losses,
5 so burning oil at whatever efficiency, we're burning it at
6 that point for generation, and I don't know the efficiency of
7 generating but it's probably, what, in the 60 or 70 percent
8 range to produce electricity. Electricity itself inherently we
9 always calculate at 100 percent efficiency, but on the other
10 hand if you had to burn another fuel and use part of that
11 fuel to just simply fire the plant you, it's a very low grade
12 way of producing electricity. Hydro electricity is always,
13 will be lot more efficient, so the less you have to use
14 thermal generation the better off you are. Now you don't
15 have the option here right now of switching to a higher
16 efficiency fuel to generate electricity so it makes sense to
17 go after as many savings as you can and to try to reduce
18 those costs. It's far more efficient, for example, to burn oil
19 in a house, to heat the house, and use electricity for what
20 it does best, provide light and power appliances. It just
21 makes common sense. This is what is driving the
22 Department's move now, towards, for example, promoting
23 renewable energy in remote regions, because they're the
24 ones that are highly dependent Bunker C run diesel to
25 generate all their energy, so we are concentrating on ... we
26 do see (inaudible) first, and it only makes sense.

27 MR. BROWNE, Q.C.: So have we got it wrong here? We're
28 using thermal energy at Holyrood, oil, to effectively heat
29 peoples' houses with electricity, and you mentioned that
30 we're far better off if people used oil in their own homes, to
31 heat their own homes.

32 MS. MULLALLY-PAULY: Well let's put it this way.
33 People may not ultimately have a chance ... I'm not going to
34 advocate fuel switching right now because there's
35 obviously inherent costs involved, but if you try to look ...
36 I think the main key with using energy is to try to use it as
37 efficiently as possible by reducing your demand and by
38 burning the most appropriate fuels. Now each region of
39 Canada has access to different fuels, so you're facing, I
40 think you face some very difficult decisions. You can't just
41 run out and close down plants, you have to use what's
42 available. But the main key that we're saying is the best
43 way to do that is think of energy efficiency and energy and
44 demand side management as the equivalent ... there's a
45 really nice expression that came out of a group in Quebec
46 and they called efficiency "negawatts". I think it's a really
47 clever name because it's a negawatt, it's a watt that the
48 utility doesn't have to generate.

49 MR. BROWNE, Q.C.: You mention a number of statistics
50 in your evidence, and is there any time of year that you can
51 refer to where people are actually doing improvements to
52 their home and are insulating, is there any statistical

53 evidence on that?

54 MS. MULLALLY-PAULY: Certainly statistical evidence,
55 but I think we could go for a little bit of (inaudible)
56 evidence. How many of you have noticed that it's cold in
57 your house and that you felt a leaky window and you've
58 decided perhaps this weekend or next to go to Canadian
59 Tire or Home Depot to buy some weather stripping and do
60 something about it. Traditionally we know that people
61 think about energy efficiency improvements as soon as it
62 starts to get cool in the fall. That's when they are
63 motivated, that's when they're reminded of their high
64 heating bills. They are going to be very motivated ... I
65 would suggest that the window of opportunity is right
66 now, September, October, November, into December ... of
67 course at Christmas we forget energy efficiency and worry
68 about things, and then the interest picks up again when
69 people start to get their bills in the middle of winter, but the
70 middle of winter is not the optimum time to, to make
71 improvements. What we then find is, of course, is that
72 when May comes and the nice weather comes, and I know
73 you didn't get nice weather here until June last year, but by
74 the time you can open your door again, people tend to
75 forget about their energy bills until they're faced with it in
76 the fall. So it's a good time to get them now while they're
77 concerned, do a lot of the work with them in February
78 because that would let, for example, a group like the
79 Conservation Corps spread its services over the year.
80 Because if you get people interested in February or March,
81 you can probably then work with them to schedule visits
82 through the summer, but certainly to get peoples' attention
83 you have to do it when it matters. We're very interesting as
84 human beings. We pay attention to our homes when we're
85 uncomfortable or when there's a problem, or when we get
86 a bill that we think is out of line, and I think it's the same ...
87 we do the same thing with our health, it's just human ...

88 MR. BROWNE, Q.C.: Thank you, Ms. Pauly. I'd like to ask
89 Mr. Pearce concerning his budget, or his source of funding,
90 I should say. I think it's there on the Eco-Team pilot phase,
91 January of 2000, June of 2001, it's the white sheet. And
92 you've got a \$130,000 there as the amount invested from
93 Petro Canada, which is 11 percent of your funding, and you
94 have \$50,000 there 4.25 percent from other municipalities,
95 including utilities. What exactly are the utilities giving
96 you? Let's take it one by one. What exactly, financially, is
97 Newfoundland Power giving you, or have they given you?

98 MR. PEARCE: Newfoundland Power has given us a blower
99 door, which was equipment, offset our cost to deliver the
100 service in central Newfoundland.

101 MR. BROWNE, Q.C.: How much is that worth?

102 (12:30 p.m.)

103 MR. PEARCE: Valued at \$3000 Canadian. They purchased

1 a metrobus ad, the design, and putting it up on the bus
2 here in St. John's. That was a \$1,000, roughly, and also we
3 did a bill insert with them last Christmas, and I don't know
4 what the cost is of that.

5 MR. BROWNE, Q.C.: You did a bill insert at
6 Christmastime?

7 MR. PEARCE: In December. That's when there was an
8 opening in the bill insert schedule and we went for it and ...
9 so that's with ... the last time we did a bill insert.

10 MR. BROWNE, Q.C.: I'm sure that got everyone's attention
11 now Christmastime, a bill insert.

12 MR. PEARCE: Well, we've all heard about the
13 effectiveness of it, but we had not done it before ourselves,
14 and we wanted to try it. We were trying every door ...
15 what's behind door number three, the bill insert. So we
16 tried that and we agree with you, it's not necessarily the
17 most effective tool if you haven't got something for people
18 to do next and it's not part of a broader campaign and that
19 kind of thing, but we were very grateful to receive it. Also,
20 we, the company purchased about 50 ... I'm sorry, I don't
21 have the exact numbers with me, 50 to 60 assessments for
22 enviro-fests 2000, which takes place in Environment Week
23 in June, so they were raffled off as prizes in the various
24 regional events, and I think it was done again this spring.

25 MR. BROWNE, Q.C.: How much do they cost each, Mr.
26 Pearce?

27 MR. PEARCE: They purchased a mixed bag of Energuides
28 and green-ups, so I'd say you're probably talking about a
29 couple of thousand dollars.

30 MR. BROWNE, Q.C.: \$3000?

31 MR. PEARCE: Sure.

32 MR. BROWNE, Q.C.: And that was for raffling off, was
33 that the purpose?

34 MS. PECKFORD: Uh hum, for prizes.

35 MR. BROWNE, Q.C.: For prizes, okay. And what else have
36 they done?

37 MR. PEARCE: They do customer referrals through their
38 Customer Service Department, and ...

39 MR. BROWNE, Q.C.: They do customer referrals to you?

40 MR. PEARCE: Yes, they recommended ... someone calls in
41 with a high bill complaint ... we understand this is what's
42 done. We're not aware of the protocol, we're not involved
43 in how that's designed and delivered and that's a, I think
44 we'd like to sit down with the company and talk to them
45 about it in the future as part of our strategy.

46 MR. BROWNE, Q.C.: I thought that they had their own

47 customer service representatives.

48 MR. PEARCE: They do, but they also say there's other
49 services out there, if you're interested in Energuide for
50 Houses assessment, give the Conservation Corps, they're
51 a partner.

52 MR. BROWNE, Q.C.: How many referrals can you pinpoint
53 that came from that source?

54 MR. PEARCE: Maybe about 20, yeah. And the bill insert,
55 surprisingly or not, in the same range. It wasn't a high
56 impact in terms of the return.

57 MR. BROWNE, Q.C.: So if Petro Canada has given you
58 \$130,000, is there anything else that they gave you
59 financially?

60 MR. PEARCE: Petro Canada, it was a cash contribution
61 and they've given us a further \$58,000 in the current year
62 and they've committed to meet our requirement for the year
63 two and three of our business plan, which are 2002 and
64 2003.

65 MR. BROWNE, Q.C.: Okay, but back to Newfoundland
66 Power, they've given you \$3,000 for the, for the door, and
67 they gave you the raffling, and they gave you some
68 referrals. Have you ever totaled up what they've given you
69 financially?

70 MR. PEARCE: No, it's under "other", which indicates to us
71 that it's a small but valuable contribution, like our municipal
72 partnerships, and to anticipate the question, I think it could
73 be bigger, I think it could be broader, and deeper, and
74 wider.

75 MR. BROWNE, Q.C.: Now Ms. Pauly mentioned one of the
76 gas companies. I forget which one you mentioned.

77 MS. MULLALLY-PAULY: Enbridge.

78 MR. BROWNE, Q.C.: Enbridge, what have they done in
79 terms of ...

80 MS. MULLALLY-PAULY: Yeah, Enbridge has
81 collaborated with the green communities in a number of
82 Ontario communities within their service area to offer a
83 subsidized Energuide for Houses evaluation for their own
84 customers. So basically the customer is entitled to ... they
85 get a coupon and it allows them something like \$50 off, so
86 it turns out ... I think it's \$50 or \$100. It depends on the
87 community. They've used a number of different strategies
88 but it's subsidized, so that the home owner then is paying
89 maybe \$50 to \$75 for the evaluation service. They also
90 offer, much like Hydro does here, they do offer (inaudible)
91 financing for some of the retrofit work that could come out
92 of the evaluation, so it's a nice strategy because it's fairly
93 ... they've targeted, targeted it within their own area and
94 they offer special deals to their own customers, so I think

1 it's a good program. Toronto Hydro is currently in the
2 process of doing a similar type of venue with the green
3 community in the Toronto area, and Peterborough,
4 Peterborough utilities has not only offered to underwrite
5 part of the cost of the rebate but they have a points ...
6 they've been piloting what they call a points program,
7 where people can get an audit of ... then they do have the
8 work done. They're given some referrals as to who can do
9 the work, and then depending on their energy savings, as
10 measured by a second Energuide evaluation of what, our
11 jargon for that is a B evaluation, but it's the after ... they can
12 get a certain number of points and actually get a cash
13 rebate, and this has proven to be very effective, but again,
14 it's working with a fairly small sample of maybe 300 homes,
15 so I wouldn't want to extrapolate but I think they have an
16 interesting strategy there.

17 MR. BROWNE, Q.C.: What about Hydro, how much
18 money have they given you, of the \$50,000 that's there, and
19 you ...

20 MR. PEARCE: The cash value of the contribution for the
21 tour that we did last year for, the amount that we invoiced
22 them for, this excludes, or doesn't include, the marketing or
23 bill insert and all that stuff. I don't have a figure on that.
24 Hydro would know that, but it was \$18,000 to cover our
25 costs of the tour. That included the 130 or so assessments,
26 plus getting us from point A to point B, and putting coffee
27 on the table for the meeting rooms, and all that kind of
28 stuff. Realizing that it was a pilot first step, it was always
29 anticipated that there would be a next step, and so we're
30 waiting to see what that step will be.

31 MR. BROWNE, Q.C.: Now is Hydro ... you're all meeting all
32 of a sudden. Has Hydro offered you anything further for
33 the coming budget. I imagine you're running out of you ...
34 in your fiscal year. What's Hydro offering now?

35 MR. PEARCE: We had a, we had a phone conversation
36 with the Customer Service Department about further
37 purchase of services, and the company is will to look at
38 that. We haven't sat down to talk about what the, what
39 shape that would take, but it was primarily seen as
40 something that Customer Service staff would keep in their
41 top drawer to hand to a customer who is on the line, you
42 know, (inaudible) perhaps, or concerned about their energy
43 bill. They'll send these guys out, they're our partners,
44 they'll be right on the phone to you later today, and that
45 kind of thing. And that's actually worked effectively in the
46 past. Since we did the tour, between then and now, we
47 understand that the company refers its customers to us
48 when they identify where our problems intersect, I guess,
49 or there's an opportunity.

50 MR. BROWNE, Q.C.: So there's a ... if there's a complaint,
51 the complaint is referred to you.

52 MR. PEARCE: Yes, I believe that's how it's done.

53 MR. BROWNE, Q.C.: I'm sure that serves both purposes.
54 In the letter that Newfoundland Power gave you on
55 October 22, 2001, under the signature of the
56 Communications Manager, Mr. Pike ... in public relations.
57 (3) says, "Providing financial support". What, what are we
58 into here? What is Newfoundland Power offering?

59 MR. PEARCE: Well we proposed that they underwrite the
60 cost of an assessment by \$50. That was our first
61 suggestion. Of course, this would have to be the subject
62 of discussion, and we've seen ... the amount of
63 assessments we plan to deliver in year one, we're not
64 talking about breaking the bank in year one, it's a, you
65 know, a step-wise approach to (inaudible) a good
66 conservation strategy, but that's what we suggested and I
67 don't know how you interpret the response in the letter, but
68 there seems to be an open door to sit down and talk about
69 where we would go with this. The strength upon which we
70 bring this forward is the fact that other utilities are doing
71 this already, and one utility, Manitoba Hydro, is actually
72 the delivery agent itself for the program. So there's
73 obviously merits for utilities to be engaged in this particular
74 project.

75 MR. BROWNE, Q.C.: And are you meeting with them again
76 in the near future? Is there going to be a follow-up on this,
77 providing financial support segment in the letter which,
78 that counsel (inaudible) filed with the Board?

79 MR. PEARCE: We're expecting a call any day now. We
80 will definitely be pursuing it.

81 MR. BROWNE, Q.C.: Are you aware that the President of
82 Newfoundland Power has filed a letter with this Board
83 through counsel for Hydro actually, suggesting business
84 as usual effectively until after the hearing. Of course the
85 hearing is over December 7th, so after the decision I think
86 they say. The decision is, won't be out, I guess, until
87 March month. Are you aware of that? Have they told that
88 to you?

89 MR. PEARCE: Yes.

90 MS. BUTLER, Q.C.: Mr. Chairman, with the greatest of
91 respect, if the Consumer Advocate is going to be referring
92 to an exhibit I think that the exhibit should be produced. I
93 don't think the synopsis given of the exhibit is a fair
94 reflection of the contents of the exhibit.

95 MR. BROWNE, Q.C.: I think the exhibits are there as part
96 of the record. They were filed on the last day. I don't have
97 the consent number. Maybe Mr. Kennedy can ...

98 MR. KENNEDY: Yeah, U-Hydro No. 6.

99 MR. BROWNE, Q.C.: Okay, do you want me to quote it,
100 exactly what I was giving the synopsis of, counsel?

1 MS. BUTLER, Q.C.: The witness should be asked to refer
2 to any specific comment in the letter itself and not the
3 Consumer Advocate's synopsis of the exhibit which is
4 before the Board.

5 MR. BROWNE, Q.C.: If they want to give it to the witness
6 there, if you can go to page two of two, you can start
7 reading with the word "Given", and then with respect ... I
8 don't (inaudible) ask the witness to read it. I can read it on
9 his behalf into the record. "Given our ongoing
10 communications to customers and the benefits of energy
11 efficiency and conservation, we would be reluctant to
12 engage in a high cost advertising campaign at the expense
13 of our customers. In addition, based on the considerable
14 information consumers receive an oil and (inaudible)
15 general media, our company feels that there's no need to
16 make further investments in advertising, as consumers are
17 already well educated on the issue", and then he says,
18 "With respect to keeping customers informed of regulatory
19 decisions regarding their electrical rates our company feels
20 it is appropriate to await the outcome of the current rate
21 hearing and access the impacts before communicating any
22 changes. We feel interim communications may result in
23 customers receiving confusing and conflicting information
24 regarding their electrical rates". So I don't think I was
25 misrepresenting what was said ... they were waiting until
26 the outcome of the hearing. In reference to waiting, in
27 reference to that issue of waiting and putting stuff off,
28 what's your view as a conservationist on waiting, putting
29 something off, in reference to business you're in, which is
30 to preserve, I guess, kilowatts in this instance?

31 MS. BUTLER, Q.C.: Mr. Chairman, if I might. The reference
32 in the letter to waiting, is awaiting a result of this Board's
33 determination before communicating back to customers,
34 that is the only reference to delay in the letter. Now if the
35 Consumer Advocate has a question related to that, for this
36 witness, then I think that would be fair, but to suggest that
37 there is an overall delay strategy on behalf of
38 Newfoundland Power relevant to the Conservation Corps'
39 work is misleading.

40 MR. BROWNE, Q.C.: Well I don't mean to mislead, I think
41 it's quite clear what Mr. Hughes has written. He's done it
42 in black and white there. And I don't mean to get you into
43 a controversy here, but from a conservation point of view,
44 if there's someone out there losing energy now, isn't it best
45 off to deal with it now?

46 MR. PEARCE: Yeah, well I won't use the letter as the
47 reference for that then to answer the question as you put it.
48 Our answer would be why wait. You know, there is
49 opportunities to be ... what we call the low hanging fruit in
50 energy conservation, that we could be entertaining now,
51 even outside these hearings on a voluntary basis, and
52 that's my short answer to it, is why wait, let's get going.

53 And my long answer is, there have been programs in the
54 past that have been well underwritten by the utilities that
55 have waned in the sense that there's been a shift, and this
56 is a Canadian dilemma as well. This is not just a
57 Newfoundland problem, but utilities across Canada and
58 people in the petroleum sector as well. When Canadians
59 started jumping in SUVs a couple of years ago, and
60 cranking up the heat and building bigger homes with fewer
61 people in them, that's where ... the consumer, we were
62 losing the consumer, and the programs also shrank at the
63 same time, so there was an unfortunate coincidence of
64 those happening at the same time, and I think we could
65 have continued with some of those efforts if we kept them
66 going on the demand side. We could have achieved, we
67 could be further ahead than where we are now in this
68 province (inaudible), given that the reason for this
69 discussion in part today is the cost of oil to heat homes
70 electrically, that's one of the reasons.

71 MR. BROWNE, Q.C.: I should ask you this. Where exactly
72 do you have locations in Newfoundland now that are
73 operating in the province?

74 MS. PECKFORD: We have three offices, one in Gander,
75 one in Corner Brook, and one in St. John's.

76 MR. BROWNE, Q.C.: Are all these operational now?

77 MS. PECKFORD: Yes.

78 MR. BROWNE, Q.C.: You mentioned that there's a \$100
79 charge for, for your services, and indeed I've undertaken
80 your services. I think they're very good, and I commend
81 you for the work you're doing, but is that a deterrent, \$100,
82 does that stop people?

83 MS. PECKFORD: Yes, it's a barrier. I can definitely say
84 that. When people call and just want information and we
85 go through everything and we describe the service to them,
86 then we have to tell them it's a \$100. It's a bit of a barrier,
87 and it depends on what community you're in. In some
88 communities \$100 isn't ... you know, some people feel that
89 it should be worth more than a \$100, and in some of the
90 smaller rural communities especially \$100 is a lot to fork out,
91 especially because, you know, we're asking for it in cash or
92 cheque, so when we arrive we hope that the home owner
93 has it then. So, yeah, it would be a barrier.

94 MR. PEARCE: And if I could add to that, it's different
95 when you're selling Twinkies or something that has a huge
96 marketing campaign and everybody knows what it is, but
97 try striking up a conversation tonight at the dinner table
98 with your family about Energuide for Houses. It's a great
99 program, more people should know about it, and it's the
100 role of the delivery agent and their partners, together with
101 Ener-Can to market it, that's key. The financial barrier, to
102 answer your question, is one that we need to address in

1 this province. We set a price based on what it would, the
2 delivery agent prior to us getting a contract was a company
3 called Heat Seal Limited, which many of you are familiar
4 with. They set that price, we delivered the service under
5 their rules, over the last two years, to grow the service, and
6 we promised not to compete or undercut their cost. But
7 \$100 may be an issue for some people, and we'd like to have
8 some flexibility to say ... and we're thinking of low income
9 consumers as well. We really ... sometimes these are the
10 people who pay higher prices and consume more energy.
11 They should be able to avail of the service and not be
12 penalized economically.

13 MR. BROWNE, Q.C.: And are you working in a full
14 capacity right now? Are you working on a daily basis? Do
15 you have enough calls?

16 MR. PEARCE: We're not as busy as we should be this fall
17 because we've had to slow down the marketing campaign
18 because our funders aren't lined up. You can't go out and
19 buy a marketing campaign, which we ... it's in our business
20 plan for this fall. We're waiting for one of our key partners,
21 the provincial government, to make a decision at Treasury
22 Board on what they plan to do with the next phase, and
23 certainly other partners are welcome, but we've worked with
24 federal, provincial, and the corporate sector, those are the
25 three sources where we need our funding from, and we
26 could use more support to be able to grow the service.
27 Remember, we started out all guns blazing in January of
28 2000, with 27 staff, 7 offices. That was the time to get us
29 going. And we knocked on doors and got, sort of, well,
30 you know, a cool response from some, and fair enough,
31 they don't know what the heck it is, it's not a commodity
32 that everybody understands. But we feel that 1.2 million
33 dollars that we levered ... one million of it from outside this
34 province over the last two years. We could have done so
35 much more if there were other partners with us to get it out.

36 MR. BROWNE, Q.C.: My last question actually involves
37 the, Newfoundland and Labrador Hydro's bill, on the back
38 of the bill, and I'm going to give you copies, (inaudible) that
39 would provide copies of that, and maybe I'll have Ms.
40 Blundon ... and I'll ask Ms. Pauly the question because
41 she's referred to advertising. She's had a lot to do with
42 budgets apparently. She mentioned evidence of that
43 previously. The question I have is this, Newfoundland
44 Hydro in its bill here itemizes the kilowatt hours that people
45 are using for various utilities, is that a good thing?

46 MS. MULLALLY-PAULY: Definitely, we find that when
47 people get direct feedback and understand how much
48 they're spending it's very effective. Now this is typical ...
49 that's interesting, but I find one of the most compelling
50 things is when you say to somebody, this is typical and
51 this is what you are doing, because people would really like
52 to be better than typical, so it's nice to start off with typical,

53 but I think it would be, the bill could be really improved by
54 going to ... this is the typical use and this actual use. This
55 is one of the things that the Conservation Corps does is
56 say to people, this might be typical and this is what you're
57 up against. Think of it as a health assessment, if you know
58 what the health of the average Canadian is, that's good, but
59 it's a whole lot better when you go to your doctor and your
60 doctor says, your cholesterol is too high, but your blood
61 pressure is pretty good. I think when it relates to you
62 personally your much more likely to take action than if you
63 have some sense of what the typical consumption is. One
64 thing I'd like to mention that hasn't come out, and there's
65 really no appropriate place to insert it, but when we first
66 issued the contracts three years ago the delivery agent here
67 in Newfoundland was a small commercial company. Under
68 that company we delivered 50 Energuide for Houses
69 evaluations, and we were looking seriously into cancelling
70 the contract because we could see that it wasn't getting us
71 much effectiveness, and at that point there was a happy
72 marriage, or happy coincidence occurred when the
73 company was able to work to subcontract with the
74 Conservation Corps. Since that time there's been six times
75 as many interventions, so for us what we're saying is that
76 it might be a coincidence but I am seeing a huge interest
77 just based on the kind of intervention that the Corps has
78 brought to it, and let's face it, I don't think we'd have the
79 municipal, corporate, and provincial support if it were still
80 just a small private company operating here.

81 MR. BROWNE, Q.C.: Did you have occasion to meet with
82 the utilities here at any time?

83 MS. MULLALLY-PAULY: I came here a couple of ... I can't
84 remember the exact date, but I think it was June of, not this
85 year, but June of 1999. I came with one of my colleagues
86 and we did a presentation to a number of different entities
87 that were representatives of the provincial government, and
88 I understand that there were people from the utility here, as
89 well as a number of other intervenors, Harvey's oil was
90 present. And we did a very general presentation on what
91 is Energuide for Houses. This is something that we've
92 done in other regions also to help build the type of
93 collaborative effort that you've seen here in Newfoundland,
94 and we tried to do that across the country, so we did, we
95 did these dog and pony shows across the country. I didn't
96 have very much follow-up conversation, in other words,
97 nobody came back to ask to follow up, but I think that that
98 may have, you know, there may have been some effort at
99 that point within the local community to begin talking, and
100 I think that's probably where maybe the essence of some
101 the collaborations, the seeds may have been sown. We
102 also met, of course, with Public Works Canada at that point
103 to try to get them on board.

104 MR. BROWNE, Q.C.: Thank you Ms. Pauly, and thank you

1 Mr. Pearce, Ms. Peckford.
2 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
3 Browne. Would counsel have any questions, please?
4 MR. KENNEDY: Chair, just one thing first, which is the last
5 exhibit that the Consumer Advocate passed out. We
6 should label that, as it was referred to the witness, which is
7 just the copy of the portion of the bill, and I believe it's the
8 first exhibit put forward by the Consumer Advocate, so it
9 would be CA No. 1.

10 **EXHIBIT CA-1 ENTERED**

11 I just have two quick questions, Chair, with your
12 indulgence. First, Mr. Pearce, I just wanted to verify the
13 numbers that the Consumer Advocate went through with
14 you on the amount of funding that you had received from
15 the two utilities, and if I gathered correctly, because this
16 might be referred to later, that Newfoundland Power
17 provided \$3,000 approximately for the purchase of a blower
18 door; \$1,000 approximately for the purchase of the
19 metrobus ad; and approximately \$3,000 for the purchase of
20 50 to 60 assessments, and that there was a bill insert which
21 would have been an in-house cost to Newfoundland Power
22 that you're not sure of, and that would be a total of \$7,000?

23 MR. PEARCE: You could likely add an additional purchase
24 of 50 to 60 because I think that happened again this spring
25 in enviro-fest, but I wasn't in the driver's seat on that, I was
26 two years recurring.

27 MR. KENNEDY: Okay, but that ... I guess, what I'm looking
28 at is ... that's the thing, is that \$7,000 for one of your fiscal
29 years, is that how we're looking at this or is that the total
30 amount that you received from Newfoundland Power,
31 period?

32 MR. PEARCE: During phase one, which we don't have a
33 fiscal year in our phase one, unfortunately, but it ran from
34 January until June 2001, June 30th.

35 MR. KENNEDY: Okay, so if we added another 50 or 60
36 assessments for another \$3,000 we'd get a total of about
37 \$10,000 for that, roughly, 18 month period.

38 MR. PEARCE: Yes.

39 MR. KENNEDY: Okay, and in the case of Hydro you
40 indicated that there was a cash value of a tour, and this
41 \$18,000, is that your estimate of how much you, or how
42 much this tour cost Hydro?

43 MR. PEARCE: That's an actual invoice that was paid by
44 Hydro for the services rendered.

45 MR. KENNEDY: Okay, so these are expenses the
46 Conservation Corps incurred and then you billed Hydro for
47 them.

48 MR. PEARCE: That's correct.

49 MR. KENNEDY: Okay, and was there any other funding
50 received from Hydro in addition to the \$18,000?

51 MR. PEARCE: There was the cash value in kind of the bill
52 insert ... Hydro, yeah ... it might help the Board if we were
53 able to take this one away and get back to you in
54 consultation with the two partners on the full value, cash
55 value, if that's what we're getting to.

56 MR. KENNEDY: I'm not interested in the cash values of in
57 kind, I'm more interested in the cash received by the
58 Conservation Corps that you could use, you know, for
59 your own programming. The \$18,000 invoice ... this tour,
60 this was to visit problem Hydro clients, is that right?

61 MR. PEARCE: And to also assess the advocacy of this
62 program in the four regions we mentioned.

63 MR. KENNEDY: So you visited more than, more than just
64 Hydro's clients or customers, or ones air marked by Hydro?

65 MR. PEARCE: Yes, that's true. We started in the summer
66 of 2000 with 20 customers they gave us that were high bill
67 people, and then we rolled our the campaign in the fall for
68 all takers, people interested in the community did marketing
69 and ... so some of the people that we did in the fall were
70 people Hydro identified, others heard us on, you know,
71 Cross Talk or something like that or saw the bill insert and
72 decided to take advantage of the free service.

73 MR. KENNEDY: So lastly then, I noted that of the items
74 that the Conservation Corps and, sort of, resources that
75 you draw upon in delivering your programs that there
76 would be ... I've got them listed here, you probably have
77 more, money, people, equipment, technology, and that
78 you're also impacted by the demand for your services and
79 the geography of the area that you have to serve. Of those
80 items that I just provided, is it fair to say that money is your
81 principal limiting factor in being able to deliver your
82 programs effectively?

83 MR. PEARCE: It is one of, but I think it's also a question
84 of, I guess this would translate into money as well, that our
85 marketing capacity, we're very limited as a small non profit
86 organization with the mandate that we have to do a big
87 marketing campaign, and that's an area where we have some
88 difficulty. I agree with Barb's caution that marketing to do
89 is the question, and we need to market real tools, workable
90 solutions that people can take advantage of.

91 MR. KENNEDY: But the reason that you don't market more
92 is because you don't have the money to market more.

93 MR. PEARCE: That's correct.

94 MR. KENNEDY: Okay, that's all the questions I have.
95 Thank you, Chair.

1 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
2 Kennedy. I apologize to everybody, we traditionally we
3 break at 12:30 to (inaudible) presenters and try to clue up
4 this phase here. I polled the panel and we have a few
5 questions, but they are few, so I'd propose to just move on
6 if that's okay. I'll ask Commissioner Powell now if he has
7 any questions, please.

8 *(1:00 p.m.)*

9 COMMISSIONER POWELL: Thank you, Chair, I don't
10 have much. First of all I'd like to thank everybody. It was
11 an eye opener. It probably (inaudible) more questions than
12 answers, but then that's part of the process. My
13 understanding is you've been involved with the two
14 utilities, 1999 the first contact?

15 MR. PEARCE: Yes, on this program.

16 COMMISSIONER POWELL: Other than the Hydro asking
17 you to do some surveys for their high customer complaint,
18 have there been any ... after the initial contact ... either
19 when ... the two utilities come back and ask for the, help or
20 opinions on demand side management.

21 MR. PEARCE: Yes, we participated in some joint training
22 with Newfoundland and Labrador Hydro where DSM was
23 the core of the discussion, how we could deliver it better,
24 and we know that both utilities are using customer referral,
25 which is kind of passive promotion, and I don't know
26 beyond that since I'm not in monthly contact with them.
27 There was, you know, quite a hiatus over the summer, the
28 calls, the complaints probably dissipate. That may have
29 been one of the factors, but we're waiting for the next big
30 step, as I said before. With Newfoundland Power, we were
31 invited to participate in a business planning session with
32 a Customer Service specialist staff team in February of 2001
33 here in St. John's, and we did essentially what we did here,
34 and we left, and the idea again was that there would be a
35 next step, how would we better integrate our services, and
36 that's the thrust of the letter that we've got here. So it's a
37 very long answer, but the short answer is no, we haven't
38 done anything that I would move from the other category
39 at the bottom of my list into the more big time stuff, the
40 more visionary, let's think of this thing and how we can
41 really make it work.

42 COMMISSIONER POWELL: Newfoundland is, large
43 geographical area and small population, the economics of
44 doing something like that. Do you have an opinion on
45 that? Too small and (inaudible).

46 MR. PEARCE: I encounter that on every issue since I
47 moved to Newfoundland. Waste management was one of
48 my big issues when I was (inaudible) in Toronto, and we
49 actually did an ad campaign through the Conservation
50 Corps answering, what we anticipate is always the

51 response we get when you're promoting something like
52 this. The name of the came was "Why Not" in
53 Newfoundland and Labrador. That's the question we have
54 to ask and we have to turn the issue on its head, and, yes,
55 there'll be some costs associated with rolling out something
56 like this. Energuide is not the only tool, by the way, we're
57 obviously here promoting it because we're a practitioner in
58 the field, but there's many other programs and services that
59 don't find their way to this province, and I can tell you that
60 we were thrilled that the climate change action plan got
61 involved in underwriting us initially, because that was a 150
62 million three year program from '97 to 2000, and nothing
63 was coming to Newfoundland and Labrador. There were
64 no groups in the municipal sector (inaudible) where it had
65 the capacity or interest to engage that funding to go to
66 work solving energy management, (inaudible) solutions
67 here in the province. We're now into the next round,
68 another three years the clock is ticking, another 150 million
69 dollars has been renewed. This is often the way of good
70 federal programs. If they're not captured and seized by
71 local organizations and made to work for problems here in
72 Newfoundland and Labrador. So take the question of
73 people living vast distances apart and having home energy
74 problems. The way the Province of Nova Scotia's
75 Department of Natural Resources dealt with it last winter
76 was they contracted the green community to do an energy
77 solutions help line, which we know the utilities also have
78 those as well, but it was marketed by the Department along
79 with the whole oil issue they had last winter. The
80 Department, government provided the (inaudible) of the
81 marketing campaign, but the little legs under it was the
82 green community located right in their community so that
83 they could call them on the 1-800 number and find out who
84 the nearest person was. The way we work with rural
85 Newfoundland and Labrador is often we give free advice
86 over the phone. We're not necessarily paid to do that but
87 we often end up like ... utilities, I'm sure, can say this too,
88 give a lot of free advice over the phone, thank you very
89 much, see you later. But the way we work it in (inaudible)
90 program is we get the call, we then try and interest them in
91 engaging a couple of neighbours to also undertake the
92 service. We often find that people cluster in rural
93 communities, and we've been there once and someone has
94 seen the blower door, everybody is showing up for tea and
95 wants to find out what's going on, and it really screws up
96 the test actually because you're not supposed to open the
97 door in the middle of the test. We think the opportunities
98 in rural Newfoundland, because of the friendly nature ... I
99 marketed recycling programs in Toronto and they had 85
100 languages and we got 85 percent participation in the
101 recycling program, so it's just a question of crafting the
102 right program to hit rural Newfoundland and Labrador.
103 ACOA gave us 200,000 last year primarily to focus on two
104 things, helping commercial businesses that operate out of

1 homes, which is a huge business in Newfoundland and
2 Labrador, unlike some other provinces. (inaudible) take
3 this outside the residential sector into the B & Bs and so
4 on, and also to expand our service beyond the seven
5 centres that we had to go, really (inaudible) rural
6 Newfoundland and Labrador. So they gave us an idea for
7 a 1-800 number ... one of the items that isn't in our budget
8 that I regret to inform you about was a fabulous media
9 sponsorship we had with VOCM, Steel (phonetic)
10 Communications sponsored a \$40,000 campaign, that was
11 their money, we put in \$20,000 from ACOA to do a green-
12 up, tune into green-up campaign, that was 26 solid weeks
13 of two features everyday on the radio on, one on climate
14 change and one selling our services, and that really was
15 effective for us, it got us that push out there. So, and that
16 got us out of the cities into rural Newfoundland and
17 Labrador, big time.

18 COMMISSIONER POWELL: The complaints, the high bill
19 complaints, the work you did for Hydro, was there any
20 follow-up on that to find out the results, the
21 recommendations that were implemented and ...

22 MS. PECKFORD: We provided every home owner that we
23 did with a customer evaluation form and where I (inaudible)
24 of the northern peninsula we've received a lot of those
25 forms back, and actually they were faxed to the Customer
26 Service Department at Hydro. Many people were quite
27 pleased with the service and they felt that it was helpful,
28 and after that as well we did follow-up calls in June, and
29 that was more of, have you done anything, were there any
30 barriers, etcetera, etcetera.

31 COMMISSIONER POWELL: Last question. The office of
32 Energy Efficiency, you said you came into the province and
33 made a presentation, do you know if you've had any
34 correspondence with Hydro or Newfoundland Light and
35 Power on issues such as demand side management and
36 conservation?

37 MS. MULLALLY-PAULY: I have not received any in the
38 residential sector, but I wouldn't be able to speak for my
39 industrial or commercial counterparts. I could find out for
40 you, but I've received nothing in the residential context.

41 COMMISSIONER POWELL: Okay, thank you. That's all
42 my questions.

43 MR. NOSEWORTHY, CHAIRMAN: Thank you,
44 Commissioner Powell. Commissioner Saunders, please?

45 COMMISSIONER SAUNDERS: Yes, just a couple, Mr.
46 Chair. Mr. Pearce, do you work with anyone specific at
47 Hydro, at Newfoundland Hydro or Newfoundland Power,
48 do you have a person that you deal with there?

49 MR. PEARCE: With Newfoundland and Labrador Hydro
50 there's a team of people that we deal with. (inaudible)

51 Customer Service, the key person that we dealt with
52 traditionally has been Al Ballard, and in Newfoundland
53 Power it initially was Keith (inaudible) who was manager of
54 Customer Service when we first started, and it's now Bob
55 Pike.

56 COMMISSIONER SAUNDERS: The other question I had
57 for you, and I didn't hear you make reference to this, is your
58 program available to new home builders in term of do you
59 make contact with them, and do you have a program that
60 gets you in the door with new home builders as well as
61 people who are involved in the renovation business?

62 MR. PEARCE: Do you want to talk about the ...

63 MS. MULLALLY-PAULY: Yes, I could address that.
64 Serving Newfoundland, the office of Energy Efficiency
65 operates the R-2000 home program for new home builders
66 through the Newfoundland and Labrador Home Builders
67 Association, and the home builders have been associated
68 with the Conservation Corps to promote their message, so
69 there is a linkage. We work through the home builders
70 though on R-2000 and to provide training because it's ...
71 working with the builders is a little bit of a different nut to
72 crack than working with the homeowners themselves.
73 However, the Conservation Corps is promoting the
74 messages about home energy efficiency, not just to people
75 who are in existing homes but also to people who might be
76 interested in buying a new home. And this year the office
77 will be piloting a new initiative, we are going to be
78 expanding the Energuide for Houses service in a modified
79 form for new houses, so this is ... we're going to be moving
80 into a testing phase of this fairly shortly, and of course
81 we'll very likely be dealing with our existing delivery
82 agents, of whom the Conservation Corps is one.

83 COMMISSIONER SAUNDERS: Okay, thank you. One
84 more, and that is with respect to people and companies that
85 own apartment buildings, for example. Do you work with
86 them in terms ... you know, you've mentioned
87 Newfoundland and Labrador Housing but there are many
88 others in our community here, for example. What success
89 have you had with those?

90 MR. PEARCE: Well when we offered the green-up and the
91 Energuide for Houses they could choose from a menu of
92 services. The blower door test in the case of a high rise,
93 multi-rise building, it's not the tool you'd want to use, but
94 there are other energy audit tools you can use for a
95 building like that. In terms of landlords, large landlords, the
96 City of St. John's, non profit housing division we met with
97 in the spring and they purchased 100 assessments for their
98 non profit housing stock and we're just completing those
99 now. We also did an article for multi-unit reports, which is
100 part of Canadian Property Management magazine profiling
101 our service to a national audience and that this stuff can

1 work in multi-res too. But Energuide for Houses in terms of
2 that kind of a building isn't the tool you would use.

3 COMMISSIONER SAUNDERS: There is just one other,
4 and that's with respect to the cost, and you mentioned that
5 it's a barrier, the \$100 fee is a barrier to some people. Have
6 you discussed with the utility companies or the oil
7 companies, or any of your partners any kind of a plan to
8 finance that charge over a period of months or have you
9 entered into any discussions with any of them in that
10 regard?

11 MR. PEARCE: I'll take them each as you said them. The oil
12 company is in as a corporate sponsor of the program, and
13 we haven't gone to look at having them do further
14 underwriting of the individual cost of the assessment, so ...
15 but their financial contribution speaks for itself, so we kind
16 of left it there. With the two utilities we suggested that
17 underwriting a portion of the cost, something that they're
18 comfortable with and we're comfortable with ... we haven't
19 defined what that would look like just yet, but we would
20 like to see them do that, and obviously with limits in mind
21 and making it an economically positive venture as well as
22 good for their customer and for the energy savings.

23 COMMISSIONER SAUNDERS: Okay, thank you.

24 MR. NOSEWORTHY, CHAIRMAN: Thank you
25 Commissioner Saunders. Commissioner Whalen?

26 COMMISSIONER WHALEN: I'd like to first thank you for
27 your presentation. It was very interesting. I just have what
28 I think is just one quick question, although the answer
29 might not be as quick. It depends, I guess. I'm interested
30 in how you undertake your business planning and
31 particularLY in terms of your goal setting. Have you, in
32 your business planning, have you actually gone through
33 a process of identifying the potential savings in kilowatt
34 hours or carbon dioxide tons, or whatever measurement
35 tool you would use, for the province of Newfoundland and
36 Labrador?

37 MR. PEARCE: Yes, I think I'll let Sarah speak to that
38 because she was the driver of the business plan along with
39 Tara MacNeil (*phonetic*) who's here today.

40 MS. PECKFORD: I'm not sure if I completely understand
41 your question. In our business plan we did ... this here
42 wasn't so much as of importance in the business plan, the
43 business plan focused on potential customers, our service
44 area, our marketing strategy, our promotion. We dealt with
45 the Y Enterprise Centre ... and it was a pretty conventional
46 business plan, if you now what I mean.

47 COMMISSIONER WHALEN: Okay.

48 MS. PECKFORD: As well as our financial, you know,
49 prospectus for the next three years, we came up with

50 budgets, and we how we were going to spend our money
51 as well as the revenue that we were going to generate from
52 our customers as well as the funders. This here was ... we
53 developed this after we did our 380 Energuides, and in fact,
54 this came out of ... one of our staff members did a CO₂
55 spreadsheet, and he just wanted to see just one day out of,
56 you now ... exactly how much potential CO₂ savings we are
57 saving per house. When he did with, you know ... he tried
58 it out, it grew and it expanded, and then we did with all our
59 380 Energuides, so that came out of that.

60 MR. PEARCE: We used to used to quote Ontario figures.
61 When we introduced the program in Newfoundland we
62 said, you saw it in the video, 25 percent, \$450 annual
63 savings. You couldn't do anything else because there
64 wasn't any data to go with. And we were always saying to
65 people this is the potential. Now we do have data from the
66 380, and I would assume we'll sit down and crunch the
67 numbers again during this heating season and see what the
68 current figures are, but they're above the national average.
69 Barb could probably speak to that in terms of the profile
70 here in Newfoundland versus other provinces.

71 MS. MULLALLY-PAULY: Indeed the numbers I've seen
72 here are above the national average, because when we do
73 it on the national average, we calculate a potential of about
74 1.4 tons of CO₂ per house, so I can't translate that back into
75 kilowatt hours because that's aggregated based on all the
76 fuels. But with the type of data that the office of Energy
77 Efficiency is generating we could obviously take a look and
78 prepare a profile for you, because our calculations take into
79 account the generating mix for electricity in each of the
80 different regions. So it's very different when you have an
81 aggregated average, and I can say 1.4 tons, what does that
82 exactly mean in terms of energy mix, well that's taking into
83 account all of Canada, so we could ... I know we do have
84 data in that regard for Newfoundland, so I could provide
85 that to Mr. Pearce and it could be made available to you.
86 But with the data we have, we certainly now are able to
87 produce a lot of that type of information and we could do
88 projections.

89 COMMISSIONER WHALEN: I guess that's where ... I just
90 ... I guess my assumption that, that your business planning
91 would have looked at if you had all the, all the financial
92 resources that you needed and if you had all of the
93 marketing capability that you needed, are you able to
94 access and do an Energuide on every home in the province,
95 I mean what would be ... and everyone implemented their
96 retrofit, you know, what would be your ... I mean that would
97 be an ideal goal, I guess, to set that you were get every
98 home, every electricity consumer in this province to reduce
99 their consumption and that would fit, I assume, with federal
100 government goal, and also with the Keyoto (*phonetic*)
101 protocol goals of reducing to pre 1990 levels of CO₂. I

1 guess that's where I was going and perhaps couching it in
2 the business plan context, so I just, in my mind, thought
3 that's where that would have happened, but obviously it
4 was a separate thing, but I guess I was just looking at the
5 potential savings in terms of electricity itself. Have you
6 actually projected and said, you know, this is what's here,
7 and this is what we can get and what you think you can
8 get. Do you have a sliding scale where if you have, you
9 know, you have this much, you can get this much, and
10 then, you know ...

11 MR. PEARCE: Well we're at the point now where we've
12 just been handed a contract, in fact the ink is still wet on it.
13 As part of the business planning exercise, you're quite right
14 that is the next step that we're going to look at. Now that
15 we own the data, so to speak, and we have access to it,
16 we'll work with Ener-Can to come with those figures,
17 because it's also, obviously, a marketing tool for us and our
18 partners, they want to know that and you would, quite
19 rightly so, too. We could probably do that fairly quickly,
20 because I think it would be useful in the context of this
21 hearing to know, to know that information.

22 (1:15 p.m.)

23 COMMISSIONER WHALEN: But I think for me, I can't
24 speak for the panel or anyone else here, but I think for me,
25 that would help me to understand the linkage between what
26 it is you do and the utilities and what it is we will have to
27 do with, with all the information we're going to have. I
28 think that would help. My other question, I guess, relates
29 to your potential savings that you've identified on your
30 spread sheet of \$832, and I also note in your backgrounder
31 that your backgrounder doesn't say it's potential, it says
32 (inaudible), but I understand they're potential benefits, the
33 \$832 savings. Have you looked at strategies, or have you
34 given some thought to the kinds of strategies that you
35 have to implement to get that from potential savings to
36 actual savings, because for me ... I guess I see ... you know,
37 I've had the Power Smart people from Newfoundland Power
38 into my house and, you know, I mean it goes back for ten
39 years for me, but a lot of the recommendations don't
40 actually, and I think this was referenced a few minutes ago,
41 don't actually turn into savings, so you start off with the
42 best of intentions but after five years you still haven't,
43 you're not doing everything you can do, and I'm not sure
44 how things change in those five years either, so how do
45 you, I mean I guess what would you measure as success?
46 It would be that everyone that you did an Energuide profile
47 for would actually implement their recommendations. That
48 \$832 then would be an actual, right?

49 MR. PEARCE: Yes.

50 MS. MULLALLY-PAULY: Based on the 30,000 houses I
51 have in the database right now across Canada and based

52 on the quality assurance surveys, basically the actual
53 follow that we've done, we know that across the country
54 now, the average is skewed downwards because of
55 different delivery mechanisms, but five out of ten
56 homeowners undertake in the first year at least half of the
57 recommended upgrades and achieve at least half of the
58 savings, and this is a very, this is a very gross figure
59 because it takes into account the, how the service is
60 delivered across the country. If you look at the average
61 when the service is delivered by a group like the
62 Conservation Corps of Newfoundland or the Green
63 Communities Association, our evidence is that seven out
64 of ten homeowners undertake at least half of the
65 recommendations once again, so we're getting a much
66 higher actual uptake and we think that the magic that's
67 happening is the fact that someone has spent time with
68 you. I think we've all been through this paradigm when
69 we're shopping. If you talk to the salesperson for five
70 minutes, you can easily walk out of the store, but after
71 you've spent an hour talking to somebody about buying a
72 stereo system or a television, you're going to be very hard
73 pressed to leave without buying something. I think we
74 know that this is basic consumer psychology. The same
75 thing seems to happen with Energuide. Add to that the
76 fact that they do follow-up phone calls and that there are
77 follow-up visits possible, and I think that this is what
78 accounts for the much greater uptake of this methodology
79 versus, I was around with Power Smart, and it was very
80 hard. You would figure that there'd be two out of ten
81 people did something, and it was a very small amount. This
82 is much more quantifiable and we're going to be monitoring
83 this much more intensely over the next few years, because
84 like I said, I am on the hook to delivery the CO2 savings, so
85 we have to be pretty certain that we're achieving them, but
86 we can do a run on data for you because we've using the
87 Energuide approach to speculate, for example, what kind of
88 contribution the entire residential sector in Canada could
89 make to helping meet the Keyoto (*phonetic*) targets, so we
90 actually tend to use the basic numbers we have now which
91 we feel are conservative to say well if, if half of all houses
92 do half of all the works, that leads us to ... and we are
93 actually playing with those kind of numbers, so I could try
94 to see what we could pull together in actual Newfoundland
95 figures for you.

96 MS. PECKFORD: I should just say when we started this
97 project, I thought the hardest part would be for the
98 homeowner to implement the recommendations, and I
99 thought the marketing would be easy. Well that was
100 reversed. We had the office has been called in the last
101 three or four months, I would say probably five to ten
102 customers in each region have called and said we've done
103 A, B, and C, can you come back in. I know in one case in
104 Stephenville, for example, we provided the woman with a

1 report. She had a home based business in here ... it was a
2 base house, and that Saturday she was so impressed with
3 the results and I don't, I'm not sure if she, if she was sure if
4 she was going to gain all the potential savings, she went
5 and spent all day Saturday, she went to the hardware store
6 and bought all the insulation and insulated the header
7 areas in her basement, and now every month, she was
8 heating with oil, and she's saving like over \$100 a month, so
9 people are doing it and they're really excited, and people
10 like love calling us and saying can you come back, and we
11 always promote, you know, we'll come back for free if you
12 do, you know, so many things, and we'll be there, and they
13 love that.

14 MS. MULLALLY-PAULY: That's something I forgot to
15 say. Natural Resources Canada will fully subsidize the
16 second after visit because it is less costly, so we pay for
17 that. We pay the full \$150 cost for the second visit,
18 provided people have undertaken at least half of the
19 upgrades.

20 MR. PEARCE: Sorry Barb, and that's a selling feature here
21 in our business plan because you're charging them their
22 hundred bucks, and they're getting both assessments.
23 They want their second assessment. They don't want to
24 just buy one ice cream cone for the price of two, so they're
25 getting the B audit built into the price structure, and I think
26 that's a nice innovation in terms of funding these programs.

27 COMMISSIONER WHALEN: Is money a detriment or a
28 disincentive for people to not go ahead with the
29 recommendations? I mean is the fact that they're going to
30 have to spend the \$1,500 up front to realize the savings an
31 issue for you, or ...

32 MR. PEARCE: It is in this province, I think. We have to
33 grow the market.

34 COMMISSIONER WHALEN: Yeah.

35 MR. PEARCE: Nationally, I'm not sure what Barb would
36 say about the data, but in this province we often
37 recommend go get the tank wrap and they can't find it at
38 their hardware store, and they get frustrated, they go home.
39 So we're recommending products and services that may or
40 may not be in the marketplace for them to help them. The
41 financial barrier we try to address by developing a home
42 efficiency loan with the Newfoundland and Labrador Credit
43 Union at prime plus one. You can get that rate if you have
44 a Conservation Corps home assessment and that was also,
45 the goal behind that was to deal with the home team
46 financial institution, keep the money here, and encourage
47 the credit union system to grow, but Canada Trust, TD
48 Canada Trust had green loans and enviro-loan programs
49 working in partnership with green communities so that you
50 could actually, a financial officer could use this report to
51 calculate what the loan should be for the customer rather

52 than the customer arriving with a bunch of quotes from
53 Harry, Bob, and Joe, to replace the windows. This was, I
54 just filled it down for them and it was easier for them if they
55 met credit requirements to make the loan. We've done
56 some of those loans, by the way. We'd like to do a lot more
57 of those, and (inaudible) financing is another thing we'd
58 like to talk to the utilities about as well. If you really want
59 to walk the talk, have the customer's bill stay the same over
60 a period of time and they pay for a \$5,000 or \$10,000 retrofit
61 with the energy savings. That's really what we'd like to see,
62 but it has to be interest rates that they can afford. It can't
63 be, you know, it has to be economic for both sides.

64 COMMISSIONER WHALEN: Just one last question, just
65 is Canada signatory to the Keyoto (*phonetic*) protocol as
66 of right now?

67 MS. MULLALLY-PAULY: Canada has committed to sign
68 but we have not signed yet. It's expected that Canada,
69 Canada has committed to ratify and we're moving towards
70 that. I'd hate to give you a date. I know what date they're
71 thinking about, early next year, but ...

72 COMMISSIONER WHALEN: Still no ...

73 MS. MULLALLY-PAULY: There has been no action yet.
74 There is a lot being resolved right now. There are a whole
75 series of meetings as you've heard at the last conference of
76 the parties where Canada brought forward the whole idea
77 of getting credit for carbon (inaudible), so there was a quite
78 a controversy. After that, Canada has hosted a series of
79 meetings with the UN representatives to discuss these
80 issues, and in fact, I had the pleasure of taking one of the
81 teams out to visit some actual projects that have taken
82 place in Alberta. I took them out to Banff to see Energuide
83 and R-2000 projects, and I think there's a much better
84 understanding, so Canada is moving forward, and the
85 intention, I know, on the part of the government is to ratify,
86 and that's basically the message we've been given and
87 we're looking further. Like every time we're asked what do,
88 now what do we have to do, how do we fill the gap.

89 MR. PEARCE: We always show, when we give a
90 presentation, this amazing website that Canter Fitzgerald
91 operates together with Price Waterhouse Coopers, I think
92 that's the name of the company. It's the carbon trading
93 hub, CO2E.com, I think it is, and the presentation I was at
94 with the Eastern Premiers and New England Governors on
95 climate change in the spring, they were claiming trading
96 potential of 180 million metric tonnes, and we were getting
97 advice from our sponsors early on, some of our sponsors,
98 don't give away your credits, they're going to be worth
99 something some day. Just wait. We're still in the wide west
100 of trading mechanisms, but what we were surprised to
101 learn, to follow up on your question about Canada ratifying
102 or signing the accord, Canada signed the accord, it hasn't

1 ratified it yet. The provincial government of Newfoundland
2 and Labrador astounded us. It was a pleasant surprise in
3 August when the Premier signed onto the agreement with
4 the Eastern Canadian Premiers and New England
5 Governors, and some of these action items are prescriptions
6 for the emerging energy management policies we're going
7 to see, not just in this province but with regions that we
8 want to economically compete with. The State of Vermont
9 has a Utility Efficiency Vermont, whose sole business is to
10 sell you less of their commodity and make money doing it.
11 Now I don't advocate that as the structure ... we have a
12 stable structure here. Let's regulate, fine tune it, and make
13 it work well, but I think efficiency should be built into the
14 bottom line decision making because we're entering a
15 carbon constrained world and the provincial government
16 obviously has recognized that, and we'll see what the next
17 steps are, but if you look at the plan I gave you, annual
18 reports are required as of August, so they'll be looking to
19 each sector and bean counting to see who is doing what.
20 Electricity obviously is a huge sector in that area.

21 COMMISSIONER WHALEN: That's all I have. Thanks to
22 all of you again, thank you.

23 MR. NOSEWORTHY, CHAIRMAN: Thank you
24 Commissioner Whalen. I think I counted on the questions
25 and not the answers. I'd certainly like to thank all of you
26 for coming, and your presentations. I just have a couple of
27 questions and certainly I won't keep anybody very long.
28 Some of the information, and this is more of a comment
29 than anything, recognizing that \$1,300 in average spending
30 creates a projected savings of \$832 in annual savings, you
31 know, that's a year and a bit payback, so clearly some of
32 these items are very attractive from the point of view of the
33 homeowner and I can understand why at least half of them
34 would be implemented fairly quickly and acted upon and
35 certainly I think the more you can follow up and
36 demonstrate that these are actual figures, it will, more
37 people will buy in, I'm sure, and participate in the program.
38 The other multiplier effect, I guess, I saw in there, the
39 economic multiplier, 2.32, I can see why you're focusing on
40 people like the Home Builders Association and what have
41 you as well. It's a benefit to them.

42 One of the questions I have and I know Ms.
43 Mullally-Pauly commented on the fact that clearly in her 25
44 years of experience that the community based approach is
45 what's having the most success, and you've gone through
46 a number of marketing approaches from mailing inserts to
47 some mass advertising. Could you just comment and
48 looking down the road, if you will, what sort of tools you
49 might be looking at to make your program more effective
50 and really get the message out there on a community-by-
51 community basis?

52 MS. MULLALLY-PAULY: In terms of how we want to get

53 the message out, first of all I will mention that we will
54 always do a certain amount, a small amount of national
55 advertising and promotions because it's a little bit like
56 having the noise on the radio. We also do a lot of, we
57 support that with constant messaging in terms of print. We
58 make articles available to newspapers free of charge across
59 the country. This is the type of filler article they use, but
60 again, it's always reinforcing the message and encouraging
61 them towards Energuide, so we tend to do this type of
62 ongoing promotions. I would see that probably one of the
63 most effective things we could do naturally would be if we
64 could offer some type of reward for people who actually
65 undertake the activity, but at present that's a fairly high
66 cost measure when you look at it. If I look at that from the
67 federal point of view, it's a lot of dollars. On the other hand
68 we're getting very good effectiveness right now using the
69 model we have, so I think supporting these type of
70 community based venues is probably one of the most
71 effective ways for us to go because you have to both do a
72 few things. You have to push the market and make the
73 market aware that the service is available, and then you
74 have to pull the market, so we have to make sure that they
75 can deliver on the service, so I see us doing more of this.
76 In fact, my strategy really in terms of how do you change
77 the residential sector, there's two things ... build them better
78 and fix the existing ones, and the best way I think to get at
79 this fixing of the existing ones is to mobilize some of that
80 \$50 million that's spent every year and direct it towards
81 energy efficiency retrofits as part of those renovations.

82 MR. NOSEWORTHY, CHAIRMAN: Mr. Pearce, could I
83 just ask you to respond to that question as the delivery
84 agent, how you'd actually, what tools you see from a day-
85 to-day operational point of view of increasing that 2,400 to
86 whatever?

87 MR. PEARCE: I would, I'd underscore what Barb has said.
88 I would, I think, start with a well crafted strategy that has all
89 the players at the table including the utility sector. You
90 lever a lot of (inaudible) and resources. It doesn't cost a lot
91 really to start with the planning process, which is why we
92 recommended the energy partners team. That would go a
93 great distance towards identifying strategies that would
94 work best, to answer Ms. Greene's question, you know, we
95 want to tailor the service to the consumers. We think that
96 there should be some financial commitment on the part of
97 the sector, without prescribing what that should be, but in
98 a way that makes sense, and we think that marketing and
99 promotion, as we've identified, is key, and we can actually
100 have a lot of fun and be creative with it. It generates a lot
101 of interest the way we've done it here in the province, and
102 actually the federal government and other green
103 communities have said they just want to purchase our stuff
104 off the shelf and use it in their province. All that marketing
105 literature you see, that one, that Green-up Campaign, was

1 developed right here in St. John's, and people are always
2 saying, wow, you know, it seems like it's from somewhere
3 else, but it was just, it was well designed. I think, and that's
4 the last self-congratulatory comment I'll make, but we have
5 to take our partners in the arts and media community. They
6 play a role in this as well.

7 We also need regulators and governments to play
8 their role. In the case of the regulator, we've given a
9 recommendation which is broad enough that I think it could
10 be tailored to apply in some of the issues that you're
11 dealing with, because I know that some of the stuff we've
12 talked about strays off into areas that aren't necessarily
13 germane to today's hearing, particular climate change when
14 you haven't been given directives from government, nor
15 have the utilities as to what to do in those areas, so it's kind
16 of uncharted territory. We're saying, let's set a tone in
17 this province ... I always like to say Newfoundland can be
18 the best in this area. We can lead the country in this area.
19 We're becoming, we are energy rich, and we have the
20 capacity to use some of those resources, and I direct my
21 comments as well to the oil sector, petroleum sector, to help
22 reduce emissions and help consumers manage their energy
23 costs. Government, to give you a concrete example this
24 winter, is about to embark on regulations around home oil
25 heating systems, and if I read the regulations correctly, by
26 2004 most underground tanks of a certain age will have to
27 be decommissioned, residential ones, that's a cost to the
28 consumer, and many above ground tanks are going to have
29 lifetime limits put on them, so there's going to be, I predict,
30 a large scale changeout program required over the next year
31 or so. What we've said to the department is that you don't
32 necessarily have to underwrite the cost of all those tanks.
33 Wouldn't it be better if you underwrote a portion of the
34 cost of the energy assessment to see if the consumer can
35 pay for it on the bill with energy savings. It's an ideal
36 opportunity (inaudible) efficiencies when you're changing
37 all these systems across the province to help us meet a
38 number of targets, and Kyoto (*phonetic*) for us is one of
39 them, but obviously energy savings targets as well. That
40 opportunity won't come again until the regs are revisited
41 many years down the road, so having a climate or culture
42 in the province that is "let's seize the opportunity"
43 approach rather than "let's wait and see how you guys
44 really measure up", and then maybe we'll talk to you. I
45 think we've passed the first test, the measure up test. Now
46 I think it's time for partners to identify how they want to
47 work with us to grow the program in the province.

48 MR. NOSEWORTHY, CHAIRMAN: See, one of the, I
49 guess, the recommendation that I heard from you in terms
50 of the Public Utilities Board, I jotted it down, giving
51 direction and permission to expand energy efficient
52 programs, and presumably that would also relate to climate
53 change eventually. You see that as being one of the

54 elements of the (inaudible) to develop a strategy with your
55 partners to indeed pursue this in a very fundamental
56 directed sort of way in the future, and ...

57 MR. PEARCE: That's correct, and it's, it's a well trodden
58 path already in this province that precedent has been set
59 by the Board back in 1992 when you were requesting an
60 (inaudible) DSM reports from the utilities. I sort of tracked
61 the program of those programs when I reviewed the DSM
62 reports from the utilities over the period, 1993 to 2000,
63 which was the latest report that was available, and if you
64 just use dollar investments it started out at \$900,000, and
65 this was in Newfoundland Power context, in 1993. It rose
66 to \$2.8 million in 1996, I think it was, a peak year, and it's
67 declined to \$340,000 or \$350,000 in the year 2000, and the
68 reports themselves have gone from 37 pages to 5 pages
69 was the last one that I counted in terms of the actual
70 activity that was happening, and so there is room to grow,
71 to grow these programs once again. You've been there
72 before. I think ... I've talked to other utilities and I've said
73 how do we make a recommendation that they're our
74 partners. We want to make recommendations that aren't
75 burdensome, but that are also going to move the marker
76 forward, and the advice we got from our friends in the
77 utility sectors in other provinces was, well to be really
78 helpful offer workable solutions, things that they can
79 actually use, first of all. Second, attach some targets, some
80 real goals, because the DSM reports I've seen in the past
81 were not moving towards a particular target in any
82 particular area. Each program was within its own envelope,
83 in terms of overall where you want to go, and I think
84 they've acknowledged that, so I think there's some
85 willingness to maybe look at some performance based
86 criteria, and I haven't got a sense of what that should look
87 like, or what shape it could take, and there could be
88 incentives that they get for meeting performance or coming
89 close to, and disincentives for not, but we haven't put that
90 in our recommendation here because it's an area that I think
91 we'd rather leave to you to consider because you've got a
92 lot on your plate. We just think the time is right to grow
93 some of these programs again.

94 MR. NOSEWORTHY, CHAIRMAN: The Conservation
95 Corps, and I promise I'll clue up, the Conservation Corps,
96 what do you envision its role in terms of climate change?
97 Is it one of education and awareness at this point in time?
98 How do you see that unfolding, I guess?

99 MR. PEARCE: Oh, that's a great question. I didn't know
100 we'd be talking so much about climate change, and I
101 appreciate the interest in the topic, and it's an important
102 issue. The Conservation Corps moved from service
103 delivery around this issue, to now we've submitted an
104 application to the province, or we answered an RFP put out
105 by the Department of Mines and Energy for something

1 called a public education and outreach hub on climate
2 change, and again, I use the reg board analogy. Each
3 province under the Joint Ministers Strategy, is given 50
4 percent dollars from the feds to set up an education table
5 to focus on nothing but effective education strategies. Not
6 about when should hybrid cars come in the marketplace, or
7 how much, what's the fuel mix of your energy. We're not
8 dealing with those issues. The goal is to engage
9 Newfoundlanders and Labradorians in even talking
10 seriously about climate change, first of all, and then maybe
11 positioning them to do something more about it. Hubs
12 have been established in the province of Nova Scotia. It's
13 hosted by the green community organization there. The
14 goal is to set them up within existing organizations rather
15 than create new infrastructure, but it has to be an
16 organization that has a provincial base, that's credible, that
17 partners will be willing to sit at the table with. Utilities are
18 invited to sit at the table at those hubs. Other energy
19 providers, provincial governments, educators,
20 municipalities, the table can be as broad and wide as you
21 want it to be. That's where the Conservation Corps is
22 going. The RFP went in September 7th, and we're waiting
23 to hear the answer from the province. In the meantime, the
24 Eco-team project is going to be devolved and set on its
25 own, on its own legs as a new NGO. We think the time is
26 right in this province for another environmental NGO. If
27 you look, when we do presentations in Ottawa about
28 environmental NGO's, we always, we used to do a
29 presentation asking, quizzing the staff in Ottawa about
30 what they knew about Newfoundland, what was the
31 percentage voted for confederation, how many people
32 wanted to join Canada, how many didn't. If you don't know
33 these things, you can't just sail in with a marketing strategy
34 and expect it to work. Well one of the things that we have
35 looked at with the programs that we've delivered is how can
36 we effectively design something here on the ground for the
37 long-term. We're not looking at this as a passing interest.
38 The Conservation Corps' mandate being youth,
39 environment, and cultural heritage, is over the long term a
40 different mandate than what the Eco-teams have evolved to
41 do, so the board of directors earlier this year asked the team
42 to set out on a business plan and come up with a structure
43 for a new organization, and we would play the good parent
44 role, give birth to it. Our goal is to secure all the resources
45 they need to get them through at least the first year of the
46 three year business plan, and to establish a new board of
47 directors which would be outside the Conservation Corps,
48 which would have as its mandate the green community
49 business interests, and that's where, I think, utilities and
50 the utility sector would be very interested in coming to that
51 table. That's why we haven't invited to sit on the board of
52 the Conservation Corps itself as of yet, but I could
53 certainly see them participating with the new body. So
54 there'll be two of us come this time next year, we hope, if all

55 goes well.

56 MR. NOSEWORTHY, CHAIRMAN: Just the 1995
57 greenhouse emissions here, do we have any idea at this
58 point in time whether they're going up, down, or sideways,
59 the provincial statistics?

60 MS. MULLALLY-PAULY: Yeah, I can't answer for the
61 province, but let's put it this way, the residential sector has
62 actually remained fairly stable in its greenhouse gas
63 emissions, and this is a bit of a ... now this is on average
64 across Canada and this is a bit of a conundrum, but I think
65 it's answered primarily by the fact that the refrigerator
66 efficiency has, through the regulations that we have under
67 the Energy Efficiency Act, the minimum efficiencies of
68 certain equipment have been mandate, so replacement
69 equipment is more efficient, so we feel that there have been
70 gains made on that regard, that there have been gains also
71 made because new houses are built better. This is the
72 influence of the R-2000 program, but the projections over
73 the next few years is that once again it will start to grow in
74 its consumption pattern, so we've saved ourselves a little
75 bit, but the projections show that we're not going to keep
76 ... we're not in a downward curve. Unfortunately we've
77 dipped and we're going up again.

78 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.
79 That's all I have. I'd like to thank the three presenters for
80 coming this morning, and certainly I've learned a lot, there's
81 no question about it, and as a former Chair and CEO of the
82 Housing Corporation for ten or eleven years, I know how
83 important this is, and I would commend you. The Housing
84 Corporation has, if not direct control, involved in 10,000 to
85 13,000 housing units in this province. They would
86 probably support rehabilitation in the order of 7,000 to
87 8,000 units a year. I think it's a great way to expand the
88 interest, and I would commend you to continue your
89 discussions with them, and I wish you all every success in
90 the future, thank you very much.

91 I would note there is still provision for letters of
92 comment to be made prior to the end of the hearing itself.
93 Certainly this brings to a conclusion the public
94 participation days. I think in the ten days or two weeks
95 that we've had, we've had some excellent presentations and
96 certainly food for thought for the panel. I think on a
97 regional basis, we've had more interest in certain locations
98 than in others, and I would hope, quite frankly, for more
99 public input given the importance of this application, but I
100 think we do have substantive information on which to
101 consider and add to our body of evidence here. I would as
102 well thank the presenters again, and everybody who is here
103 today, and again, I would like to express my appreciation to
104 the parties who have been involved in this process as well.
105 Monday we will be beginning the formal part of the hearing
106 again, and we'll be beginning our cost of capital portion of

1 the hearing and we'll, I guess Hydro will be introducing
2 Kathleen McShane who is there cost of capital expert, so
3 thank you very much, once again, and have a good
4 weekend, and we'll see you on Monday morning.

5 (2:15 p.m.)

6

7 (hearing adjourned)