

Irving Oil's move in sync with energy trends

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Power Company's northeast corridor well-timed with U.S. financial commitments geared towards reducing carbon emissions

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Just as U.S. President Barack Obama was touting his plan to invest more than \$50 billion over 10 years on clean energy earlier this week, a director at Irving Oil Ltd. and politicians north and south of the border were planning their own big announcement.



News Wednesday that Irving Oil will look into building a plant largely powered by renewable energy and natural gas - and massive electrical transmission capacity into Maine - is well-timed with U.S. financial commitments geared towards reducing carbon emissions.

And continuing interest in Maine to tap into a wealth of renewable potential north of the border makes the company's move in sync with regional developments.

Obama met in the Roosevelt Room of the White House in Washington Monday with a handful of reporters, pledging that rural states such as Maine could benefit from his administration's energy and technology initiatives.

While the politician hasn't offered financial incentives to Canadian producers of green energy, Sylvain Gignac, the president of the New Brunswick System Operator, said this is a real probability in the future.

"They may decide to enable our renewables to qualify down south, since there is a need for greener energy, and if you're not able to sit in your backyard, maybe you're looking to your neighbour," Gignac said.

New Brunswick has proven wind energy generation potential and plots of available land, where New England states are largely too populated to support massive wind farm development, he said.

The envisioned northeast energy corridor - explained by Irving Oil's director of business development, Jeff Matthews, Maine Gov. John Baldacci, Premier Shawn Graham and Energy Minister Jack Kier at a news conference Wednesday - could include a 1,200- to 1,500-megawatt transmission line from Saint John to Maine.

Matthews said Wednesday the corridor would provide "secure and reliable access for electricity, from renewable power including wind, tidal and natural gas-fired co-generation, petroleum products from our refinery and natural gas from our region's supply points."

Apart from the notion of cash from Obama, Gignac said Irving Oil and energy companies in the north are poised to get access to a growing market in New England - a region that has increasingly looked to renewables and is working to better transmission capabilities.

Earlier this month, Maine's Department of Transportation signed a memorandum of understanding with Bangor Hydro - a division of Halifax-based Emera Inc. - to look at burying electrical transmission lines along highway rights of way between Orrington and New Hampshire.

Orrington is an energy hub for Bangor Hydro, which is calling this project the Northeast Energy Link.

If the new transmission were to come online, power that currently flows from New Brunswick to Orrington could continue along into the highly populated market of Boston and into Connecticut.

"Where the prices are more interesting, it would be for the benefit of the developers in New Brunswick," Gignac said.

Talk of bringing more renewables into Maine from the north has started to turn into policy.

The U.S. Federal Energy Regulatory Commission hosted a meeting on renewable energy on March 2 where CEO Gordon van Welie of ISO New England Inc. - which regulates the system operators in the U.S. Northeast - highlighted 18 months of work the New England governors and Eastern Canadian premiers have done on developing transmission of renewables north and south of the border.

Van Welie said as New England develops its own internal and off-shore resources, it would consider accessing the "large renewable and non-carbon resource proposals" from Quebec, New Brunswick and other Atlantic Canadian provinces.

Ellen Foley, a spokeswoman for ISO New England, said interest by companies in developing renewable energy has grown considerably of late, thanks to policies out of Washington.

"The industry, by and large, is a-buzz with what's going on in D.C.," she said.

Currently 3,400 megawatts of renewable resources are being proposed to interconnect with the New England region's power system.

Policies in the U.S. Northeast are also playing a role in generating that interest, Foley said, pointing to the Regional Greenhouse Gas Initiative (RGGI), a plan across 10 Northeastern and Mid-Atlantic states to cap and then reduce carbon dioxide emissions from the power sector 10 per cent by 2018.

For Irving Oil, the move to embrace renewable energy is a natural progression for a company that makes its money on hydrocarbons, according to Elizabeth Wilson, a University of Maine geology professor who worked for many years for the company now named Royal Dutch Shell PLC (NYSE:RDS.A).

Wilson will be introducing speakers from companies including Irving Oil and Iberdrola Renewables, Inc., and a slew of academic voices at the Camden Conference Energy Symposium in Belfast, Maine, on April 4.

She remembers clearly the dialogue over reducing dependence on oil in the 1970s during the Arab oil embargo, and said the move away from oil is only growing.

"Several times we've run out of oil, or are running out of oil," she said, adding that it will be easier to reduce dependence on the hydrocarbon for energy needs than on the transportation fuel side.

Irving Oil's choice to start looking into building a transmission line is smart first step in developing its markets for renewables, Wilson said.

"I think that we need to be thinking about smart grid systems," she said.

"Even with efficiency and conservation, we need to be putting in the infrastructure that will last for decades."