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**From:** [REDACTED]  
**Sent:** March-01-12 12:10 PM  
**To:** Cheryl Blundon  
**Subject:** MUSKRAT FALLS REVIEW

COMMENTS- RE - TECHNOLOGY CHANGE FACTOR , EFFICIENCY EFFECT ON FORECAST OF DEMAND REDUCTION

If a technology is proven to be effective , it usually is demonstrated by a significant number of customers making decisions to adapt and use it.

With respect to mini-split non ducted heatpumps, this is demonstrated by the yearly sales increase in shipments For Canada, this data is compiled by HVARC WHO HAS REPORTED SHIPMENTS FOR 2111:

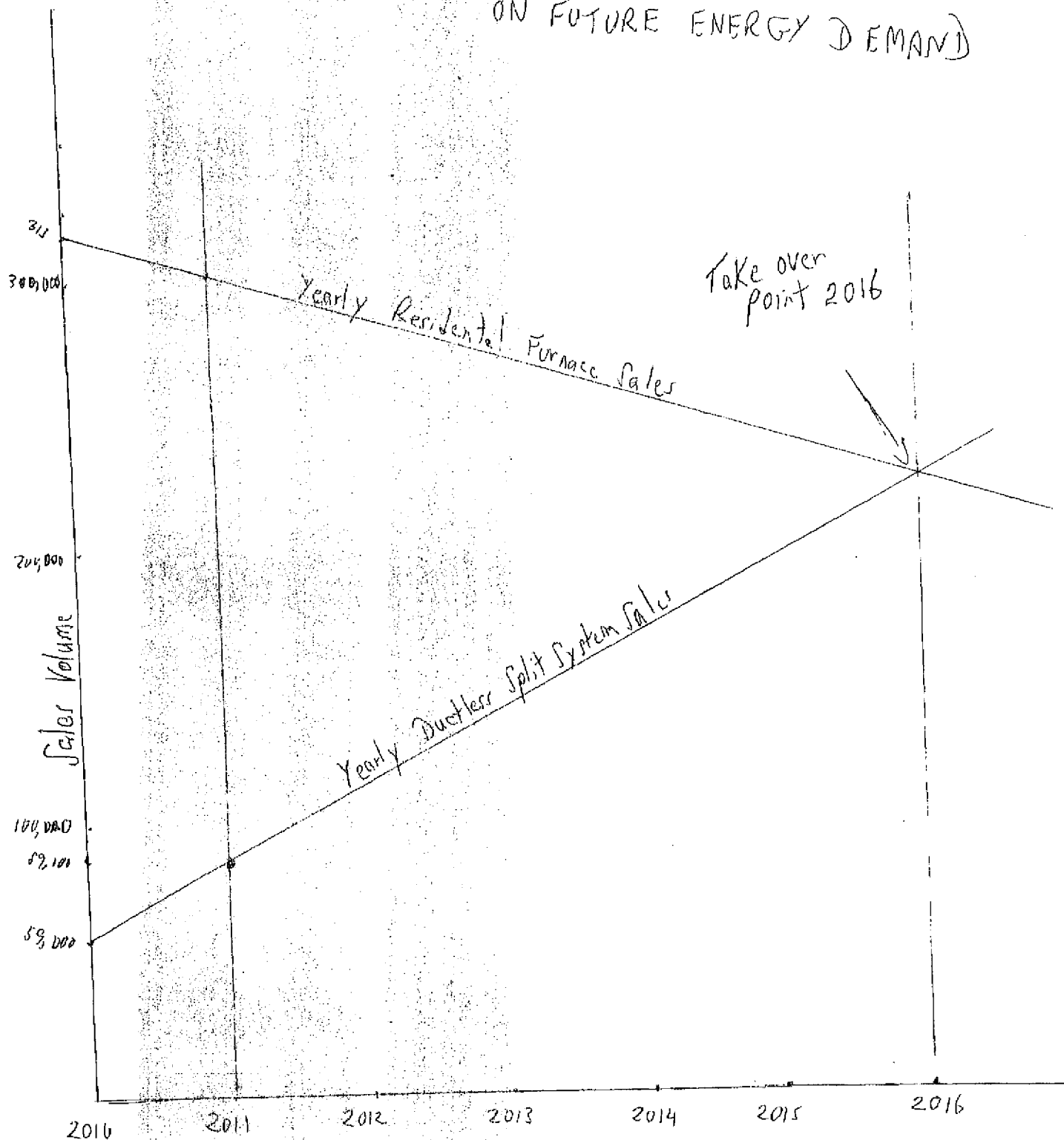
Residential furnaces- down 4 percent from 315,330 units in 2010 to 304,293 units in 2011

Ductless split systems up 46 percent from 59,525 to 87,171 for 2011

Using this data , I plotted a chart to see where , based on this rate of change , that the ductless split systems would dominate. Sketch SK-2 shows by 2016 . That would be just before the Labrador infeed system would go in service. This looks pretty negative in terms of energy demand going up overall , and would suggest it can and likely will go down a lot. I think this should be a very serious concern for Nalcor, and they should re-evaluate their forecasts with this being taken in consideration. I am sending you a copy of SK-2 by fax. Of importance too is the fact that our climate is better than much of Canada in terms of these units giving the best performance for heating. So the rate of adaption here likely will exceed the rest of Canada.

Winston Adams  
Logy Bay

Re: EFFICIENCY FACTOR  
ON FUTURE ENERGY DEMAND



Feb 29/2012 SKZ  
by Winston Adams