

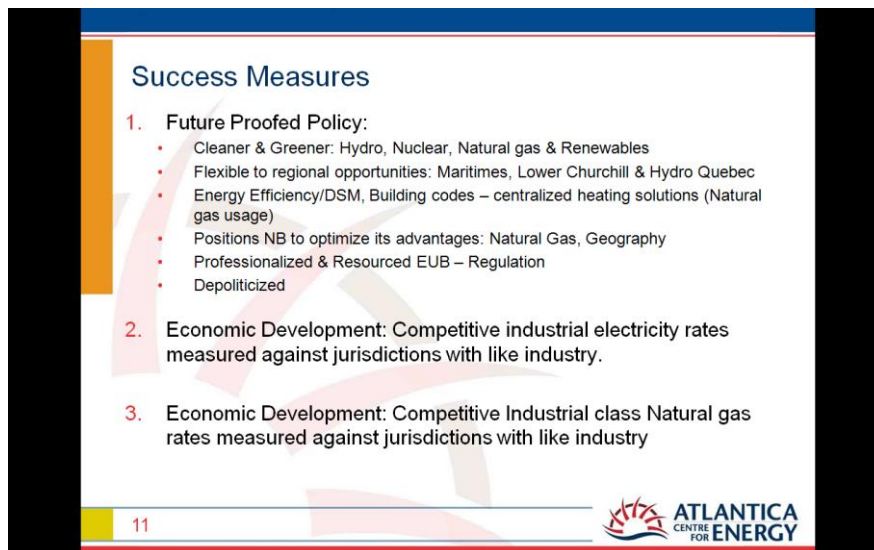
April 29th, 2011

Commissioners William Thompson & Jeannot Volpé
New Brunswick Energy Commission
P.O. Box 6000
Fredericton, NB, E3B 5H1
energycommission@gnb.ca

Dear Commissioners:

The Atlantica Centre for Energy would like to offer the following comments to your recently released “Public Feedback Document”. These observations are offered as a constructive response to the document as requested. It not our intent in this note to critique in detail every recommendation; instead, our comments refer mostly to recommendations that relate to the content of our previous submission. We also provide more general comments related to the document as a whole. One point that is evident from the range of recommendations presented in the document is that the Commission did indeed listen and consider many perspectives that the Commission heard from New Brunswickers from all walks of life. Well done.


Summary slide from the ACfE's public submission to the Commission.



Success Measures

- 1. Future Proofed Policy:**
 - Cleaner & Greener: Hydro, Nuclear, Natural gas & Renewables
 - Flexible to regional opportunities: Maritimes, Lower Churchill & Hydro Quebec
 - Energy Efficiency/DSM, Building codes – centralized heating solutions (Natural gas usage)
 - Positions NB to optimize its advantages: Natural Gas, Geography
 - Professionalized & Resourced EUB – Regulation
 - Depoliticized
- 2. Economic Development: Competitive industrial electricity rates measured against jurisdictions with like industry.**
- 3. Economic Development: Competitive Industrial class Natural gas rates measured against jurisdictions with like industry**

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Defining the Energy Plan – Situation analysis

It is vital that the plan that the Commission ultimately presents to government in May provide recommendations emphasizing the direct link between having a vibrant economy and access to competitively priced energy, measured against jurisdictions with like industry. Competitively priced energy is often the leading instrument necessary to retain and attract industrial development. We do note that there are a number of references relating to the economic development potential within the energy sector itself. However, the Centre strongly believes that the economic development aspect of energy pricing in the broad industrial market needs to be underscored and emphasized in order to support the actions and recommendations that the Government must take as it moves to implement its energy plan.

For Electricity

The Commission will note from our submission that the energy choices we make today need to be future proofed towards sources of energy that are cleaner and greener – hydro, nuclear, natural gas and renewables while working towards the retirement of fossil fuel plants. The Centre also suggests we remain flexible to regional opportunities given our unique geography. Our province and our region lack scale. It is simply wise for us to optimize our collective energy assets and act on load balancing efficiencies through regionally coordinated initiatives. We see a number of possible cooperative models within the first two recommendations; the Centre is very supportive of such concepts.

The Commission has conveyed that recommendations relating to NB Power’s structure and debt will be presented in a subsequent phase. The Centre is supportive of the 3rd recommendation that sets the tone for this later phase. Writing off stranded debt from uncompetitive generating assets, potentially selling others and switching fuel sources (for example, at Coleson Cove) are all apt to be components of the government’s implementation plan to reduce excess capacity, optimize generating efficiencies and reduce the utility’s debt.

The Centre is very supportive of further professionalizing and resourcing the New Brunswick Energy and Utility Board. We further salute the concept of pursuing greater regional regulatory co-operation.

For Natural Gas

The Centre fully agrees that the existing natural gas distribution model is broken and agrees that the local distribution company is crippled with an enormous deferred debt burden that “makes future competitive cost of service unlikely”. The Centre fully supports the government’s need to renegotiate and restructure the natural gas distribution system in the province. The possible distribution solutions offered in this section for regular, compressed and liquid natural gas, as well as the district fuel and heat system options are progressive updates.

The Centre believes that the principal emphasis of a restructuring of the natural gas system for New Brunswick must be on a cost of service model to foster economic development. Single End-Use Franchise agreements should be considered as a component of our economic development strategy. With the array of sources of natural gas that our province has, a restructured system must result in our province having industrial natural gas distribution rates competitive with leading jurisdictions on our continent. Natural gas should be a defining characteristic of the province's economic development value proposition.

The lesson learned from the past ten years is that our province, with its relatively sparse population and existing home heating infrastructure, cannot quickly develop and support a broad distribution system. That's reality. Our solution must be achieved through a process that is more evolutionary than revolutionary. It is also vital, in order to avoid repeating the errors of the past, that a prudent line extension policy supported by rigorous business cases be undertaken as we build out our consumer and residential systems.

Putting the our emphasis for natural gas on economic development now benefits all New Brunswickers with the potential of creating investment and tax revenue to support essential government services. Natural gas rates that foster investment will benefit all New Brunswickers, (all 750,000+) whether they reside in communities served by the distribution system or not.

The Centre would also like to offer one word of caution. There is potential to develop commercial quantities of unconventional gas in New Brunswick from data collected in recent years. However this is not a certainty, and expectation management on whether there will be a commercial discovery and timing should flavor the final report to government.

For Energy Efficiency

The Centre is a strong supporter of the work and programming of Efficiency New Brunswick. The Centre supports with enthusiasm, the Commission's recommendations for adjustments to building codes to encourage efficient central-heating systems along with the elimination of base board heating for new construction.

Concluding Comments

As previously discussed, the Centre aims to serve as a resource to the Commission and the Province as it develops its energy plan. We would be very pleased to provide further comment on the content we have provided in this note or on any of the specific recommendations if you thought it helpful.

Sincerely,

Submitted via email

John Herron
President
Atlantica Centre for Energy