

## **Atlantica Centre for Energy Recommends Three Areas for Improvement in Final Contract with Hydro Quebec**

**Saint John, December 15, 2009**

Having completed a process of consultation with key stakeholders and evaluation of the Memorandum of Understanding signed by Premier Graham and Premier Charest on October 29th of this year, the Directors of the Atlantica Centre for Energy are prepared to offer three recommendations for capturing areas for improvement in the final contract. Tim Curry, President of the Centre, explains that “These recommendations, we feel, are consistent with the spirit and intent of both Parties to the memorandum of understanding, but will substantially reduce risks that have been identified during the recent period of public discussion and consultation on the terms of the MOU.” The recommendations to be implemented in the final contract are as follows:

1. Change the method for annual adjustment of Heritage Pool Supply rates from and after the fifth anniversary of the Closing identified in Section 2.3 of the MOU as “annually based on the year-over-year change in the Consumer Price Index (New Brunswick – all items) as reported by Statistics Canada (the “NB CPI”)” to “the lower of NB CPI and the percentage increases applied to Hydro Quebec rates for the comparable rate classes approved for the particular year by the Quebec regulator”.
2. Increase the amount of electricity specified for the Industrial Heritage Pool Supply in Section 2.1(a) of the MOU to more appropriately reflect a normalized level of industrial activity in the Province of New Brunswick.
3. Capture the intent of both parties to build on the New Brunswick Energy Hub – specified in Section 7.8 of the MOU, and since reiterated by both Minister Keir and Hydro Quebec CEO Thierry Vandal – in specific, contractual covenants for investment and supply chain developments in the terms of the final contract.

The Centre believes that these changes can be reasonably accommodated by both parties to the MOU as negotiations proceed to determine the wording of the final contract, and would result in an agreement that would indeed represent the best strategic option for both New Brunswick electricity ratepayers and also New Brunswick taxpayers going forward.

Although, the Centre has long recognized the operational strengths of NB Power and the value inherent in the diversity of its generation assets - it also sees a series of potential benefits outlined in the MOU. “The deal on the table represents an opportunity to leverage the capabilities of one of the world’s largest and best run energy utilities. Hydro Quebec with its formidable capacity sheet and hydroelectric experience offers many advantages as we plan for the renewal of NB Power’s energy infrastructure. Hydro Quebec has the potential to be a leading contributor to our existing energy hub.” Curry added.

The Atlantica Centre for Energy was created in 2005 as an independent voice that supports and promotes opportunities in the energy sector. The Centre's objective is to foster partnerships between key stakeholders and host communities to encourage broad-based community engagement in energy-related issues and policy development. It aims to act as a resource for expertise, knowledge, and assistance to help realize the opportunities associated with the energy sector in Atlantic Canada and the American Northeast.

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