

Conservation & Demand Management in a Sustainable Energy Future -June 11, 2012

Tracy Lynch, Union Gas - Opening Remarks

Good afternoon.

I'm going to take the topic from a bit of a different perspective -- if we're going to grow the adoption of energy efficiency practices and promote the long term sustainability of our programs, what do we ultimately need to do.

One of the key questions is, efficient and sustainable by whose standards? Is it the standard of the regulator? Is it from the utility's perspective, or is it the customer's? In my view, it's ultimately the consumer's perspective from which we should be looking at this. We need to know what their thoughts are; why they participate in programs; what makes them participate in programs; and, what is going to make that happen from a sustainable perspective.

The reason I say that, is if you look at it, it's ultimately the customers who are paying for these programs, and it is ultimately the customers who are going to see the results of these programs through the energy savings that they are going to achieve through participation. If the customer doesn't feel that a program is being offered to them in a way that gives them value and is cost effective, or a wise investment of their dollars, then they're not going to have interest in pursuing adoption and getting those energy savings.

So, how do we assure that the customer values energy efficiency, and how do we determine what attributes they do value? And if you think about it, every one of us in this room is a customer, so think about it from how you feel and how you value decisions that you make as far as implementing things in your home or in your business. Research that we have done at Union Gas has really said that you can assess value in two different ways:

The first is, "Am I receiving a greater financial benefit over the cost that I'm paying, so that I'm financially ahead", and

The second is, "Am I receiving a benefit for myself or my business that I wouldn't have otherwise been aware of, so I didn't have knowledge of the resources to be able to complete a project.

From the first perspective, it's really about the cost effectiveness, and that being a key measure for energy efficiency and sustainability in our program. So it's cost effectiveness from a customer perspective, and cost effectiveness in how we run the programs that we do put out into the market to make sure we're getting the best value. And when you think about the cost of delivering the programs, it's really only incremental pieces that we have to do. So those are the costs that wouldn't be there if our programs didn't exist. The other side of that is the benefits, which would be the energy savings that you get, and that's where we get to our cost effectiveness. For us, cost effectiveness is a pretty simple idea, and it's easy for us as program deliverers or regulators to think about.

But from a customer perspective, it's a much more challenging message to get across and a much more challenging position for them to understand. I think what we really need is some transparency around how those calculations are being done, what are the ultimate benefits of the programs that are out there, and that will allow the customer to assess the value of participation. I think that if we can improve our focus on that customer view, we'll be better able to ensure that our programs are useful, and used by customers. So, if you think about it from quantifiable goals and objectives, things that need to be out there, need to be easily understood, and from a residential perspective, how do they understand the savings, how do they understand the investment requirements. It could be more of a standardized approach to showing the benefits they'll see, and they need to see it from their perspective, but they need to see it from an overall perspective as well. They need to see the value to the province and society in general.

From an industrial customer's perspective, it really needs to be more customized, and that's where you have to get down to providing detailed reports for customers and ensuring that they can take the messages to senior management, so that they can make the decisions that they need to have to justify the capital investment in equipment and measures that they do.

From the second perspective, that I made regarding the energy efficiency programs and sustainability, it's really around bringing a unique value and understanding of energy use to customers that they don't really have. Something that we hear time and time again in our programs is that it's the value that you're bringing and the awareness, the knowledge and the technical expertise that really adds value to our customers. And really, as a utility, we should know our customers, their profiles, and the energy industry, better than anything else. We are in a great position to be able to offer that value to our customers to ensure that they can benefit from best practices, from industry standards, things that we can share with them on what they can do that they might otherwise not be aware of. And again, this is information that customers really value and it really allows them to optimize the ways that they use energy resources.

So, from my view, if we develop our teams, if we share best practices, we communicate the results to customers in the way that they want to be communicated to, not just how we want to tell them about it, but what they need to hear to want to participate, and if we are transparent and we create that value proposition for customers, then we are going to encourage them to participate in the programs and we will see sustainability of our efficiency programs.

Thank-you.