

Building up N.B.'s energy hub

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New Brunswick must plan for progress and learn from world leaders

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Commentary

New Brunswick is beginning to appreciate what it means to be part of a growth story. Our region is now home to a series of foundational energy investments that have the potential to serve as a magnet for further investment to expand this existing energy cluster. Expansion would allow us to rebuild our population, revitalize our communities, and provide the tax revenues we need to sustain and improve our quality of life.

[Enlarge Photo](#)



File

The Port of Rotterdam has grown into one of the world's leading energy hubs, attracting support services and industrial training and offering new investors a full-service industrial grid to plug into.

Here's how.

The Energy Hub and Investment Attraction

The Energy Hub, at its heart, is an attraction strategy. We must become highly effective in attracting both the investment and the people to energize our opportunities. Global companies and talented people have the world to choose from - we need to learn from others who have been successful in attracting them to build the world's leading energy hubs. We need to 'go to school' on our competitors.

Our Advantages

We're not starting from square one. Our electrical system is well-diversified among hydroelectric, nuclear, thermal and renewable generation assets. It is well-connected to neighbouring markets, to support our geographic position as an energy gateway between Atlantic Canada and New England. We have Canada's largest oil refinery, its only LNG terminal, and the pipeline, road, rail and shipping connections necessary to move their products to markets at home and abroad. We have considerable biomass resource in our forests, and world-class organizations with long

experience in how to add value to it. We may be sitting on significant untapped resources of wind and tidal energy.

Even more important, we have talent, expertise and experience in building and operating modern industrial infrastructure. New Brunswick's industrial expertise is all about adding value to raw materials from home and abroad, and delivering that value on competitive terms to a global marketplace. That expertise is reflected in our labour force, our contractors, our supplier networks and our business owners and investors who have together laid the industrial foundation upon which to build.

These same stakeholders are also all fully subscribed to the principle that this industrial activity must be done in such a way that both its operations and also its products and services must be 'cleaner and greener' than ever before as we drive to a much more sustainable energy future.

Finally, our location is perhaps our greatest advantage. We are right next door to the U.S. northeast market, and have a long-standing position as a secure, reliable business partner to our neighbours. Add in our deep-water port and its logistical advantages with respect to shipping in the Atlantic Basin, and we begin to understand how attractive we could become to those global companies.

Challenges

Despite these undeniable advantages, we do have issues that must be addressed. We have to realize that in global terms we're very small and still relatively new at this game. We don't have enough of the core ingredients that allow our location to compete effectively, and our bench strength in the ones we have is paper thin.

Our labour pool and our supplier networks, while experienced, are still relatively small, and their productivity must constantly improve.

Most importantly, we have not done the planning and deployment of industrial land, environmental systems and supporting infrastructure that larger, more mature energy hubs can offer as location advantages. Let's also not forget that the world is a competitive place - others are working hard to win the business that we seek to attract.

The bottom line is that these other, more fully-evolved energy hubs have a long head start at adding value and driving competitive advantage at a level well beyond our current capabilities.

We need to learn aggressively from regions around the world that have succeeded in turning their regional assets into world-class examples of productive excellence.

Learning from Leaders

Consider the Port of Rotterdam, where new investors in its industrial complex are invited quite literally to 'plug 'n' play'. Industrial land is set aside, pre-zoned and permitted for industrial activity. A network of pipelines and transmission facilities runs through the industrial zone, providing steam, CO₂, electricity, industrial water and fuel gases at very competitive prices to multiple industries on a utility, fee-for-service basis. Throughout the complex, one firm's byproduct is its neighbouring firm's raw material. Docking, trucking, rail and materials-handling facilities are pre-planned and built to 'industrial strength' specifications, providing road, rail and sea transport for raw materials and finished goods to serve all investors in the zone.

Similar emphasis is given to developing the skills and talent required to compete effectively. Customized training programs, robust apprenticeship programs and world-class training and research facilities are all part of the support infrastructure surrounding the hub. Service industries, professional firms and suppliers all bring their own specialized equipment and people to locate in or near the industry cluster, since that's where a concentration of their customers makes it attractive to do business. Even governments, who derive significant tax revenues from hub activities, ensure that their tax policies provide clarity, predictability and incentives in support of targeted investments.

The planning imperative that drives success in this environment is to minimize risk, cost and time for a new investor to get up and running. That's competitive advantage. Similar lessons can be learned from other energy hubs in places like Houston and Singapore.

Conclusions

So what can we learn from these more mature energy hubs? How can we prepare to compete as a region at the next level? We start by thinking in terms of clusters of activity, not simply individual firms or projects. Let's work to attract investments that complement each other, and make use of similar assets and services. We have a concentration of refining, generation, tidal and natural gas assets in the southwestern part of the province, and broader distribution of our wind energy, biomass, and advanced manufacturing assets. Let's ensure that additional industrial land is zoned, permitted and ready for development where synergies of location can best be achieved. Let's ensure that road, rail and port infrastructure improvements necessary to support additional investment are thought out and ready to deploy in support of that growth.

Let's continue with our improvements to education and workforce development, and drive hard to improve the productivity of our people and our local firms.

Let's continue to preserve and protect our natural environment so that this is always a wonderful place to live and raise our families. In short, let's ensure that New Brunswick becomes the location of choice for both investors and for the people with the skills and talents necessary to bring those investments to fruition.

2009 looks to be a tough year for many, and we're not insulated from the economic headwinds affecting our world. However, we're beginning to appreciate that it could be much worse for us without the investment activity we've seen in the energy sector in the past few years.

With forethought and co-operation among host communities, labour, commercial and industrial stakeholders and with governments at all levels, New Brunswick could build on its foundational advantages and truly become Canada's energy gateway to the international northeast.

In so doing, we can rebuild the population of our province, relieve the pressure on our health, educational and social infrastructure, and create a firm, sustainable economic foundation on which the dreams and aspirations of our children and grandchildren can be realized - here, at home, in New Brunswick.

The Atlantica Centre for Energy is an industry association promoting the sustainable growth of the region's energy sector. We work collaboratively with energy companies and communities to encourage broad-based community engagement. Tim Curry is the President of the Atlantica Centre for Energy.