

1 Q. At page 8 of his pre-filed evidence, Mr. Henderson recommends: "Newfoundland and
2 Labrador Hydro in collaboration with the provincial government be directed to work
3 with the Nunatsiavut Government on the design and development of a Pay-As-You-Save
4 (PAYS) energy efficiency program for the region; for implementation in 2017. Such a
5 program, pioneered by utilities in other jurisdictions (e.g. Manitoba) has proven to be
6 effective in reducing energy consumption focusing on building systems, large electricity-
7 consuming equipment and advanced lighting (e.g. LEDs). These actions will reduce
8 pressures on existing diesel systems for isolated communities, including diesel fuel
9 demand/costs." Please describe in detail the PAYS system, and explain how it could be
10 applied in Newfoundland and Labrador.

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12 A. Pay-As-You-Save (PAYS) is a mechanism adopted in a number of North American
13 jurisdictions whereby homeowners can access financing through a utility, a government
14 program or utility-related entity to make investments in energy conservation and
15 efficiency. Over time, this financing is paid back over time through electricity bill
16 payments. However, it is important to note that the homeowner does not pay any
17 more than they would have paid in the past. Rather, they make the same historical level
18 of utility payments, even when the investments in energy conservation and efficiency
19 lead to lower power consumption and costs. The difference between the historical
20 levels of electricity consumption, and the lower conservation/efficiency generated
21 consumption, is used to pay back the financing obtained in the first instance. Once the
22 financing is paid back from electricity consumption savings, the homeowner benefits
23 from a lower electricity bill, and an improved and more energy-efficiency dwelling.

24
25 Manitoba is a jurisdiction which has a robust, well-operating and proven PAYS system.
26 Power Smart PAYS Financing is a convenient and affordable financing option if
27 homeowners wish to make energy efficiency upgrades to their home, such as space

1 heating equipment, insulation, water heating and water conservation, water heating
2 equipment, toilets, etc. The PAYS mechanism is tied to the residence or business, and
3 continues in force if the property is sold or transferred.

4
5 Consideration of developing a PAYS system for Labrador Isolated Customers has
6 substantive merit. It is a means of catalyzing untapped energy efficiency opportunities.
7 For the region, all residences should have access to a PAYS program.