

## Think-tank pitches new deal

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Rates: Atlantica Centre for Energy suggests province alter NB Power agreement with Quebec

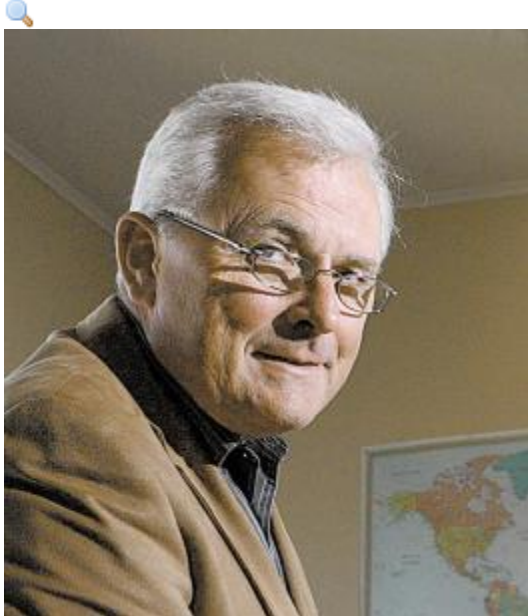
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REBECCA PENTY  
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The Atlantica Centre for Energy is advising the province to make changes to its power agreement with Quebec that the industry association says will improve the deal.

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Matthew Sherwood/Telegraph-Journal

Tim Curry, president of Atlantica Energy, seen at his office in Saint John on July 20, 2009.

After consultation and board discussions, the organization's president and CEO Tim Curry sent Premier Shawn Graham and Energy Minister Jack Keir a letter Tuesday outlining the views of his 17 energy-industry members.

The group is arguing Hydro-Québec should guarantee low electricity rates for more power than New Brunswick's industry currently uses, along with the \$4.75 billion plus residential, commercial and wholesale rate savings the province would earn from selling most of NB Power.

Under the agreement, announced Oct. 29, the Quebec utility would cut electricity charges to provincial industrial users by up to 30 per cent to match what Quebec's industry pays, but only for a bit more capacity than New Brunswick's manufacturers need right now - 4.5 terawatt-hours of electricity per year.

"We think that it's probably a reasonable thing to do, to say look - this is probably the worst year we've had in terms of industrial activity and economic activity than we've had in recent years," Curry said, sure to note that his Saint John-based regional organization is in support of the sale of NB Power in principle.

The province has negotiated the deal during a decided low in the forestry sector - an energy-intensive industry important to the province's economy - and when many of New Brunswick's mills are closed.

"Let's use a normalized year for a reference point," Curry said, though his group hasn't named a year to reference.

The Graham government argues lower power rates under the agreement could help save existing companies and lure other industry to set up shop.

But as the deal stands, if a new player pushed the industrial users' electricity consumption above 4.5 terawatt-hours per year - termed the industrial heritage pool supply in the memorandum of understanding - additional power needed would have to be sourced at market-based rates, with costs socialized for all industrial users.

In an interview, Graham said the deal could not be changed to guarantee more cheap power for industry without threatening the overall dollar figure Quebec is willing to pay.

The \$4.75 billion Hydro-Québec would spend on NB Power wipes off government books the utility's debt, worth about the same.

"Within the heritage pool there is some room for new growth in the province of New Brunswick including the Umoe project in the Miramichi," Graham said, attempting to allay any concerns that the Norwegian firm, Umoe Solar AS, would push industrial usage above what's guaranteed in the deal with its future operations in Miramichi.

The company has plans to set up at least one facility to manufacture polysilicon - a component in solar panels - spending \$690 million with production starting in 2012.

"It's difficult to calculate how much power they'll actually need," Graham said.

A company spokesperson could not be reached for comment.

The Atlantica Centre for Energy is further calling on the government to guarantee electricity rates won't balloon if the Consumer Price Index they would be tied to spikes unpredictably due to high inflation; Hydro-Québec would raise charges for power along with cost-of-living increases.

The organization says New Brunswickers should pay the lesser of two options: The year-over-year change in the province's Consumer Price Index or whatever hikes Quebec users in the same rate classes would face.

Lastly, Curry's group wants the deal altered to reflect what both Hydro-Québec CEO Thierry Vandal and Keir have told audiences in New Brunswick: NB Power, as a subsidiary of the Quebec utility, would continue to do business with New Brunswick suppliers.

"This speaks to the evolution and growth to the energy hub throughout the region," Curry said. "There has been a fair pool of expertise and capability developed around the energy hub, certainly a lot of it centred in New Brunswick but really throughout the region," he said, pointing to skilled trades workers, consulting firms, technology companies and other servicers of the energy sector.

"Let's understand how in the contractual language associated with the deal, how that gets expressed and captured as statements of firm intent," he said.

