

1 Q. Reference: CA-NP-041

2
3 **The response suggests conversion costs of \$10,000 to forced air, and \$20,000 to oil**
4 **fired hot water radiation (an average of the \$15,000-\$25,000 range provided), and**
5 **that domestic customer costs as a result of conversion could be reduced by 10**
6 **percent. The hypothetical average monthly bill for NP customers is \$121.43**
7 **according to Figure 6 on page Figure 20 of Mr. Coyne’s evidence, which implies an**
8 **annual bill of \$1,457.16. Using the figures supplied above suggests that it would take**
9 **68.5 years of annual savings of \$146 (i.e., 10% of \$1,457.16) to recover the \$10,000**
10 **conversion cost, and 137 years to recover the \$20,000 conversion cost. Would the**
11 **Company agree that, based on these figures, it seems unlikely that a significant**
12 **number of customers would be inclined to convert?**

13
14 A. Newfoundland Power does not agree with the analysis conducted in this request for
15 information.

16
17 Figure 6 – *Residential Electricity Price Comparison* shown in Appendix A, page 20 of
18 Mr. Coyne’s evidence shows a comparison of hypothetical monthly charges based on
19 1,000 kWh of electricity consumption. This figure (i) does not reflect a typical monthly
20 electricity bill for customers that use electric heat; (ii) does not reflect typical customers
21 that would most likely consider converting to furnace oil heating; and (iii) does not
22 reflect the future increase in electricity prices that Newfoundland Power customers are
23 likely to experience following the integration of the Muskrat Falls project.¹ Figure 6 –
24 *Residential Electricity Price Comparison* is simply intended to show the current cost of
25 1,000 kWh for Newfoundland Power customers compared to other Canadian electric
26 utilities.

27
28 In the 1990s approximately 6,000 or 3.7% of domestic customers switched from electric
29 space heating to other space heating fuels such as furnace oil and wood in response to
30 higher electricity prices and lower fuel costs. Future cost dynamics appear to be similar
31 to what was experienced during this period.

32
33 As indicated in the response to Request for Information CA-NP-042, consumers can
34 respond to higher electricity prices in a numbers of ways and are not simply limited to
35 alternatives that require large investments. Alternatives available to customers include:

- 36
37
- 38 • switching from electric space heating to other space heating fuels,
 - 39 • increasing the use of supplementary fuels,
 - 40 • reducing usage through conservation (i.e. insulation, energy efficient appliances and
lighting, programmable thermostats), and
 - 41 • installing energy efficient space heating equipment such as Mini Split Heat Pumps.

¹ The potential impacts of the Muskrat Falls and Labrador-Island Link project on Newfoundland Power and its customers is described in Newfoundland Power’s 2016/2017 General Rate Application, Volume 1, Application & Company Evidence, Section 4: Finance, page 4-27, line 9 to page 4-29, line 19.

- 1 The adoption of any or all of these options will result in lower electricity usage.