

From: Maurice E. Adams [mailto:]
Sent: Friday, January 31, 2014 11:19 AM
To: NL Public Utilities Board
Subject: PRE-HEARING CONFERENCE --- investigation and hearing into supply issues and power outages on the Island Interconnected system

31 January 2014 (CORRECTED COPY)

Ms. Cheryl Blundon
Director of Corporate Services and Secretary to the Board
Board of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL
A1A 5B2

Dear Ms. Blundon:

With respect to the Notice of Hearing and Pre-Hearing Conference dated 17 January, 2014.

I offer, at this time, the following comments:

1. Terms of Reference

I note that the Terms of Reference for the Hearing have not yet been established.

Accordingly, in recognition of the purpose of the above referenced Pre-Hearing Conference (which in part is to provide interested parties with the opportunity to be better informed on the issues associated with recent events), I would ask that the Board exercise its full authority and discretion (as permitted by both its enabling legislation and in recognition of the seriousness and nature of the December 2013 and January 2014 events) to ensure that the Terms of Reference, when drafted, is sufficiently broad in scope to include not only those issues and concerns leading up to, immediately apparent and narrowly relevant to the events (and to those raised prior to and during the Pre-Hearing Conference), but given that Nalcor has provided the Board with evidence that it had previously made application for, and later withdrew, planned upgrades and/or maintenance activities associated with the on-going and future supply, transmission, distribution and reliability of electricity to island customers, then to the extent that such planned or other on-going/future projects affect the risks and affordability of providing lowest possible cost and reliable power to island consumers, then the Terms of Reference be broad enough to allow interested parties to also comment on, to provide presentations, to intervene and for the Board to consider, the relevance, business case, need, affordability, reliability, planning assumptions, etc. with respect to previously planned, on-going and/or future projects.

2. Energy Efficiency

The province's legislation (the Electrical Power Control Act) suggests that ratepayers should be provided with the lowest possible cost power consistent with reliability.

Given that the largest driver of the island's peak demand is residential heating, the island's lowest possible cost and greenest power (consistent with reliability) is that which is not needed.

There is preliminary evidence that the application of low-cost, heat pump technology to island residences with obsolete (inefficient), electric baseboard heat can reduce peak demand, and reduce residential energy use (and costs) by between 25 and 40 per cent.

Applied on an island-wide basis, such technology is estimated to beat the cost of generating high cost Muskrat Falls power by approximately \$5 billion (and reduce, rather than increase power bills).

It is suggested therefore that efficiency improvements, particularly low cost, efficient heat pump technology, be thoroughly investigated, considered and a determination made as to:

- its potential for reducing residential electric heating/peak demand requirements (by how much and at what cost), and
- whether it satisfies (by itself, or in combination with other conservation and efficiency improvements) the criteria for providing ratepayers with the lowest possible cost heating/energy solution consistent with reliability.

With respect,

Maurice E. Adams

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