

1 **Section 2: Customer Operations/Operating Costs**
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3 **Q. Volume 1, Section 2, page 2-32, Table 2-6 and Additional Information, PUB**
4 **Information Request (ii), Schedule B, Attachment 1, page 2 of 4. Please explain what**
5 **is included in Energy Solutions and explain why these costs are expected to increase**
6 **by 49% between 2022 and 2023F.**
7

8 A. The operating costs associated with Energy Solutions reflect the “non-program” costs
9 associated with the Energy Solutions portfolio.¹
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11 Non-program costs relate to general planning and customer education and awareness
12 activities not directly associated with customer programs.² Initiatives such as heat pump
13 education, the takeCHARGE school program, outreach to customers with low incomes,
14 seniors, renters, small businesses and education and awareness activities relating to
15 electric vehicles and electrification are categorized as non-program costs.³ Customer
16 education and awareness activities have a direct impact on customer’s energy usage, with
17 45% of customers indicating that when they read or hear something about takeCHARGE
18 they take action to reduce their energy usage.⁴
19

20 Table 1 on the following page provides a breakdown of non-program costs for Energy
21 Solutions for 2022 and 2023F. The table also provides the Company’s budget for those
22 years based on the *2021-2025 Electrification, Conservation and Demand Management*
23 *Plan*.

¹ Energy Solutions was formerly referred to as Conservation.

² Planning activities such as end-use surveys and potential studies that cost over \$100,000 are also considered program expenses. Examples of customer programs are the Insulation and Air Sealing Program and the Business Efficiency Program.

³ Electrification education costs are reported net of funding received for various initiatives. For example, 2022 costs are net of approximately \$48,000 in funding from Natural Resources Canada (“NRCan”) and 2023F costs are net of an estimated \$93,000 in funding from NRCan.

⁴ Results from the 2023 takeCHARGE Marketing Survey completed by MQO Research.

**Table 1:
Energy Solutions Non-Program Costs by Category
(\$000s)**

Category	2022	2023F
Labour ⁵	293	413
Advertising	200	214
Travel	9	27
Miscellaneous ⁶	75	204
Training	8	15
Total	585	873
2021 Plan Budget⁷	886	994

1 Non-program costs were lower than plan in 2022 due to continued effects of the
 2 COVID-19 pandemic resulting in limitations to completing planned activities such as
 3 community outreach and in-person education and awareness activities. Higher costs in
 4 2023 when compared to 2022 reflect the ability to complete planned activities in that
 5 year.⁸

⁵ Labour costs in 2023F reflect a ramp up in activities associated with the next multi-year plan compared to 2022, as well as labour required for attending and participating in customer outreach events.

⁶ Miscellaneous costs include event fees, sponsorships and other promotional material required for attending events and engaging with customers. Miscellaneous costs in 2023 also reflect an update to the takeCHARGE Kids-In-Charge module that is currently used for the school program which had not been updated since 2015.

⁷ 2021 Plan Budget numbers do not include any reductions for funding initiatives as funding was not secured at the time those budgets were created.

⁸ For example, 2023 was the first time that the Canadian Home Builders' Association of Newfoundland and Labrador "Home Show" happened since 2019, which is a flagship event for takeCHARGE. Overall, Newfoundland Power participated in 21% more events in 2023 as compared to 2022.