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Department of Natural Resources  
Newfoundland and Labrador Energy Plan

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## Public Accounts Committee

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Chair: Jim Bennett, MHA

Vice-Chair: Ray Hunter, MHA

Members:

Eli Cross, MHA  
George Murphy, MHA  
Tom Osborne, MHA  
Kevin Parsons, MHA  
Calvin Peach, MHA

Clerk of the Committee: Elizabeth Murphy

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Appearing:

**Office of the Auditor General**

Terry Paddon, Auditor General  
Sandra Russell, Deputy Auditor General  
Patrick Morrissey, Auditor

**Department of Natural Resources**

Charles Bown, Deputy Minister  
Paul Carter, Assistant Deputy Minister, Royalties and Benefits  
Tracy English, Associate Deputy Minister  
Wes Foote, Assistant Deputy Minister, Petroleum Development  
Paul Morris, Assistant Deputy Minister, Energy Policy  
Tanya Noseworthy, Director of Policy and Strategic Planning

**Executive Council**

Jackie Janes, Assistant Deputy Minister, Office of Climate Change and Energy Efficiency

The Committee met at 2:00 p.m. in the House of Assembly Chamber.

**CHAIR (Bennett):** Good afternoon, this is a hearing of the Public Accounts Committee of the Province of Newfoundland and Labrador, and I am the Chair. My name is Jim Bennett; I am the Member of the House of Assembly for St. Barbe district. On my left are my Committee colleagues; on the right are witnesses.

Some of the witnesses have not, as yet, been sworn, and some of them have, so our Clerk, Ms Murphy, will swear the witnesses first, and then I am going to give my colleagues an opportunity to say who they are. We will go to our Auditor General for his background information, then we will go to the department for background or information, and then we will start our questioning.

Ms Murphy has to attend to something which will take only a moment. I am going to call on my colleagues to each introduce themselves, starting with our Vice-Chair.

**MR. K. PARSONS:** Good afternoon, everyone, nice to have you here on this beautiful day so far, before the rain comes. I would just like to welcome our members from the Department of Natural Resources. I hope we are not too hard on you today in our questioning, but it is a very important part, role, that we play in making sure that we get the answers to the questions that the Auditor General put out there and these concerns that he had.

I welcome the department, the Auditor General, and the folks from his office also. That is about it from here.

Thank you.

**CHAIR:** Mr. Peach, would you like to introduce yourself?

**MR. PEACH:** Yes, Calvin Peach, Bellevue district. I just want to clear something up before we go. We heard in a conversation outside earlier, we were talking about the food fishery and I said two weeks; but my colleague, Kevin Parsons, says it is only one week, so I will go by Kevin. So I am sorry about that, but anyway, we move on.

**MR. K. PARSONS:** We got it straightened up.

**MR. CROSS:** That is a fishy story.

**MR. PEACH:** It is a fishy story, yes.

**MR. CROSS:** Eli Cross, Bonavista North.

**MR. MURPHY:** George Murphy, MHA for St. John's East.

**MR. OSBORNE:** Tom Osborne, MHA, St. John's South.

**MR. HUNTER:** Ray Hunter, MHA, Grand Falls-Windsor – Green Bay South.

**CHAIR:** Mr. Hunter is the Vice-Chair.

Ms Murphy will now administer the oath.

#### Swearing of Witnesses

Mr. Patrick Morrissey  
Mr. Charles Bown  
Ms Tracy English  
Mr. Wesley Foote  
Mr. Paul Morris  
Mr. Paul Carter  
Ms Jackie Janes  
Ms Tanya Noseworthy

**CHAIR:** Thank you, Ms Murphy.

We will begin today by having our Vice-Chair, if he wishes, say a few words. We also have Mr. Paddon, the Auditor General, or if he prefers his Auditor who actually handled the audit, to say a few words. Then we will go to the department to say a few words if they wish to. This is to provide a context so that we do not just jump into asking questions and nobody knows why you are asking these questions of these people. It sort of provides an opening.

When we go into questioning, the questions alternate between an Opposition member and a government member. Nominally it is ten minutes. Sometimes it is a little longer; sometimes it is a little shorter. We go in rotation so that members can feel free to ask any questions that they wish.

I am going to ask Mr. Hunter if he would like to say anything.

**MR. HUNTER:** Pardon?

**CHAIR:** Would you like to say anything today?

**MR. HUNTER:** Not right now.

**CHAIR:** Okay.

Mr. Paddon, could you give us some background on this particular item?

**MR. PADDON:** Yes. Thank you, Mr. Chair.

First of all, I will just introduce staff here from my office. Sandra Russell is Deputy Auditor General, she has been here many times before, and Patrick Morrissey is Audit Senior with the office. He was the one who was responsible for the conduct of the audit.

Mr. Chair, this is, I guess we could say, a relatively short report item that we have. Our objectives were small. We had two objectives – I guess to back up a little bit. The Energy Plan was released by the government in 2007. So about a seven-year time horizon had passed since the release of the plan. Our objectives were, one, to determine how much progress was being made towards implementation of the plan; and, two, to determine what systems were in place to monitor and report on the action items in the plan.

The Energy Plan had 107 policy action items that were intended to guide development of the Province's energy resources. It was our objective really to see how the department was making out in terms of implementing those policy objectives or policy items, action items. In terms of our conclusions around the implementation of the policy items, we felt the department was doing a fairly good job in terms of implementation of the plan of 107 items. By and large, it would probably be fair to say that well over 90 per cent of those items were well in progress towards being implemented.

The issue that we did find, and the one recommendation that we do have, revolves around reporting, and despite a commitment to do so, there had been no public reporting of the

implementation of the Energy Plan. So the recommendation we made to the department was that they should put a process in place to ensure there is a public reporting process.

Really, that is it. It was a relatively small chapter in our report, but the Energy Plan is a fairly significant policy with government so we thought it deserved a look.

**CHAIR:** Thank you, Mr. Paddon.

Mr. Bown, did you want to provide some sort of feedback or background on what your department or your division, the section, does or has done, or proposes to do with respect to the Energy Plan?

**MR. BOWN:** First of all, I would like to thank you all for inviting us here today to discuss the Auditor General's review of the implementation of the Energy Plan.

First of all, I would like to introduce my officials. To my right is Tracy English, who is the Associate Deputy Minister of Energy. Behind me is Wes Foote, he is the Assistant Deputy Minister, Petroleum Development. Going down the line from my left is Paul Morris, Assistant Deputy Minister, Energy Policy; Paul Carter, Assistant Deputy Minister, Royalties and Benefits; Jackie Janes, Assistant Deputy Minister, in the Office of Climate Change and Energy Efficiency, not in my department; and Tanya Noseworthy, who is the Executive Director of Policy and Planning.

Our department thanks the Auditor General for his review of the Energy Plan. The review was a thorough analysis of the work that we have undertaken since September 2007 to implement the 107 policy actions contained in the plan.

As the Auditor General did note, he highlighted two findings that the department had made progress toward the implementation, toward the policy actions of the Energy Plan, and that there was no comprehensive report in the implementation of the plan as a whole has been raised to the public as of yet. There was one recommendation that the department complete the report on the status of the implementation and related outcomes of the plan. So that should be made available to the public.

I am pleased to report we have fulfilled this recommendation with the release of a progress report on May 11, 2015. This report provides an overview of the implementation of all 107 actions. As of December 31, 2014, ninety-four of 107 actions contained in the Energy Plan have completed or are operational. The remaining actions are in the planning stages, or are longer-term in nature.

More specifically, fourteen of these actions are discrete pieces of work that are now complete. Eighty actions, or 75 per cent, have been fully operationalized and have been incorporated in our day-to-day work in the department. Ten actions continue to be actively worked on and are expected to be completed or operationalized in the very near future; and three actions are longer-term policy actions that rely either on the completion of existing actions or have been deferred until sometime in the future for strategic reasons.

With the release of this report we have committed to continue to release periodic updates on the implementation of the Energy Plan. As well, we will continue to provide updates on Energy Plan implementation as we have done in the past, as part of the normal monitoring and reporting activities of the Department of Natural Resources, including strategies, annual reports, and budget monitoring.

It is our intention to answer all of your questions here today. If for some reason I cannot, I will endeavour to provide the answers to the Committee as soon as possible. I would also beg your indulgence, that sometimes when you ask a question to allow us the time to go through the information here; 107 actions is quite a large amount of information, as you can see that we have carried here with us today. So if there is a pause just for a moment, it is because we are cycling through the mounds of information that we have here.

Thank you very much.

**CHAIR:** Thank you.

We will start the questioning with Mr. Osborne.

**MR. OSBORNE:** I thank the witnesses across from us as well today for participating.

Just a couple of questions in the 2007 Energy Plan: the policy action to continue to pursue the acquisition of the 8.5 per cent federal investment in the Hibernia Project, whatever happened to that particular policy action?

**MR. BOWN:** That policy action was pursued on a number of occasions. In reality, the desire to purchase it is also coincident with the desire to sell the share. The Government of Canada has indicated on a number of occasions that it would be their policy to sell, but on other occasions they have not.

We did have early discussions with them, post-2007, but as of this date those discussions have not resulted in the conclusion of a purchase of those shares.

**MR. OSBORNE:** Okay. The 10 per cent equity position in all future oil and gas projects, has that happened?

**MR. BOWN:** The 10 per cent says that we would purchase up to 10 per cent. As of 2007 when this action was posted, we were already in discussions with the Hebron Project and also with the White Rose growth lands project.

At that time, we secured 4.9 per cent of the Hebron Project. That was in 2008. In 2009, it was 5 per cent of the White Rose growth lands expansion project. In 2010, we secured 10 per cent of the Hibernia Southern Extension. So the first two projects were already under negotiation by the time we had made this commitment, however, the final project we did secure the 10 per cent equity.

**MR. OSBORNE:** Okay.

I just wanted to clarify something. In the Action Plan it says, "Establish a policy to obtain a 10 per cent equity position in all future oil and gas projects ... ." Where did you get the position up to 10 per cent?

**MR. BOWN:** At the time, 10 per cent was based on where we were in the maturity of our oil and gas fields. Also in terms of establishing our energy company, at the same time it was felt

that a target of 10 per cent was appropriate for where we were in our evolution. Also, it is consistent with some similar type targets we had seen in other jurisdictions where they had started out, that a lower percentage would be best to start, but that does not mean that sometime in the future that 10 per cent may be revisited.

**MR. OSBORNE:** Okay.

When exactly did that change from obtaining 10 per cent to up to 10 per cent?

**MR. BOWN:** Sorry, that was my mistake. I said up to, it is 10 per cent, correct.

**MR. OSBORNE:** Okay.

Another policy action under wind energy, that government would “Pursue opportunities for locating manufacturing and fabrication of wind turbine components such as towers, tower bases, and turbine blades in the province.” Has that ever happened?

**MR. BOWN:** Since the initial RFPs, there were two RFPs for wind power in the Province where we saw the establishment of twenty-seven megawatts of each in both Fermeuse and in St. Lawrence, that there have been no additional calls for RFPs for wind power in the Province. That does not mean going forward that with the Maritime Link we will also have the capacity to establish more wind power in the Province. At that time we will pursue that particular action to have those components, if possible, and commercially possible, to have them fabricated in the Province.

**MR. OSBORNE:** Okay.

I guess just to redirect the question again, the Province was going to “Pursue opportunities for locating manufacturing and fabrication of wind turbine components such as towers, tower bases, and turbine blades in the province.” I understand the projects and the call for proposals, but what happened with that particular policy item, the manufacture of turbine components and parts?

**MR. BOWN:** That has not been pursued based on need. There has not been an identified project come forward except for the most recent

project that has been announced by Beothuk Energy, which we have been in conversation with them as well pertaining to their manufacture and fabrication opportunity in Corner Brook. At that time, that policy was not pursued as there was not an opportunity that we foresaw in the near future whereby there would be an additional wind power in the Province, given that we were isolated from the North American grid.

**MR. OSBORNE:** Okay.

The policy action, “Installing scrubbers and precipitators, and maximize the use of wind, small hydro and energy efficiency programs ...” I just wanted to start with the scrubbers and precipitators at Holyrood. Can you tell me what happened with that?

**MR. BOWN:** That decision of whether to use scrubbers and precipitators was coincident with the decision on whether to build the Muskrat Falls Project. If the decision had been made to pursue the Isolated Island Option, scrubbers and precipitators would have been installed at the Holyrood facility.

At the time, it was a nominal cost of \$600 million to \$800 million for those particular pieces of equipment. When the decision was made to pursue the Muskrat Falls Project and to sanction the project, then it was not necessary to continue on with a decision to make that capital acquisition.

**MR. OSBORNE:** Okay.

Now, I understood from the 2007 Energy Plan that one of the objectives was to pursue the development of the Lower Churchill. In looking at the policy items, when it talked about installing scrubbers and precipitators at Holyrood, I did not identify where it said that was contingent on whether or not the Muskrat Falls Project proceeded.

**MR. BOWN:** I recognize that. Yes, I do recognize that. In some respects a lot of the policy actions are meant to be dynamic.

In this particular instance, in choosing not to pursue using Holyrood over the longer term, it would not make appropriate sense from a

ratepayer perspective to make such a significant capital investment in scrubbers and precipitators, which would have been designed to last for a long period of time, when you had made a decision to pursue another capital project to provide electricity to the Province.

**MR. OSBORNE:** Okay.

I wonder how well thought out the plan actually was, then, if on one hand we were saying we were going to pursue the development of the Lower Churchill, and on the other hand we were saying we were going to install scrubbers and precipitators, not either contingent on the other. It seems like a conflict if we were looking to pursue both simultaneously.

**MR. BOWN:** I just want to be clear, we are saying the same thing. The action that is in the Energy Plan says that we will pursue the Lower Churchill Project, or install scrubbers and precipitators.

**MR. OSBORNE:** Okay, I will review that when the next person questions, but I did not recognize that.

**MR. BOWN:** Yes.

**MR. OSBORNE:** Okay.

It also talked about maximizing the use of wind, small hydro, and energy efficiency programs. I am not aware of either of those being fulfilled, maximizing the use of wind. I know we had a couple of projects, but I do not – when you look at the 2007 Energy Plan, it talks about this Province being one of the best wind energy resources in the world. So two or three projects I would not consider maximizing the use of wind. Why is it we did not further pursue wind energy?

**MR. BOWN:** That is a good question. I think around the time we were making the decision on whether to pursue the Isolated Island Option, or to pursue the Muskrat Falls, the decision then was made, how much wind capacity could the Island actually absorb in the Isolated Island Option? That was a large part of the discussion that occurred at that time on whether we should pursue the Isolated Island Option.

There were a number of studies that were done that pegged us at around an additional fifty to an additional 100 megawatts of wind that could have been done at that time. With the decision to do the Muskrat Falls Project and installing the Maritime Link, we actually unlock a greater potential to pursue wind in the Province. Wind is a tremendous supporter of hydroelectric power.

I apologize, my phone is buzzing. I am sorry, I just lost my train of thought.

What we can do when we install the Maritime Link, actually it would present a greater opportunity to maximize the value of our wind resources, far superior than we would have been if we had stayed with the Isolated Island Option. With the Labrador-Island Link and the Maritime Link, we are actually able to monetize wind energy not only on the Island, but in Labrador as well. We have access to the reservoirs in both Labrador and on the Island that wind power could actually support. There is a growing demand for electricity in the North American marketplace, for clean energy that is also supported by wind energy as well.

**MR. OSBORNE:** Okay.

Can you point out to me where in the 2007 plan that it says if the Lower Churchill is developed that we would not pursue the scrubbers and precipitators and that we would not pursue wind? Because I am just looking, all three policy items are there. One of the policy actions is lead the development of the Lower Churchill Hydroelectric Project, through the Energy Corporation. Another policy item is install scrubbers and precipitators at Holyrood. Another is: maximize the use of wind energy. So they are all listed as policy actions.

I am just wondering if you can point out to me exactly where it says that if the Lower Churchill proceeds, we would not look at the scrubbers and precipitators and we would not look at wind energy.

**MR. BOWN:** The intent was not wind either/or with Lower Churchill. In the Isolated Option, actually wind power was part of that scenario as well. I apologize if I had characterized it to you

as an either/or. I just painted it in the context of the Lower Churchill Project.

In the Isolated Island Option it also included not only maintaining the Holyrood facility, but also new wind projects and small hydro projects as well.

**MR. OSBORNE:** Okay.

I just want to clarify, I guess, for Hansard and for the record. Does the policy 2007 Energy Plan state that – as you stated earlier, does it state that if the Lower Churchill is developed we would not install scrubbers and precipitators?

**MR. BOWN:** If I could direct Mr. Osborne to page 38 in the Energy Plan in the left-hand column, it reads: The Government of Newfoundland and Labrador will address environmental concerns related to Holyrood by either (a) replacing Holyrood generation with electricity from the Lower Churchill through a transmission link to the Island; or (b) installing scrubbers and precipitators, and maximize the use of wind, small hydro, and energy efficiency programs, to reduce reliance on Holyrood.

**MR. OSBORNE:** Okay, thank you.

**MR. BOWN:** You are welcome.

**CHAIR:** We should move on to a government member now.

**MR. K. PARSONS:** Thank you, Mr. Chair.

I just wanted to go back to what Mr. Osborne was asking. I am just going to when we were here debating all this in the House of Assembly. At that time I think the options were put forward whether we do the regeneration at Holyrood or the Lower Churchill that, at the end of the day, once we did the Lower Churchill, eventually Holyrood would be shut down. Was that the plan that was in place?

**MR. BOWN:** Correct. So that very clearly identified that if the Lower Churchill Project did proceed, that the Holyrood plant would shut down for a number of reasons: one is that there are a lot of environmental issues associated with the burning of fossil fuel at Holyrood; and the other is the age of the facility and the reliability.

**MR. K. PARSONS:** Okay.

With the facility there right now we are looking at a couple of years before we get Muskrat really on. What would be the time frame that you would be looking at? Probably I know you would not want to shut down the day that the switch is turned on, but is there a time?

**MR. BOWN:** I can give an approximate.

**MR. K. PARSONS:** Okay.

**MR. BOWN:** Based on the construction schedule for Muskrat Falls, it depends actually on the commissioning, and how the commissioning goes for the generation units and the transmission line from the Labrador-Island Link. It is very clear that the commitment has been made that Holyrood will stay open until such time as that assurance of reliability has been met. The current project schedule would see that approximately 2021.

**MR. K. PARSONS:** Okay.

Hydro is after making a lot of investments in Holyrood in recent years, last year in particular. Can you talk a little bit of what they did and is Holyrood any better today than it was when we had DarkNL?

**MR. BOWN:** I guess the objectives, regardless of whether we were going to build Muskrat Falls or not, were to ensure that there is reliability in the system and that maintenance work takes place. Clearly identified in 2010 in a report that Hydro had made to the Public Utilities Board, the decision on generation was required and it needed to be made. It was very evident at that time that new generation was going to be required prior to a major expansion at Holyrood or at Muskrat Falls and, in the interim, combustion turbines or gas turbines were going to be required.

The initial estimate was that that was going to be needed in 2015. Contrary to some of the earlier, I guess, beliefs, it is clear that electricity demand is increasing in the Province and that the absolute need for having a combustion turbine was moved forward both to meet demand but also to improve reliability at Holyrood.



**MR. K. PARSONS:** Okay.

I just want to go back to a little bit of the other stuff too about the wind energy. My understanding of wind, wind is like a secondary source; it cannot be a number one source. Is that correct?

**MR. BOWN:** Wind is intermittent use; it cannot be relied on as base load. I will give an example. During the January outage in 2014 the wind speeds were in excess that the wind turbines were not working as efficiently. Again, with wind, it is either blowing too much or not enough. You cannot rely on it as base load in your generating system.

Hydro's base load, you run the water through and it is there for you to use. The lights will come on when you flick the switch. The same thing with a gas turbine or Holyrood, an oil-fired thermal plant, when you flick the switch, the lights will come on.

With wind, it runs on a capacity factor is the term that is used. North American, 25 per cent to 35 per cent capacity factor – that means that 25 per cent, 35 per cent of the time you can rely on that to provide you with electricity.

**MR. K. PARSONS:** You also mentioned about the Maritime Link with wind. What is the plan? Is it the plan to generate more electricity through wind generation so we can supply it to the Maritime Link?

**MR. BOWN:** Once the Maritime Link line is constructed there will be excess capacity. Nalcor has secured capacity on that line. We can make use of that excess capacity either through small hydro on the Island – we have a number of sites that have been on the books for years – as well as additional wind.

Actually the opportunity is there for wind projects far in excess of what we have seen to date. Our largest – both of them are twenty-seven megawatts, so we do have the capacity for large-scale wind.

**MR. K. PARSONS:** Okay.

I just want to get back to the Auditor General's report now. In 2008 in the Budget, it was

estimated about \$35 million was going to be spent on implementing the report. From 2008 to 2013 there was \$66 million spent. What was the main reason for the cost to be so much more than what it was?

**MR. BOWN:** I guess I would characterize that differently in that it is not that \$66 million was spent.

**MR. K. PARSONS:** Okay.

**MR. BOWN:** The Auditor General reports that \$33 million was actually spent. The issue there was not so much that more dollars were spent; it is that it was not spent within the years that it was budgeted.

**MR. K. PARSONS:** Okay.

**MR. BOWN:** If you add up all of the years when money was budgeted for the Energy Plan, it would add up to \$66 million in total budget. However, if you go back and add up the money that was actually spent, it would be \$33 million. That is due to delayed implementation of some of the programs and actions in the Energy Plan itself.

**MR. K. PARSONS:** Okay.

That is it for questions from me, Mr. Chair.

**CHAIR:** Mr. Murphy.

**MR. MURPHY:** Thank you, Mr. Chair.

Welcome to Public Accounts, everybody. I understand from these recommendations that this is your first progress report. I must say I will compliment you on the extent of the report. It is a very good report, but I think there are some questions to be asked in the report itself.

I will say, I guess, the first couple of questions, Mr. Bown, at this particular time, the timing of the report. Will you be coming out with this report now once a year? Do you have a particular time frame that you will be releasing this report? Will it be done every six months? How are you going to be doing it?

**MR. BOWN:** We have not established a fixed timeline for when we will report next. However,

we have taken, very clearly, the notice from the Auditor General that we need to report more regularly on the actions on the Energy Plan.

**MR. MURPHY:** Okay, but you have not decided on how many times in the run of a year you are going to be reporting it. Right now this is report number one.

I would like personally to see it at least every six months considering – well, I guess your department is dealing with a lot of things now, market volatility of oil being number one. So a lot of these action items that you have here in the report obviously are going to be affected by that.

I would like to see it every six months. I do not know how everybody else feels about that, but, again, congratulations on having the report finally done. I think it is timely, as the public has a right to know exactly where their dollars are going and what the focus is on government, and of course it supplies the ability for whoever is next to actually have a platform to go by and gets everybody pulling on the one rope.

So, if I can, I would like to ask you about some of the items that are contained within the progress report itself. On page 8, for example – some of my own observances, too, if you do not mind, and maybe suggestions. I do not know if you can take it that way.

It says here: Investing in Geoscience. “In March 2009, a Memorandum of Understanding (MOU) was signed between Nalcor and the Department of Natural Resources ...” It carries on here by talking about the actual fact that what they are doing is marketing of the potential of the oil properties that are off our shores.

I am just wondering if the Department of Natural Resources would have considered the same thing for our mineral resources, too, not just oil and gas?

**MR. BOWN:** That is a really good point. I will take you back in time a little if you do not mind, if you will indulge me for a moment.

**MR. MURPHY:** Sure.

**MR. BOWN:** Our interest here was to try and find a way to increase the level of exploration in the offshore. I think from 2005 to 2009 we were experiencing about 1.5 to 1.8 wells per year. Again, if you want to have new discoveries, you have to have a greater level of exploration in your offshore area and our intent was to try to increase that level to three to four wells per year, if we wanted to be successful.

We had discussions with the oil companies about how that could occur and I guess their approach of us providing them with money to do that was not in line with what we had seen as the best approach for government to take. So we did exactly what you had suggested.

Within my department, within the Mines Branch, we actually do open-source geoscience. So the purpose of the geological survey is to do public geoscience, on behalf of the people, to publish the results of their work and to make it known to prospectors and to junior exploration companies about their current geological understanding of their mineral prospectivity in the Province. So the open-source GeoFiles are updated every year based on the work of the geological survey.

That was a template that we actually turned to and said maybe the best thing we could do is to follow that same model, do our own geoscience in the offshore, and make that available to companies to attract them here and indeed cause them to purchase the land at very high prices and to drill as well.

We also looked to other jurisdictions. Nova Scotia, around the same time, had made the same decision to do public geoscience.

**MR. MURPHY:** Okay.

My understanding, through the mineral industry, is that mostly it is chemical surveys that are being done. Am I right on that? Right now there are no geomagnetic surveys done, aerial surveying?

**MR. BOWN:** We have not done a geomagnetic survey in a number of years, but we do lake bed sediments, we do till samples, we are doing rock analysis – we have our own laboratory.

**MR. MURPHY:** Okay.

**MR. BOWN:** We publish all of our results, and actually our GeoFiles online gives you access to all the work that the department does on an up-to-date basis.

**MR. MURPHY:** Any sign of a slowdown in that area on the part of our prospectors going in and looking, or some companies expressing interest in coming in and looking at various areas that you have surveyed?

**MR. BOWN:** Prospectors are always interested in coming and looking, but the funds that are made available to them have diminished because other companies are not supporting them.

**MR. MURPHY:** Okay.

When it comes to the actual name of the program for prospectors –

**MR. BOWN:** The prospectors' incentive program.

**MR. MURPHY:** The prospectors' incentive program, any plans by government to boost up that fund, by the way?

**MR. BOWN:** As we went through our program review last year we did make a cut to the program as a whole for prospectors and for junior mining companies, but we cut the amount for junior mining companies and not for prospectors. So we did not cut it last year.

**MR. MURPHY:** Okay, thanks for that.

If I can just make the suggestion to consider the aerial survey work too, it might help you get some more people into those areas. At least that is what I am hearing, anyway, from the industry. It is a good job on that. I can see why government would have something to sell when it comes to offshore oil and gas.

On page 10, Ensuring Local Benefits, I wanted to talk to you about this particular item because, of course, a couple of months ago we were dealing with ExxonMobil winning a court case – I think it was ExxonMobil won a \$19 million court case and they ended up not having to pay for the retaining, I think it was, of educational

resources. You might be able to refresh me on that one now. It came to me when I was going through the files last night.

**MR. BOWN:** Are you referring to R & D?

**MR. MURPHY:** Yes, research and development.

**MR. BOWN:** NAFTA?

**MR. MURPHY:** I think it might have been tied into NAFTA, yes. They won a \$19 million court case, I think it was.

**MR. BOWN:** Seventeen.

**MR. MURPHY:** It was somewhere, \$17 million, \$18 million, \$19 million anyway –

**MR. BOWN:** Seventeen.

**MR. MURPHY:** – as reported.

**MR. BOWN:** Yes.

**MR. MURPHY:** That was a direct benefit that this Province lost. When I read the paragraph about ensuring local benefits, I can understand the intent of government in trying to do that; but sometimes we lose these cases, and some of these benefits we lose at the same time, and it costs jobs. It obviously costs research money too.

How do we ensure that? Is government going to be changing its policies or anything like that? Is there anything that they can do to change policies to ensure that once something is bargained for that the companies follow through on it?

**MR. BOWN:** In this instance, this relates to new research and development guidelines that the Offshore Petroleum Board instituted after the Hibernia and Terra Nova Projects had completed their benefits plans and were signed.

**MR. MURPHY:** Okay.

**MR. BOWN:** Prior to that there were notional requirements for R & D spending in the Province. What the offshore board did was instituted specific spending requirements based

on capital expenditures in the Province. Both Exxon and Murphy brought the case to the NAFTA tribunal. Actually, Petro Canada went to the provincial courts, which they lost the case in court.

At the NAFTA, two of the three panelists on the tribunal agreed with Exxon and Murphy, and one did not. The concept or the principle behind the judgement is that the deal was already in place and that the regulator had no capacity to be able to change the regulations post-establishment of the previous agreement.

In this particular instance, the R & D spending will continue in the Province. I will not make light of the fact that the spending will still take place; it is the Government of Canada who has to pay Exxon because they won the case under NAFTA.

So the \$17 million judgement goes against the Government of Canada and it does not impact the amount of R & D spending in the Province. If Exxon and Murphy spend a dollar of R & D spending in the Province, under this judgement the Government of Canada is required to pay that dollar back to Exxon and Murphy.

**MR. MURPHY:** Okay, so that is not costing the Newfoundland and Labrador taxpayers then?

**MR. BOWN:** No.

**MR. MURPHY:** Okay.

I will leave that at that for now.

On page 15, I have two questions here. Under the Delivering Efficiency and Conservation Programs, on the second paragraph, Residential, it says, "The average client is saving an average of \$720 per year on their heating costs." I'm wondering, do you have a survey or a sample – I guess, how did you do that survey? How did you come up with those numbers? I am wondering if you can make that publicly available, too, as an incentive to the general public about residential energy and conservation program.

**MR. BOWN:** Okay, I understand. This is a program that is actually delivered by the

Newfoundland and Labrador Housing Corporation.

**MR. MURPHY:** Yes.

**MR. BOWN:** The reason that they know is that they actually collect those statistics themselves.

What you are asking is can we make those statistics available.

**MR. MURPHY:** Sure.

**MR. BOWN:** Okay. Then I will bring that up with the Housing Corporation and if I can make that available to you, I will, absolutely.

**MR. MURPHY:** Okay.

It also says here – I am just trying to see here now. The amount of energy, for example, which was burned by the average house – they obviously saved \$720. I believe I saw a government press release that expressed the figure of about 30 per cent to 35 per cent energy savings over the run of a year. Do you recall that from Newfoundland and Labrador Housing Corporation? That would have been in 2012. I believe they had the release out in June or July.

**MR. BOWN:** No, I do not recall. I would say that this program was initiated through the Energy Plan with an initial \$6.9 million investment. We worked very closely with the Housing Corporation to put this program in place.

At first, we were able to leverage federal dollars through the EnerGuide program. Actually, the Housing Corporation itself applied for grants under the EnerGuide program. It would not double their investment, but they could get a return on the dollars they invested. That would indicate that this program to date has been very successful.

**MR. MURPHY:** Okay. I will come back to that too, I guess, after when we get to the direct policy items.

Further down on page 15, in the section Fostering a Culture of Conservation, it talks about the money that was allowed Grenfell, for

example, to leverage \$2 million from the Atlantic Canada Opportunities Agency.

You managed to get \$100,000 from a private donor, McCain Foods. What was their interest in investing \$100,000 there? Were they going to gain anything commercially from that particular program?

**MR. BOWN:** I apologize, I do not have an answer to that one, Mr. Murphy, but I can check with the forestry agency.

**MR. MURPHY:** Okay. That is fine.

Yes, we would be good with that if you can get us an answer for that one.

**CHAIR:** Mr. Murphy, we should go to a government member now.

**MR. MURPHY:** Sure. Okay.

**MR. PEACH:** Thank you, Mr. Chair.

I just have a couple of questions. I am interested in a little operation that is going on in my district. I have asked questions before and I do not seem to get many answers, but not many people know about it. That is the little operation that is going on in the Monkstown area with regard to the seven turbines there. Once this new transmission line comes on scene now throughout the Province, I am just wondering what the future is for that little operation out there?

**MR. BOWN:** That is a generating facility?

**MR. PEACH:** It is a turbine, so water flow. Yes.

**MR. BOWN:** The addition of the Labrador-Island Link and the power from Muskrat Falls will not impair any existing generation in the Province. All that will continue.

**MR. PEACH:** So that will pretty much remain the same because there is a lot of work going on out there this summer, I understand. The residents there are asking me questions about it, but I just cannot answer them because I did not even know the operation was being upgraded or what is happening out there.

**MR. BOWN:** Depending on the facility, existing generation is the least-cost generation that we have. Because all you are paying now are operating and maintenance costs, you do not have large capital. If you had to do a major rebuild on a very old facility, sure, then you would reconsider that. I think you have Petty Harbour that is more than 100 years old that is still generating electricity, and that is going to continue.

**MR. PEACH:** I know it is only a small operation, but when we had DarkNL the people in that area there, six or seven communities, still ended up with power. It was really a great asset to the Burin Peninsula and to those areas.

We are still experiencing some power loss now. Like last week there was a power loss in one of the stations there, I think in Chapel Arm, and last year when we had some weather there was a failure down in Sunnyside. We are still experiencing that from time to time normally when there is bad weather, if it is windy and rain, or a lot of sleet in the wintertime and things like that.

Are we doing any checking on upgrades needed to these facilities at the moment, or what is happening there? It seems like there are a lot of outages. People are still asking me questions saying, well, you know we had DarkNL and we are still having experiences now with outages. What are they doing about it? Are they trying to upgrade the system so that we do not have that experience every year?

**MR. BOWN:** Yes. I think I will go back in time. Probably most of us can think back to our youth and probably our twenties and thirties, and I might recall even in university, we had power outages in those days as well. I think our understanding is that the frequency of outages really has not changed that much over time.

The fact that we are an isolated system means that whenever there is a weather incident, depending on how localized it is, that if there is a generation issue then we do not have any other location to draw generation from. If you are in Ontario and you have a generation issue, you can pull it from New York, or from Quebec, or from Manitoba. We do not have that capacity.

Specifically to your question, a lot of money has been reinvested into the hydro system, particularly starting in 2008 when a new capital asset management program was put in place to upgrade the system. So, yes, we are always going to have some kind of weather-type incident.

I think in Vancouver this past summer they had eighty kilometres of wind, which is a rare occurrence, 500,000 people were without power. So weather is always going to play a factor on the supply and distribution of electricity.

**MR. PEACH:** Yes. Normally with breakages there is always something that is unforeseen. If you buy a new car you think you have it made because you have a new car, but it could break down on the way home.

**MR. BOWN:** I guess it is a balance also between cost and reliability. You continue to buy a new car every other year or every four years to maintain the warranty and have good reliability, or you continue to pay maintenance on a five, six, seven, eight, or ten-year-old car but as time goes on it becomes less reliable.

**MR. PEACH:** Yes.

In some areas now there are some pockets of work going on with regard to the new transmission. How far along are we? Is working picking up on the Island now? I am getting a lot of people asking me when work is going to start.

When can we see some work coming to our area and that sort of thing? Can you give us a little bit of information as to when we will soon see things starting to get up and running? I know Soldiers Pond is there. There is a lot of work going on there and in some other areas. How far are we right now?

**MR. BOWN:** I can highlight that right-of-way clearing and some transmission work has already started on the Northern Peninsula. I do not want to be too exact, but as I understand it right-of-way clearing is headed toward the Central part of the Province. So this year and next year you are going to continue to see progress on the transmission line moving east.

**MR. PEACH:** So we are moving from the Northern Peninsula this way. There is no work right now going on or planned at this immediate time for the Eastern or –?

**MR. BOWN:** Not for the Eastern portion. It will be focused on the Central and on the Northern Peninsula.

**MR. PEACH:** Okay.

I just wanted to refer to page 31 of your progress report. I was looking at and reading the section there where it says, “Work with Aboriginal governments and groups in areas where potential wind developments are subject to an Aboriginal treaty or a land claim.” Then over on the side there you see, “The Provincial Government continues to fund wind monitoring studies in coastal Labrador to assess the potential for small scale wind developments to ...” replace diesel generators. How many diesel generators do we have in Labrador?

**MR. BOWN:** We have twenty-one in the Province as a whole. So we have twenty-one isolated diesel communities. We have sixteen in Labrador.

**MR. PEACH:** Sixteen in Labrador.

**MR. BOWN:** Yes.

**MR. PEACH:** When the new operation is up and running, will some of those still exist or are we looking at alternatives for –?

**MR. BOWN:** Muskrat Falls will not provide power to these coastal communities. Over the past six or seven years we have looked into things such as what would the cost be to connect or interconnect those communities? Our focus, to date, has been on what other alternatives do we have to provide electricity to these communities other than diesel.

We have funded a number of studies. The first one we funded was a \$250,000 study in 2008 to look at, in seven communities, what the alternatives were with respect to wind or to small hydro. We followed up on that with a \$2.5 million study for hydro sites and a \$900,000 study on wind sites.

The wind towers we installed – I will just back up a bit. The hydro power, the opportunities are more prevalent in the Southern regions of Labrador and wind actually is better in the Northern regions of Labrador. We worked with the Nunatsiavut Government, Newfoundland and Labrador Hydro did, for the installation and location of those wind towers. That wind monitoring program is coming to an end this summer. The wind towers are coming down, with the full co-operation of the Nunatsiavut Government. The hydrological studies are going to continue until 2016, at which point they will end.

Our objective here is to, if possible, get these communities off the higher-cost diesel and to provide them with opportunities where, at least if they wanted to grow or business wanted to expand in those communities, you would not have to look at the incremental cost of a large diesel unit versus having a hydro site or wind power nearby – wind would be supplemented by diesel, of course. Or in the case of some Southern Labrador communities where you could have two, three communities interconnected off one hydro site.

**MR. PEACH:** So the cost here says \$3.5 million. Was that the cost included in the study that was done? It says down on the bottom there, “The Provincial Government and Newfoundland and Labrador Hydro completed the Coastal Labrador Alternative Energy study ...”

**MR. BOWN:** Yes.

**MR. PEACH:** So the \$3.5 million, that was the cost for that?

**MR. BOWN:** That includes the \$250,000 I just referenced, the \$2.5 million, and the \$900,000.

**MR. PEACH:** Okay, so that is the \$3.5 million.

**MR. BOWN:** Yes.

**MR. PEACH:** One other question I have taken notice of in 2011-2012, maybe. There were a lot of prospectors who were on the Burin Peninsula around Grand Le Pierre. They were exploring for a lot of minerals and that in the ground up there.

Some of them, they said, probably would bring some kind of a mining to the area. There were quite a few and I do not know all the names of the ones that were there. I am just wondering, do you have any update on what happened there? Or does there seem to be any future for the ones that were in there?

**MR. BOWN:** We have not seen any increase in staking activity there based on the prospecting. Normally what follows is if a prospector has a find, they will stake that property. We have not seen an increase in staking, nothing that has been brought to my attention, nor have we seen any of the junior companies come in and highlight that there is anything there.

Newfoundland and Labrador is a very large place and you never know from one day to the next when you are going to kick over a rock and you are going to find a really good discovery. I think at one point back in the early 2000s someone said that we would never have another large discovery in Labrador – that was pre-Voisey’s Bay. So never say never.

**MR. PEACH:** I would assume, in talking to the prospectors myself, I was kind of getting the impression that a lot of what they were finding was mostly surface and not into the mining part of it. They were jumping from one area to another and they were finding some, but in small quantities.

Okay, Mr. Chair, I do not have (inaudible) –

**CHAIR:** Thank you, Mr. Peach.

Mr. Osborne.

**MR. OSBORNE:** Thank you.

I have a couple of more questions on the policy actions outlined in the 2007 plan. One was to join the Climate Change Registry to ensure consistent and verifiable measurement of greenhouse gas emissions, as per the commitments from the August 2007 meeting of the Council of the Federation.

Can you give us an update on that?

**MR. BOWN:** In June 2008 we did join the Climate Change Registry.

**MR. OSBORNE:** That was June 2008?

**MR. BOWN:** Yes.

**MR. OSBORNE:** Okay.

“Release of an updated Climate Change Action Plan by 2008 incorporating specific targets and commitments which build upon initiatives being undertaken by the Province ... .” Can you give us an update on that?

**MS JANES:** Yes, the Province released a plan in August 2011, a Climate Change Action Plan. It contained seventy-five commitments. It is a five-year plan; it runs from 2011 to 2016. The Province committed to release an update report, a progress report, and that was released in September 2014, midway through the five-year implementation period. It contains greenhouse gas reduction targets.

In 2001 the Province adopted regional greenhouse gas reduction targets as part of the New England Governors and Eastern Canadian Premiers forum. In the 2007 Energy Plan the Province adopted those targets on a province-specific basis. The 2011 Climate Change Action Plan reaffirmed the Province’s commitments to those targets. Those targets were to stabilize greenhouse gas emissions at 1990 levels in 2010, to reduce greenhouse gas emissions by 10 per cent below 1990 levels by 2020, and to reduce greenhouse gas emissions by between 75 per cent and 85 per cent below 2001 levels by 2050.

**MR. OSBORNE:** Did you reach the 2010 target?

**MS JANES:** The Province did not reach the target; it came very close to the target. It came within 0.5 per cent of meeting the target, but it was slightly above stabilizing at 1990 levels.

**MR. OSBORNE:** Okay, thank you.

There was a commitment to provide funding through the Newfoundland and Labrador Green Fund for feasibility studies on, and the potential implementation of, methane capture from large existing landfills and utilize that energy source for heating electrical generation and municipal vehicle fleet fuel. I know the City of St. John’s

has been doing some work at the Robin Hood Bay landfill. Other than that, what has the Province done to capture methane release from landfills?

**MR. BOWN:** Our intent there was to provide an incentive through the biogas program whereby we would incent companies or municipalities to capture methane and generate electricity. We announced that in 2013 –

**WITNESS:** In 2014.

**MR. BOWN:** In 2014, sorry. We have had conversations with the City of St. John’s since with the intent that methane capture being one element of being positive for the environment, but to also capture that methane and use it to generate electricity would provide an additional benefit as opposed to flaring that gas. We have had conversations with the City of St. John’s and it is open to other municipalities as well.

**MR. OSBORNE:** Has there been any funding provided since 2007 for the capture of methane from landfills throughout the Province?

**MR. BOWN:** I am not aware of that, Mr. Osborne. I would have to consult with the Department of Environment under the Green Fund. I can get that information for you, but I am not aware of any, other than for the City of St. John’s.

**MR. OSBORNE:** Okay, thank you.

There was a commitment to work with the Government of Canada and other provinces, as well as industry, to develop a technology fund that would invest in transmission for the Lower Churchill power as well as wind opportunities. Can you give us an update on that?

**MR. BOWN:** Sure. When we approached the Government of Canada to participate in the Lower Churchill Project, and in particular, Muskrat Falls, that was one of the options that was pursued. Our conversations ultimately led to a federal loan guarantee as being the preferred opportunity for both the Government of Canada and for ourselves. The technology fund option was not pursued, but rather it was replaced with the federal loan guarantee.



**MR. OSBORNE:** Okay.

When looking at energy efficiency and conservation the 2007 Plan states, “Reducing our energy use is the most direct way of reducing our energy footprint. The difference between energy efficiency and energy conservation is often overlooked, but these are two different approaches.” It goes on to say that, “Greater energy efficiency combined with conservation measures will lower our reliance on oil today, thereby reducing the amount of emissions released into the environment. Such measures can also help ensure we have sufficient electricity until the completion of the Lower Churchill development ... .”

The Province had committed to promote and facilitate the energy efficiency and conservation programs not only for residences, but also business. Can you tell us what has been done through the 2007 Plan to accomplish that?

**MR. BOWN:** Sure.

Initially, starting in 2007 our first two programs was the EnerGuide program where we piggybacked with the federal program to allow for residences, private individuals in the Province, to participate in a program whereby if they retrofit their home, that they would receive a rebate from the Government of Canada matched by the Government of Newfoundland and Labrador.

To supplement that initiative we actually sponsored the ability of individuals to pay for the pre-audit. In order to participate in the program, you had to have a pre-audit. We actually sponsored having audit companies establish here. We facilitated individuals and these companies to get together to do the pre-audits, which would enable the individuals to participate in the program. We also paid for a portion of the post on it as well.

The statistics from that particular program, I think we had 2,200 individuals who actually did the pre-audit portion of the program, and I think 660 did the post-audit. That does not mean that all those individuals in between did not participate or receive funds from the EnerGuide, it is just that maybe they did not do the audit at

the end of the program. I think we expended \$4.3 million in that particular program.

In addition to that, we ran an energy efficiency program on the Coast of Labrador. We selected a number of communities there. Again, important to promote in diesel communities is energy conservation and energy efficiency. We spoke to both while we were in the communities there. We had both hydro employees and we engaged a consultant to go in with the companies to run some community sessions on the importance of energy efficiency and conservation, and actually went to people’s home within the community to demonstrate things that they could do to improve their energy efficiency.

We also talked to them about energy conservation and how important that was. Again, home heating is a significant issue on the Coast and people rely on wood or rely on oil. Having them using their heating stoves or range to provide supplemental heat had an additional draw on the diesel plants and that caused some issues in the community. So we spoke to them about that. We actually did two programs. We did the two communities in one year and we went back and did two communities in the next year.

As of today, energy efficiency programs are largely run by the utilities through the takeCHARGE program and supplemented through programs and policies through the Office of Climate Change as well. There is a commercial program run through the takeCHARGE program for businesses to have audits done on their business and what they can do to conserve energy.

**MR. OSBORNE:** Okay.

Is the energy audit program still in operation?

**MR. BOWN:** Unfortunately, the Government of Canada ended the EnerGuide Program and, therefore, that portion of our funding for energy efficiency ceased as well. It was cost prohibitive to continue that program on our own.

**MR. OSBORNE:** Okay.

Now under the 2007 Plan, unfortunately the energy audit program was cancelled, but the two initiatives you spoke about that is really a drop in the bucket compared to what the 2007 Plan outlined as targets. One was to establish an Energy Conservation and Efficiency Partnership to develop a coordinated and prioritized five-year energy conservation and efficiency plan, a detailed plan including priorities and targets by March 2008. Did that happen?

**MS JANES:** Well, Charles can speak, too. The Department of Natural Resources did establish the Energy Conservation and Efficiency Partnership to talk about priorities in 2008. That was prior to the establishment of the Office of Climate Change and Energy Efficiency.

After that office was established in 2009, the energy efficiency strategy was developed. It was called the Energy Efficiency Action Plan. It was released at the same time as the Climate Change Action Plan in August 2011. It contained forty commitments to try and advance and improve energy efficiency and conservation across the Province.

That was also reported on. The progress in implementing those commitments was reported on in September 2014. Like the Climate Change Plan, it is a five-year plan. It runs from 2011 to 2016.

**MR. OSBORNE:** So it happened in 2014 as opposed to 2008?

**MS JANES:** No, it was released in 2011 and progress was reported on it midway through implementation in 2014.

**MR. OSBORNE:** Okay.

**CHAIR:** Mr. Osborne, we should go to a government member now.

**MR. OSBORNE:** Perfect, thank you.

**CHAIR:** Mr. Hunter.

**MR. HUNTER:** I would like to get into just a couple of questions that I had in mind about the heating costs for people, particularly in rural Newfoundland. There a couple of years ago we had a program where we encouraged pellet

stoves, pellet burning, and manufacturing to cut down on the electricity costs, but give a good source of high energy, high-efficiency heating, particularly in rural Newfoundland towards people on low incomes and fixed incomes.

What happened to that plan? We do not hear tell of it anymore. It should be directly related to electricity costs because some people who were putting in these stoves had electric heat and now they went to pellet stoves. They got a rebate from the pellet stoves.

Everything disappeared. There was no mention of it the last couple of years. Is part of the plan now to go back to other sources of heating, particularly the pellet stoves?

**MR. BOWN:** That particular program was run through the Forestry and Agrifoods Agency. The program ended in 2011.

**MR. HUNTER:** Yes, but it did save a lot of electricity that was being produced. I guess the point that really was on my mind is back in the 1960s we had a program where if you used electric heat then you got a lower rate on your light bill and two meters on the house. One was for your domestic power and then one for your electric heat.

Is part of the plan down the road, when we are going to have an abundance of electricity – particularly with seniors, because they are the ones who cannot burn wood anymore and they cannot avail of other heating sources, and they are living in smaller accommodations. Will there be a plan to look at heating costs for seniors on fixed incomes?

**MR. BOWN:** Yes, that is very important. I agree with you.

There were a number of programs over the past few years run through the Department of Finance to reduce the cost of home heating for lower income individuals. I cannot speak specifically to if there is any new program that is in the offing related to low-income families.

**MR. HUNTER:** You cannot say if there will be a lower cost of electricity. I am not talking about rebates or anything through Finance –

**MR. BOWN:** I understand the exact question.

**MR. HUNTER:** – but a lower cost in an energy plan that we would be saying here is the availability of electricity at a cheaper cost because –

**MR. BOWN:** I cannot speak to a specific initiative at this time, no.

**MR. HUNTER:** I know from Grand Falls-Windsor, I was born and raised and grew up there, many, many years ago of course, the company supplied all the electricity from the mill. Today, in Central we have a lot of generation through – I do not know, there was probably a dozen there, small generating plants.

One of the questions I did have in mind you already answered for Mr. Peach, but part of the question that I did have in mind was the new expansion of generation down the road. We still have a lot of high potential sites. There is one on Island Pond in the upper salmon, and the Granite Lake area, and the Exploits River which had three potential sites for expansion. If something happened to existing generation, particularly the Lower Churchill or Holyrood, then Central Newfoundland always seemed to be still online. Like the power outage we had a couple of years ago, my power was only off for about an hour.

**MR. BOWN:** Yes.

**MR. HUNTER:** Central Newfoundland did not seem to be hit so hard, but there are still lots of generation in that area and lots of potential generation. Is the power plan down the road to do more development with possible sites?

**MR. BOWN:** As I had mentioned a moment ago, when the Maritime Link is commissioned it will have excess capacity to what is going to be provided to surplus from Muskrat Falls. So there will be capacity on that line for additional energy.

One example would be we know that Massachusetts and a number of other New England states are interested in issuing an RFP for electricity. We have been in conversations with Ontario about providing them with electricity. Sites such as Island Pond, that is 36

megawatts; Round Pond is 18 megawatts; Portland Creek on the Northern Peninsula, Daniel's Harbour, I believe – Daniel's Harbour?

**WITNESS:** Yes, twenty-three.

**MR. BOWN:** Yes, 23 megawatts.

So we still have a number of prime hydro sites that are left – not on salmon rivers, by the way – that are left to develop. These sites, coupled with wind power on the Island. Yes, we do have the capacity to have additional generation in the Province that we would build and sell to market. We could use it. Obviously it would be there for reliability for ourselves if we needed it, but for the most part, yes, we could use that to develop those sites and sell electricity.

**MR. HUNTER:** Most of the questions I do have on my mind are probably better asked to Hydro rather than government. It is hard to ask questions on this topic when a lot of the questions you do have pertain to areas where there are other people involved, like Hydro and the gas companies, oil companies.

**MR. BOWN:** Yes.

**MR. HUNTER:** We are getting a lot of questions now about the Labrador oil and gas on the coast, in around central, because the potential for development up there affects more of Central Newfoundland, like the Botwood area and places like that.

**MR. BOWN:** Correct, yes.

**MR. HUNTER:** They are just waiting for somebody to say that the gas finds on the Coast of Labrador and the Northeast Coast of Newfoundland is really going to be a big boost for Central Newfoundland. I get a lot of calls, and people talk to me about the development down there, but that is better questions, I guess –

**MR. BOWN:** Yes. I can speak to that a little, though, because it is a positive coming out of the Energy Plan, if you do not mind.

Because of the public geoscience we funded and the seismic work that we undertook off the Coast of Labrador we are actually able to reinterpret what the offshore of Labrador looks

like. It was a widely held belief that there was only ever gas in the near-shore area, relatively speaking, off the Coast of Labrador, but the work that has been done, seismic work has identified three new deep-water basins off the edge of the shelf that look well prone. One of the existing basins that was south of that is much larger than was initially thought. It has piqued the interest of quite a number of companies. Labrador is not what people thought it was. It could be quite oil prone.

The land sale for Labrador takes place in 2017. So we will have an indication then. That is the value again – I sort of want to trumpet, I guess I am here to trumpet the Energy Plan, so I will.

One of the features of the Energy Plan as well is to make changes to our regulatory framework as it relates to the offshore. When that was a scheduled land tenure system, previously companies were only made aware of what lands were coming open in the year that they were going to be bid. Now with the scheduled land tenure system, companies now will have known since last year –

**WITNESS:** (Inaudible).

**MR. BOWN:** I apologize for turning my back.

With the scheduled land tenure system, companies knew four years previous. So in 2013 we announced when the land sale was going to take place off the Coast of Labrador. Companies had four years to prepare for that, and that is the value of adopting that type of approach. They have the opportunity to participate in seismic programs now well in advance of bidding on lands.

**MR. HUNTER:** It sounds pretty exciting to me.

**MR. BOWN:** It is very exciting what we are seeing there, actually.

**MR. HUNTER:** Thank you very much.

**MR. BOWN:** You are welcome.

**CHAIR:** Mr. Murphy.

**MR. MURPHY:** Thank you, Mr. Chair.

That is one of the reasons they have to get that road up to Cartwright you see, for all that resource development in Labrador.

Mr. Bown, and I guess the staff too, again, thank you for the report. I want to keep on carrying through with some of the elements of the report.

On the – I guess it would be the first page of Appendix A - Energy Plan Commitments, “Assume an ownership interest in the development of our energy resources where it fits our strategic long-term objectives.”

I have to make, I guess, a bit of a statement. Are all these asks of the oil companies wanting to get equity shares, that sort of thing – they would no doubt be contingent on the price of oil. In 2008-2009, and 2010 when Nalcor was out there acquiring some of these working interests and such, there were long-term projections of course on a pretty expensive barrel of oil, but the market has changed now, obviously. Has the outlook of Nalcor changed as a result of the lowering of the price of a barrel of oil? How has that affected their assumptions and their operational needs as regards to going ahead with this?

**MR. BOWN:** I guess like any other company, for that matter for the Treasury, a lower price of oil impacts everybody negatively. However, Nalcor has been very successful over the past two years in price hedging, so the impact has not been felt so great. Nevertheless, if it continues for the longer term, clearly it will have a negative impact.

Nalcor’s interest in the offshore is clearly predicated on the interest of other companies in exploring and having commercial discoveries. While the price of oil has had some impact in other jurisdictions, we are still seeing an active interest in wanting to explore in this area. Again, only a very small portion of our offshore is under licence. Six per cent of our offshore is under licence.

**MR. MURPHY:** Yes.

**MR. BOWN:** From that we are producing – we are going to have three fields producing now, another one producing soon, and then we have a major discovery.

**MR. MURPHY:** From your previous statement then, what Mr. Hunter was asking about – well, I will say it, the limitless expanse off the Coast of Labrador, of course. There is a huge interest up there, of course, in natural gas. He has to thank his predecessor, by the way, Brian Peckford, for gauging up interest in natural gas up there. Those were some of the first major discoveries.

When it comes to the permits, the bidding wars, I guess you could say, that happen for exploration in this last year – \$554 million was gained on the permits. Are you saying that was gained mainly on the call for licences that would have been made, in this particular case, in 2012, four years previous? It was four years previous to that one, I guess, that they were bidding on in 2013.

**MR. BOWN:** Yes, that one went out in 2013.

**MR. MURPHY:** Okay.

**MR. BOWN:** I will add more to that. The active interest in that area is prefaced not only on scheduled land so they know that when these bids are coming, but it is also based on the fact that we have been out there for a number of years now doing seismic.

**MR. MURPHY:** Yes.

**MR. BOWN:** We have been making that seismic available at cost recovery to companies that want to participate. Actually, it is a result of us being out there as well doing seismic, demonstrating, and showing. My team, and the oil and gas team at Nalcor, have been going to geoscience events where vice-presidents, et cetera, of geoscience and exploration at these large companies visit making presentations and demonstrating to them that the history and the story they know of Newfoundland and Labrador is not what they really think it is, and that is what has been generating the interest.

So, when you see a bid of \$559 million for a single parcel, which is the highest in our history, that indicates that they have been hearing and listening and they see what we see.

**MR. MURPHY:** Yes, okay. No, I understand too, and I think that is probably –

**MR. BOWN:** As Wes reminds me, he said being adjacent to a discovery does not hurt either.

**MR. MURPHY:** Yes, and I think there are some pretty big advantages to knowing that there is a pooled resource under your feet, rather than a fractured geology, too, and I think is a better sell.

Can I ask you a question about the OCMWG – the Offshore Continental Margin Working Group?

**MR. BOWN:** Yes.

**MR. MURPHY:** Again, just another suggestion – I do not know; it may have already been done in government. Maybe you do not see the need to put it in the mineral industry, but I scribbled down a little note here next to that particular point that you have here when it comes to your Energy Plan commitment. I have wrote down here: establish a mining sector working group for the same purpose that you would have – obviously to discuss barriers to exploration, the group was formed, and development in the offshore, including costs, regulatory modernization, and exploration attraction.

I am just wondering: Is that an ongoing thing that would be considered for the mining industry? Obviously there are some groups that are out there, but I do not know if they have that same purpose or not.

**MR. BOWN:** Before I answer your question I will come back to the Offshore Continental Margin Working Group and the reason why we created it. More often than not we hear from the industry, singularly through their association, through the Canadian Association of Petroleum Producers – CAPP.

We felt that we were getting a kind of a filtered voice on what was going on in our industry, so we felt it important that we needed a forum where we could all sit at the table, leave your ego at the door kind of thing, with each of the operators or each of the companies who are participating in our offshore where they could sit and we could have a very frank discussion based on what each company itself was experiencing and whether there are particular rules,

regulations, practices, programs, et cetera, that needed to be employed or no longer employed we could use.

With the mining industry, actually we have a far more open discussion with the mining association. I take your point and we will pursue that, but we do not seem to have the same difficulties with the mining industry as we do with the oil and gas industry in getting the filtered voice. We get disparate voices coming from the mining industry. In managing a department where you have both, it is very clear that it is chalk and cheese between mining and oil and gas.

**MR. MURPHY:** All right, thanks for that.

**MR. BOWN:** You are welcome.

**MR. MURPHY:** Page 28, a couple of pages over, the fourth point down on your commitments, “Aggressively pursue refining, petrochemical, and other value-added secondary processing opportunities.” This one I think you could say is near and dear to me. I think that the market is ripe right now for extra refining capacity. The outage I think in Nova Scotia, the simple fact that people were out of gas, out of other product at the same time, probably would be reflected particularly in Atlantic Canada in the strategic terms that we do not have enough refining capacity. We have lost the Holyrood refinery; we have lost Dartmouth. It is obvious that there are troubles in other regions of North America.

Is government actively pursuing the possibility of a second refinery here in the Province, number one? Number two, when it comes to the other requirements that other oil companies look for, they obviously look for the resource to be handy enough, there is obviously a need for refinery capacity in North America-wide, though – I am just wondering: How does government assess that? Whenever they are required to complete their assessment plans of course and development plans, all that would be included in there. Are we close to getting a second refinery, or have there been plans brought forth by other companies to open up that second refinery?

**MR. BOWN:** Some time ago, I think we were on the cusp of a second refinery being built.

There was a lot of active interest. It went through environmental assessment. I think at the time there was a change in fuel regulations in Europe where there was a large call for clean diesel and it was a kind of niche market that a particular refinery could fill.

Since that time, we have seen no interest. I know that there have been feelers put out, of sort. I think the environmental assessment will expire in the near future –

**WITNESS:** I think it has.

**MR. BOWN:** Or has expired –

**MR. MURPHY:** Yes, it has.

**MR. BOWN:** Thank you. It has expired. So no, we have not had any active interest to date.

If I wanted to put it in a little bit of context of how Newfoundland and Labrador compares to refineries in North America, we do have an advantage in that we are very close to shipping lanes and access to markets. The disadvantage that we have is that we are the only refinery in North America that is still fueled by oil. So all the process units out at that plant are still fueled by oil, or what the benefit of this particular company whose has come in and taken over, SilverRange, and purchased North Atlantic Refinery have actually converted half of their burners in the units to butane, which has reduced the environmental footprint at that refinery significantly. It allowed it to meet its environmental commitments.

It would be very difficult, I think, in the current context of refineries that – we are seeing new ones being built in India, which are an order of magnitude larger than ones that we have here and refineries that are closed in North America. There seems to be a consolidation that is taking place. In the absence of natural gas as a fuel supply, I would see it as a challenge. It is not a barrier. I am not saying that it will not happen, but it is a challenge.

**MR. MURPHY:** I think that we will have natural gas here someday.

**MR. BOWN:** Yes.

**MR. MURPHY:** I think that is a pretty important backup for any refinery anyway.

When does that ask happen on the part of an oil company? Obviously it would be depending on the resources in the ground, how much they actually find. When would government actually pursue a second refinery in a case like that? Does government have a barrier or a line in the sand that has to be crossed? What do they have to actually gauge for something like that?

**MR. BOWN:** Sure. I think we have highlighted two commitments. One is they pursue – the two that are below that, Mr. Murphy, is that companies that are interested in developing in the offshore that have a project, they would provide us with an assessment of feasibility prior to submitting a development plan for a refinery; but, also at the same time, they provide us with a detailed assessment and feasibility of landing natural gas as well.

So prior to submitting the development plan, we have identified to companies that we would like to see an assessment provided to us before you file that plan with the regulator.

**MR. MURPHY:** Okay.

So the same thing would obviously happen then, I guess, if there was going to be an assessment done. If there was a massive reserve that was discovered off Labrador, for example, would government step in on any particular case of course like that and see that development plan happen, or at least see an assessment from a company if they were to do that?

**MR. BOWN:** Yes.

**MR. MURPHY:** I know there is no finer time than right now for an oil company to make money. If they are going to make it anywhere, it is going to be on the refining end of things, we know that.

**CHAIR:** Mr. Murphy, we should go to a government member now.

**MR. MURPHY:** I was just going to say, Mr. Chair, just to clue up; all my questions appear to be answered in this, so I am pretty much

finished. I thank them for the answers to the questions that I had.

**MR. CROSS:** Thank you, Mr. Chair.

I have a few questions. Some of them are in relation to topics of constituents. In the start, just as a general overview, in the Auditor General's report there was some discussion about whether the systems were in place to regulate, monitor, and report on the implementation of the plan as was done.

We have seen a report for 2015. What undertaking is there to see this repeated, or what monitoring is ongoing from here to –

**MR. BOWN:** We have committed that, subsequent to the completion of this report, we will continue to update the Energy Plan. We have internal monitoring that we will continue to do, and then on a scheduled basis – which we have not determined yet – we will continue to update on the Energy Plan commitments.

**MR. CROSS:** Okay. So there is no specific time frame committed to yet, but there will be, we can expect to see.

**MR. BOWN:** No, but with the benefit of having this progress report done, it has actually enabled us to improve our internal monitoring systems as well.

**MR. CROSS:** Okay.

I was just looking through one of the tables the Auditor General had reported on and referred to. It is with the Energy Plan summary of expenditures by different initiatives. It is on page 94 in here. It was only up to the end of March 31, I guess for 2013. It did not necessarily say that, but there were no expenditures in 2014. I assume that was only observed up to that point. Are there any report of expenditures for 2014 we could actually see?

**MR. BOWN:** Yes. At the end of 2013, I guess, it was announced that the official funding for the Energy Plan would cease.

**MR. CROSS:** Okay.

**MR. BOWN:** So there would be no specific allocation in the Budget for the Energy Plan anymore; however, any initiatives, as we continue to do, are done on an annual basis and budget allocations are sought on an annual basis. So since 2013, actually we have spent an additional \$2 million on Energy Plan activities on the petroleum side.

**MR. CROSS:** Yes, because 2014 was listed as a year, there was absolutely no other thing there. It was tick, tick, tick.

**MR. BOWN:** Right; and that is as it relates to the actual Energy Plan accounting.

**MR. CROSS:** So that is showing up in other areas, is it?

**MR. BOWN:** Now it is in our operational budgets.

**MR. CROSS:** Operational expenditures, okay.

A couple of questions along the lines – and these are sort of conversations probably with constituents or other people with topics or talk about this over the last number of months or so. There has been some upgrade at Holyrood recently with the new piece of machinery that was bought and brought in. How does that affect the overall efficiency or the output of carbon gases from Holyrood? Does it make it more efficient, a cleaner facility, or –?

**MR. BOWN:** The 120 megawatt combustion turbine is for generation only. So it is a peaking plant. I will define what a peaking plant is.

The Holyrood plant is a base-load generation plant. You load up the three units there. It generates 475 megawatts when it is at full capacity. If we get into cold days in January, February, then we start turning on our combustion turbines or gas turbines. They run on diesel. That is higher-cost electricity, so you only really turn them on when you have peaks that occur in the morning and in the evening.

**MR. CROSS:** Okay.

**MR. BOWN:** So what this facility has done is it added greater liability to the system that should we have an outage in one of our units at

Holyrood, or we have an issue with one of the gas turbines, then we have additional capacity there to improve reliability.

**MR. CROSS:** Okay.

I think part of one of the other questions I have – coming back from that, when you were talking earlier about wind power and it being short-term excess power and not reliable to the point that you could not concentrate on it at all times. In some of the evaluations of cost over the last two or three years – and we were talking a big whole debate about Muskrat Falls, production of Muskrat Falls and the link.

The cost of power – obviously it was not reliable, but also the cost. Right now there has been some conversation already today in some of the questions about after the link with the Maritimes is created there, then the production of wind power, should it be pursued? Is it able to be added to what is being supplied to outside customers? Developments of that nature, is that looked at now as something that would happen privately, or is it still something like Nalcor or the government would be involved in?

**MR. BOWN:** I think government policy at this stage – again, because our energy warehouse has such great value and great opportunity, we would be sort of remiss if we did not attempt to try and capitalize on the benefit of those resources ourselves. That being the policy for the moment right now, is that Newfoundland and Labrador Hydro would pursue the development of our hydro wind resources unless they felt it necessary that they wanted to partner with another party, which we did on the Muskrat Falls Project with Emera.

The focus and draw of the Energy Plan; if we go right back to the beginning or up to 60,000 feet, it is very clear that the objective here is to see the development of our resources for the people of the Province first and foremost. One of the ways to achieve that is actually to develop it ourselves so that we receive the long-term benefit from the sale of the electricity.

**MR. CROSS:** Okay.

Probably the final input here is a question from someone else and I was not able to answer it.



Currently, if someone is producing power, the smallest – I think some would prefer it for their own business use or personal use – they currently cannot sell back into the grid here on the Island. Will the idea of that change over the near future or is that a misconception?

**MR. BOWN:** There are a number of businesses, such as Corner Brook Pulp and Paper, who generate power for their own needs. Actually, through arrangements with Newfoundland and Labrador Hydro, that is our first draw for reliability on the system now is to take surplus power, or actually to have them turn down their paper machines so that we can draw on the electricity. The primary provider, and sole provider of electricity for sales in the Province to customers, is Newfoundland and Labrador Hydro.

On a smaller scale, on a residential scale, we have just announced a net metering program whereby we would allow individual customers to produce their own electricity should they feel the need to want to generate their own electricity, and that anything over and above what they needed, then they would be able to sell that electricity back to the grid.

**MR. CROSS:** Okay.

I am all right now, Mr. Chair.

Thank you.

**CHAIR:** Mr. Osborne.

**MR. OSBORNE:** (Inaudible) last of the questions I was asking about the priorities and targets for the energy conservation program and the plan that was supposed to be developed by March 2008. I think it was developed in March – sorry, in 2011.

Just looking at that, government was going to consider the implementation of a rebate program to encourage the purchase of hybrids or other fuel efficient cars and SUVs. We did not see that either in March of 2008 or in the 2011 plan by government. Can you give us an update on that particular incentive?

**MS JANES:** The analysis was done on the incentives and calculating what could be

provided. It was not advanced for financial reasons. It was a quite costly exercise. To be able to subsidize the vehicles to the extent that they would make them attractive to individual consumers would have meant a rather significant subsidy. So at that time government decided not to proceed with that.

Government did look at, as well, the prospect of trying to incentivize people to buy smaller vehicles – well, not smaller, but more energy efficient, defined as being three litres or less. When we looked at the analysis of that, the penetration of those vehicles was increasing anyway and constituted over 50 per cent of vehicles purchased in the Province. So the concern about moving in that direction was if one offered a subsidy to try and get people at the margin to purchase smaller vehicles, there would be a very heavy dead weight burden.

In other words, people who were going to buy them anyway would also be able to avail of the subsidy and that would be very cost prohibitive for government. So the analysis was done, but in the final determination government decided not to actually put in place a subsidy program.

**MR. OSBORNE:** Okay.

Government were going to investigate ways to influence vehicle choice, such as sales tax rebates or scaled annual licence fees for vehicles based on energy efficiency. I would imagine hybrids would have been included in that as well. There has not been a big movement towards hybrids. Has that now been taken off the table as well?

**MS JANES:** In 2012, government launched its Turn Back the Tide campaign, which was an awareness campaign to try and increase information and awareness on energy efficiency. That did include information to consumers about how to make fuel efficient choices when purchasing vehicles.

There was also work done to look at if there was a desire to change the Motor Vehicle Registration system and change the fees associated with that, work was done on that. Government decided not to proceed with that. I suppose these things are always on the table if there is an appetite to look at them again and

revisit the numbers and crunch them. I think one of the challenges in recent years has been fiscal constraints, which I mean they have not been the top priority to advance given all the priorities.

**MR. OSBORNE:** Okay. Thank you.

Government were going to investigate the adoption of advanced vehicle energy efficiency standards. We have not seen anything in that regard, or have not heard anything from government in that regard. Can you give us an update on that?

**MS JANES:** Yes. The provinces and territories worked with the federal government and the federal government brought in place standards for light duty vehicles and heavier vehicles a few years ago. They were designed to harmonize with standards in the US. So there are standards now in place to improve the fuel efficiency of new vehicles coming on the market.

The Province is clearly a party to those discussions, but has a very small market with half a million people. Alone we cannot influence those standards, but by working in concert with other provinces and territories and the federal government, it has been possible to make progress on that area.

**MR. OSBORNE:** Okay. Thank you.

The Province identified aircraft, fishing vessels, ferries, and freight transportation as another way to reduce our carbon footprint. They said there are ways that the Province could act to reduce energy consumption in this sector. Could you tell us what specifically has been done in these sectors?

**MS JANES:** I cannot speak to the details, I am afraid. The Department of Fisheries and Aquaculture has done work on energy efficiency working with small vessel owners to try and promote fuel efficient practices.

I believe the Department of Transportation and Works has incorporated fuel efficiency into its tenders. When it goes out with an RFP for a new ferry, the way an assessment is done it does

take into account how fuel efficient a vessel is. That has been incorporated.

I believe also when the water bombers were acquired by government, fuel efficiency was a consideration. They were some of the sort of more leading pieces of technology. That was incorporated into those purchases. I am afraid I do not know in fine detail about that because that is a policy from the Department of Transportation and Works, but that is my understanding.

**MR. OSBORNE:** Okay.

Another policy action of the government was to, "Explore the introduction of commercial and residential lighting conservation and insulation enhancement programs." I know that Newfoundland Power has a program in place, but I do not believe they provide insulation for homes with oil heat, for example. The Province has not fulfilled that policy action. I am just wondering what the status of that is.

**MS JANES:** You are right, that is a gap in programming. The utilities, through takeCHARGE, do provide rebates but you have to be an electricity customer. When I say electricity customer, sensibly you have to consume sufficient kilowatt hours a year, that you extensively have electric heat in your home. That does mean if you use fuel oil, you cannot avail of those programs.

Government did look at that and plugging that gap. There were discussions with the utilities about what that could look like. One of the things that was considered was if government could provide dollars to finance a program of that nature, that it could be administered by the utilities because they already had a lot of the administrative structure to do that. Unfortunately, again, due to fiscal constraints, that was not a proposal that government chose to advance.

**MR. OSBORNE:** Okay.

Government was also going to investigate other ways to encourage consumers to reduce their total power usage. I have not seen anything in this regard. In other provinces we have smart

metering technologies that government provide subsidies or incentives for.

We have a company right here in our very own Province that produces or is innovative with smart metering and we are not even supporting that company, to give an example. There are other provinces that support that particular company in providing smart metering. Can you elaborate on why we have not done anything in that regard?

**MS JANES:** There is a pilot program that is underway at the moment. It is an energy conservation pilot program. It was launched last year. It is being run over two fiscal years. So, last fiscal year and this fiscal year. The purpose of the program is to try and look at whether the provision of technology to give consumers more information on their energy consumption in real time, so as they are consuming the electricity, would lead them to conserve more energy and make savings on their bills.

The program was launched last year. There are 750 households participating in it. There was a tender for the technology to go into the houses. The technology being supplied is Blue Line Innovations technology, that hand-held meter. So, 250 households have received this real-time meter. They are also getting regular information to supplement that on ways that they could be conserving; 250 other households have just the meter but they are not receiving any regular information and reminders about the importance of energy conservation. The remaining 250 households are just getting information but they have not received the Blue Line Innovations device.

Over the course of a year the pilot is being run, and at the end of that we are going to evaluate the extent to which the provision of the technology or the provision of the information actually did generate a change in behaviour. So that year will come to an end at the end of this calendar year, that year of deployment in the field. The participants are drawn from across the Province. After that, the impact will be evaluated. So the evaluation should be complete within this fiscal year, by the end of March 2016. That can then be used to inform a consideration about next steps.

**MR. OSBORNE:** Okay.

I am delighted to hear there is a pilot project. Considering government released this plan in 2007 and we are almost eight years later, it is too bad that it is not developed on a more broad level.

Residential consumers leave a very large footprint and any ways we can advance energy conservation at the residential level – I know that in Nova Scotia, for example, they do have programs – and in other provinces, I will not just single out Nova Scotia. There are other jurisdictions across the country that will look at insulation for basements, rebates for that, heat recovery systems. We do not offer that in this Province. They do in other provinces.

Solar hot water equipment, green heat projects, zero per cent financing in lieu of rebates, if you wanted to go that avenue, in other jurisdictions. The list goes on and on, new doors, ENERGY STAR appliances. There is rebate for the purchase of appliances. There are rebates for using energy in non-peak hours in other jurisdictions. We have not looked at that.

For a plan that was released eight years ago, we are really behind the times. Can you give me any indication as to why we have not taken the lead of some of the other provinces? Even though it is in the plan and they talk about these things and talk about advancing some of these measures, none of that has been done.

**MS JANES:** I think the focus here in the Province has been on trying to raise awareness and increase understanding through that Turn Back the Tide campaign. The Province-wide campaign on energy efficiency and climate change which tried to provide advice and tips to households, businesses, and communities about the ways that they could help to conserve energy.

On the other things you mentioned, you are right. There are a number of those that do not exist here in the Province. Some of them are being advanced by the utilities. So the utilities have done a pilot project on trying to shift people's energy consumption at peak time. That project, I think, took place the end of last year. It concerned hot water consumption and whether

they could send a price signal, and through that price signal, encourage consumers to conserve energy at times of peak demand. I am afraid I am not familiar with the outcome of that pilot. I am not sure if they have released it yet, but they have done that.

The utilities, through takeCHARGE, also have some programs for appliances, goods, vouchers, and tokens. That money off is available to both homes that are electrically heated and oil-fired homes. Those are programs that are run through the utilities. They are not provincial government programs.

**MR. OSBORNE:** Okay.

Just one more question, Mr. Chair, and then I will free our witnesses from any further harassment by myself.

I know Newfoundland and Labrador Housing had a program where they provided energy efficiency repairs. There were 1,000 people covered under that program on an annual basis. I believe that was cut back to 500 people, which is very unfortunate.

The other aspect of that is that it is helping lower-income families with a household income of – I believe \$32,500 was the cut-off. Correct me if I am mistaken. There is very little in incentive for families with an income above that threshold, other than a program offered through Newfoundland Light and Power, which again does not involve homes with oil heating. That is a rebate on a thermostat or a rebate on a light bulb. It is very, very little to make their homes more energy efficient.

Is there anything in the works, concrete plans to help, on a broader range, families across the Province to make their homes more energy efficient?

**MS JANES:** Different possibilities have been analyzed, but at this point I am not aware that any are being advanced for implementation.

**MR. OSBORNE:** Okay.

Thank you.

**CHAIR:** Government members, do you have any questions?

**MR. PEACH:** Yes, I just have a couple.

That program Tom was talking about, is that back up to 1,000 now again? That is not at 500. Now that is back up to 1,000, isn't it?

**MS JANES:** Yes, that is right. That is the program called the Residential Energy Efficiency Program, REEP.

**MR. PEACH:** Yes, REEP.

**MS JANES:** It is the one that was started under the Energy Plan and Charles referred to it earlier. It is still running. It was cut for one year in half, but then the funding was re-established back up to the full amount. The number of recipients is at 1,000 a year.

I think to date about \$15 million has been spent through that program, but as Mr. Osborne said, it is only for families who are on a low income. You have to be below the income threshold – I believe the threshold that you outlined is correct – to avail of that.

**MR. PEACH:** The other question I have – and I do not know if Charles can answer or not – with regard to the Bull Arm site, is there any estimated time now, or is there any set time when that project is finishing? I know it has been at its peak, it has been down, and then back up again, now down again. The numbers are going down again now. Can you give us an update on that, please?

**MR. BOWN:** Sure. I think the target is still for sail away in 2016.

**MR. PEACH:** In 2016?

**MR. BOWN:** There will still be some activity at the site until early into 2017, cleanup. The plan right now, barring any change in schedule, is sail away in 2016.

**MR. PEACH:** So it is pretty much on schedule as to the dates they said?

**MR. BOWN:** Yes.

**MR. PEACH:** Okay.

Thanks very much.

**CHAIR:** Mr. Murphy has another question.

We have gone for a couple of hours and ordinarily we stop after an hour and a half. I thought we might be nearing the end so I let it run on for a couple of hours. If members would prefer to take a break, if you think you are going to be much longer, then we can do that and come back.

I thought the witnesses were handling the questions quite expeditiously, and I would give them the choice of having a coffee with us afterwards, or getting ahead of the traffic by an half an hour or so. It would be their call.

With that in mind, I will go to Mr. Murphy.

**MR. MURPHY:** I only have one question, Mr. Chair. As regards to the cut-off, Ms Janes, you referred to the \$32,500 level. Mr. Osborne is right on the number. That number has been there now for a substantially long time, for as long as I can remember. I think it goes back probably to 2008, 2007 or so.

That is not geared for inflation or anything. The number, I know, comes up from Canada Mortgage and Housing Corporation. That is the number they have come up with. Like I said, it has not been updated, and I feel that it should be updated, simply on the fact of inflation costs, number one; and, low-end salaries being number two.

I am just wondering, what is the process for that? Why did they stick with that \$32,500 number? If you can get us an update as to the reasoning why they are still sticking with that \$32,500, it would be great.

**MS JANES:** Absolutely. I am happy to speak to the Housing Corporation to ask. I am not sure whether they have evaluated that or not, but I can certainly inquire and get back to you.

**MR. MURPHY:** Sure, because a lot of government programming reflects on that \$32,500, that CMHC number. It is old and if

they are going to be drawing a line in the sand, it should be updated.

Thank you for that. That is it.

**CHAIR:** I think Mr. Osborne has a follow-up question.

**MR. OSBORNE:** (Inaudible).

**CHAIR:** If we cannot handle it quickly, then we really should break in fairness to everybody, or we should clue up.

**MR. OSBORNE:** No, I am done with questions. I wanted to thank our witnesses here today for your co-operation. I know some of the questions were tough, some were not, but I appreciate your time.

**CHAIR:** Usually we go to Mr. Paddon and ask him if we have missed any areas, or if there is something we should pursue a little further, if he has any observations.

**MR. PADDON:** No, I think when you look at the report and the size of it, and the one recommendation which appears to have been followed through on, through the release or impending release – I do not think it has been released yet? Has the update been publicly released?

**WITNESS:** In May.

**MR. PADDON:** From that perspective, I am content. It is really up to individuals then to be able to evaluate the progress that has been made through the Energy Plan. I did not think it was my role to be arbitrating whether it has been implemented or not. It is really public information that should deal with that, so I am satisfied.

Thank you.

**CHAIR:** Mr. Bown, did you want to have any closing comments?

**MR. BOWN:** No, that is fine. I appreciate the questions. As usual, I always appreciate the opportunity to share the good work that we have been doing – and my staff especially – since 2007 since we implemented this plan.

Thank you.

**CHAIR:** In that case I join with my colleagues in thanking you for coming for the afternoon. I think it has been quite interesting for people who follow energy issues.

I do not know if any of the members have anything to say. If not, we will have a motion to adjourn.

**CLERK:** The minutes.

**CHAIR:** We need the minutes from the September 9. Do we have a motion for the minutes?

Moved by Mr. Cross; seconded by Mr. Murphy.

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

On motion, minutes adopted as circulated.

**CHAIR:** We will meet 9:00 a.m. tomorrow.

The Committee adjourned.