



1 November, 2005

Ms Nancy McNeil, UARB.

Please distribute this recommendation by GPI Atlantic to the UARB, NSPI and interveners, along with the GPI Energy Accounts, sent to you separately:

Based on the accumulated evidence in the 400-page GPI Energy Accounts for Nova Scotia (released 19 October, 2005), GPI Atlantic recommends that the requested NSPI 15% rate hike be approved with three strict conditions:

- (1) A specified and substantial portion of the 15% rate increase should be invested in development of renewable energy sources, especially wind power, including provision of financial incentives for wind production and use. Considering the long term stability of fuel costs associated with renewable energy, its inherently domestic nature, and its substantially reduced environmental impacts, investments in wind energy will yield significant returns in improved security, price stability, and environmental quality. International successes in sharply increasing renewable energy use in Denmark, Germany, and Spain, and Prince Edward Island's goal of providing 100% of its electricity from renewable sources by 2015, show that substantially increased reliance on wind power and other forms of renewable energy is possible and financially feasible. These and other recommendations are spelled out in detail in the attached GPI report. See particularly Chapter 9 on successful models and best practices.
- (2) NSPI, in cooperation with the Nova Scotia government and consumer groups, must actively develop programs and policies to reduce energy demand sharply through major improvements in energy conservation and efficiency. NSPI has the lead responsibility to reduce demand through actions such as the development of combined heat and power plants and utility based demand management programs. GPI Atlantic refers NSPI and the UARB to the recent European Union Green Paper on Energy Efficiency ([europa.eu.int/comm/energy/efficiency/index\\_en.htm](http://europa.eu.int/comm/energy/efficiency/index_en.htm)), which outlines methods to achieve a 20% cut in energy demand among the European Union nations. That report notes that these cuts are achievable in European countries that are already very much more fuel efficient than North America, so even larger proportional cuts are achievable in North America. A 15% cut in aggregate demand is therefore a modest and achievable goal in Nova Scotia that would balance NSPI's rate increase and produce savings to consumers that can substantially ameliorate the economic impact of the rate increase. Such actions are also crucial to ensure that the economic, social and environmental impacts and costs of current energy use, as described in the GPI report, are sharply reduced.
- (3) During the transition phase to (1) and (2) above, there will continue to be dependence on fossil fuels, albeit in declining quantities. Therefore: (a) The Trenton, Lingan, and Point Tupper generating plants (now ranked as three of the four dirtiest coal-fired plants in Canada) should be upgraded to reduce per unit pollutant and greenhouse emissions at least to the levels at the Point Aconi plant. (b) Natural gas (a cleaner burning fuel) should be used as a bridging fuel at the Point Tupper generating plant.

The ample evidence in the attached GPI report supports the designation of the 15% rate increase to these three specific goals and objectives. Please see the full report for the detailed evidence that supports these recommendations. If the 15% price hike is used only to compensate for higher fossil fuel prices, then GPI Atlantic vigorously opposes the rate increase, as it will contribute nothing to the sustainability of Nova Scotia's energy system, and set a precedent for future price hikes that will accompany the inevitable and impending advent of peak oil production and surging world demand for other imported fuels.

Yours sincerely,



Ronald Colman, Ph.D, Executive Director, GPI Atlantic

Dear Ms McNeil,

I was not aware that we had to file evidence with you in order to present our evidence during the daytime hearings. The evidence we want to present is posted on our website at: <http://www.gpiatlantic.org/pdf/energy/energy.pdf>. If this report has not been formally entered as evidence, we would like to do so now. I have also attached it here.

We would be delighted for NSPI and other interveners to cross-examine GPI Atlantic on that report. However, the best person for them to cross-examine is Seth Cain, one of the two lead researchers on that report. He is only in Halifax until November 18 and will be in Ottawa after that. So I'd request that Seth be scheduled to present during the week of Nov. 14. I will not be able to join him for the presentation as I will be out of town through Nov. 17. I can deal with any residual questions from UARC, NSPI or interveners the following week.

The basic recommendation to the UARB flowing from the report is as follows. Please distribute this recommendation to the Board, NSPI, and intervenors, along with the attached report. I have also attached this on letterhead:

"Based on the accumulated evidence in the 400-page GPI Energy Accounts for Nova Scotia (released 19 October, 2005), GPI Atlantic recommends that the requested NSPI 15% rate hike be approved with the strict conditions that it be invested in:

- (1) improvements in energy conservation and efficiency that will reduce energy demand by 15%, thus resulting in no net increase in energy costs to consumers;
- (2) development of renewable energy sources, especially wind power, including provision of financial incentives for wind production and use; and
- (3) cleaner technologies to upgrade the Trenton, Lingan, and Point Tupper Plants with a view to bringing per unit pollutant and greenhouse emissions in line with those at the Point Aconi Plant.

These recommendations are spelled out in detail in the attached report. Concerning recommendation #1 in particular, we would refer NSPI and the UARB to the recent report of the European Commission recommending methods to achieve a 20% cut in energy demand among the European Union nations. That report notes that these cuts are achievable in European countries that are already very much more fuel efficient than North America, so even larger proportional cuts are achievable in North America. A 15% cut in demand is therefore a modest and achievable goal. The European report is referenced in our attached study. Such actions are crucial to ensure not only that the economic, social and environmental impacts and costs of current energy use, as described in the GPI report, are sharply reduced, but that consumers experience no net increase in energy costs.

If the 15% price hike is used only to compensate for higher fuel prices, then GPI Atlantic vigorously opposes the rate increase, as it will contribute nothing to the sustainability of Nova Scotia's energy system, and set a precedent for future price hikes that will accompany the inevitable and impending advent of peak oil production and surging world demand for other imported fuels.

Yours sincerely,

Ronald Colman, Ph.D

Executive Director,

GPI Atlantic