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## Advancing the Energy Dialogue

Atlantica Centre for Energy to release Five Discussion papers presenting policy options

The Atlantica Centre for Energy will host a group of key industry, government and community stakeholders at its Meeting of the Centre's Board of Directors this morning. The Centre which serves as the principal meeting ground for energy stakeholders in the broader region will present a series of discussion papers on key issues and opportunities intended to advance the energy dialogue for the region.

1. Advancing the Energy Dialogue: Powering Economic Development in New Brunswick
2. Electricity: A Regional Vision for Sustainability
3. Natural Gas: Achieving the Full Potential
4. Smart Energy: Renewables and New Technologies
5. Energy: A Regional Opportunity

"The five papers aim to outline many of the challenges and opportunities in our regional energy sector and present options for stakeholders and policy makers to consider", stated Tim Curry, President of the Atlantica Centre for Energy.

The Atlantica Centre for Energy is an industry association dedicated to the sustainable growth and economic development of the regional energy sector. Originally centered in southwestern New Brunswick, the Centre's board has expanded to include leading energy professionals and national professional services companies in Maine, Nova Scotia, Newfoundland & Labrador and Ontario.

The Centre serves as a bridge between corporations and the community to help realize the opportunities associated with the energy sector in Atlantic Canada and the American Northeast. It provides a meeting ground for government, the education and research sectors, and the community at large to foster partnerships and engagement in energy-related issues and policy development.

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Developed in greater detail in the series of papers, the following information provides an overview and a few of the main themes outlined in the full papers.

⇒ **Lead the effort to create a common Maritimes System Operator and foster regional energy interdependence**

The Maritime Provinces will be better able to achieve its common objectives including rate stability, energy exports and environmental targets through increased

cooperation where there are demonstrable benefits for each individual province (and the region as a whole).

The three Maritime provinces all have a substantially different electricity generation capacity, distribution system and customer mix. There are also considerable differences in age of generation infrastructure, utility debt load and even customer pricing levels. As a result, it is difficult to develop comprehensive policy prescriptions that would be relevant in all three provinces. But there is clear evidence that greater cooperation between the three provinces on a number of initiatives could generate mutually-beneficial outcomes.

There are at least three different areas where greater collaboration could lead to benefits for the whole region:

- **Transmission infrastructure and systems**

There is general agreement that a Maritimes wide system operator would be beneficial to the region's electricity system. The region needs better interconnection infrastructure and more coordination in order to be more efficient within the region and to better facilitate electricity exports into New England.

- **Regional load balancing**

There is a pilot project underway among the three provinces to look at effective load balancing of wind-generated electricity. There could be opportunity to take a broader view of regional load balancing to take advantage of generation assets around the region.

- **Renewable energy development**

There would also be benefit to having a more regional view towards renewable energy. Optimizing wind energy, cooperating on load balancing renewable and traditional electricity generation and on transmission of renewable energy will be critical to all provinces maximizing the economic and environmental benefits.

⇒ **Take steps now to take better advantage of the availability of natural gas in New Brunswick**

When considering policy options regarding energy use in New Brunswick, a fundamental objective should be to accelerate more usage of natural gas the province. One of the key advantages from bringing natural gas to the province was that it would diversify energy options for residential, institutional and industrial organizations. Incenting conversion to natural gas and increased usage will drive down the distribution costs over time and create a more viable market and ultimately lower costs.

The overriding challenge for all stakeholders is to find a pricing mechanism that will cover the cost of the distribution system and be attractive for all users, including large industrial customers. The current regulated pricing regime is viewed by some industrial users as too high to attract new investment that requires large scale use of natural gas.

More extensive use of natural gas by more users would have the added benefits of reducing the impact on NB Power of providing winter heat load, improving the province's environmental footprint, and enhancing the viability of the distribution system by continuing to add critical mass.

⇒ **Make the changes required to ensure industrial electricity rates are competitive**

NB Power cannot afford to lose much more industrial load. It would shift costs onto other industrial users (as well as residential and general business users) leading to rising costs and forcing more firms to exit NB Power leading to higher rates and another potential death spiral of increasing rates for all remaining user classes. There are a number of ways that government can work with NB Power to address the industrial rate issue including taking stranded debt off NB Power's books, changing the cost of service rate setting methodology and/or establishing specific incentive rates.

- ⇒ **Make substantial investment into and establish bold targets for Efficiency NB**  
Aggressive energy conservation and demand side management will strengthen the energy system in New Brunswick. There is direct benefit to NB Power from reducing winter peak demand for electricity and there is a direct, ongoing cost benefit to residents and businesses from paying more attention to their energy choices and usage.

There is also significant economic benefit to the province from making homes and businesses more energy efficient and from converting to natural gas or other more energy efficient systems. District heating systems, leveraging large industrial facilities, could be an important way to diversify and strengthen energy systems in specific markets.

- ⇒ **Continue to focus on building an energy cluster in the province**  
Efforts to attract energy investments such as nuclear and wind energy should continue and also efforts to build an energy corridor through Maine into the U.S. market. This should not be done, however, to the detriment of the local energy situation. An overriding objective should be to build the energy cluster to the direct benefit of both New Brunswick and the region.

- ⇒ **Engage the public**  
It's time to more fully engage the public on the subject of energy and its role in our communities and in our economic development. The recent proposed sale of NB Power assets to Hydro-Quebec dramatically raised the public awareness of electricity and all of the various issues such as high industrial rates, the aging infrastructure, NB Power's debt load, etc. With greater awareness comes the opportunity and the need to provide more detailed information on issues, challenges and opportunities.

Now, there is an opportunity to talk directly with the public about the energy-related challenges facing New Brunswick and implications of not addressing them.

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