

Climate Times

ENE's Monthly Report from Eastern Canada

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Québec/New Brunswick Sign Power Deal

On October 29, the Governments of Québec and New Brunswick entered into a Memorandum of Understanding, outlining the terms and conditions for the sale of New Brunswick Power's assets to Hydro-Québec.

The deal, which parties hope to have finalized by March 31, 2010 (with a separate Point Lepreau closing scheduled for January 1, 2011), must be approved by both provincial legislatures.

The arrangement would see Hydro-Québec

assume most of NB Power's assets (including Point Lepreau after the refurbishment) for \$4.75-billion, equal to NB Power's current debt load. NB will continue to own and operate the Belledune and Coleson Cove facilities and will sell the power to HQ. The Dalhousie, Courtenay Bay, and Grand Lake facilities will be phased out.

HQ will establish a Heritage Pool of power equal to 14 TWh and residential, commercial, and wholesale rates will

be frozen for five years, while industrial rates will be lowered. The savings to NB ratepayers is estimated to be \$5-billion and HQ's expected return on investment is at least 10%.

The New Brunswick System Operator (NBSO) will be merged into the HQ subsidiary and the regulatory framework in NB will be altered to conform to the current framework in Québec.

The MOU is available at: <http://www.lowerratesnb.ca/nb/?p=1>

Report Highlights Economy-wide Benefits of EE

A recent ENE report – *Energy Efficiency: Engine of Economic Growth* – indicates that the benefits from investing in energy efficiency are significantly larger than commonly recognized.

In addition to generating direct benefits for consumers in the order of \$3-\$4 for every \$1 invested, savings from efficiency programs drive new spending; increasing Gross Domestic Product, household income, and

job creation.

ENE's study modeled expansion in investments over a 15-year period to capture all cost-effective efficiency in the six New England states for electricity, natural gas, and unregulated fuels (e.g. heating oil).

Highlights include:

- Total program spending of \$27.2 billion increases GSP by \$180 billion; \$130 billion returned to workers;

- 38,000 jobs created per year;
- \$4-\$10 increase in GSP per program dollar invested;
- Peak annual GHG emissions reductions equal 15% of regional emissions in 2005;
- Peak lifetime electricity savings of 489,300 GWh.

The report, which includes total lifetime energy savings, is available at: www.env-ne.org

ENE (Environment Northeast) is a nonprofit organization at the forefront of efforts to combat global warming and promote clean energy and clean air solution in New England and eastern Canada. ENE researches, develops and advocates innovative policies to tackle the region's environmental challenges while promoting sustainable economies. ENE has offices in Maine, Massachusetts, Connecticut, Rhode Island, and Prince Edward Island, Canada.

Transmission, RE lead 33rd NEG-ECP Discussions

The 33rd Conference of New England Governors and Eastern Canadian Premiers (NEG-ECP) was held on September 14/15 in Saint John, NB.

Particular attention was given to the development of renewable energy and need for new transmission infrastructure within the region. To this end, the Governors and Premiers agreed to work collaboratively to develop cost-effective renewables and "initiate a meaningful dialogue between the states and provinces on

the types of contract structure, pricing mechanisms and regulatory approvals that may offer the best opportunities for success..."

The need for price stability and predictability was also highlighted, with specific reference to Long-term power purchase agreements.

With respect to energy efficiency, the Governors and Premiers adopted a resolution urging states and provinces to: remove financial disincentives to

investing in efficiency (i.e. decoupling); adopt progressive building codes; establish building energy performance benchmarks and labeling; pursue smart grid technology; and fund all cost-effective efficiency programs. The NEG-ECP will also advocate expanded use of efficiency in forthcoming federal legislation and regulations.

The resolutions on renewable energy, climate change, energy efficiency, etc, are available at: http://www.scics.gc.ca/conf/er09_e.html

PEI Issues RFP for 130 MW of New Renewables

On October 26, the Government of Prince Edward Island and the provincial utility released a Request for Proposal for 130 MW of new renewable energy.

Maritime Electric will offer a 20 year power purchase

contract for 30 MW of renewable energy to be delivered to the domestic market by October 2012.

This will increase the share of electricity from renewables on PEI to 20% of total consumption. The remaining 100 MW is intended for export.

A meeting for developers is scheduled for November 12 and submissions are due by January 29, 2010.

More information and access to the RFP is available at:

<http://www.windenergyaudit.or.ca/>

Legislation Tabled for Efficiency N.S. Corporation

On October 23, the Government of Nova Scotia introduced draft legislation to establish an independent, not-for-profit energy efficiency administrator – the Efficiency Nova Scotia Corporation.

The legislation would establish a dedicated electricity demand side management.

Costs of the program would be recovered by utilities through their rate base. The NS Utility and Review Board (UARB) would set the system benefit charges and have authority over the programs and expenditures of the administrator.

Efficiency Nova Scotia, which is expected to begin operations next spring, will

take over electric efficiency programs from Nova Scotia Power and may run non-electric efficiency programs which are currently administered by Conserve Nova Scotia.

The draft legislation is available at:

http://www.conservens.ca/resources/publications/ENS_CA-2009-10-20.pdf

Canada's Environment Ministers Meet

The Canadian Council of Ministers of the Environment (CCME) met in Kingston, ON, on October 29.

The Ministers received a report on Regional Strategic Environmental Assessments intended to help improve planning and decision-making and help

address cumulative effects. To note, a report by the federal Commissioner of the Environment, released after the CCME meeting, found that the Canadian Environmental Assessment process does not adequately consider cumulative impacts, which

he states: "becomes an important concern in cases such as the oil sands..."

The CCME will meet again on November 25, 2009 to discuss climate change issues in advance of the UN conference in Copenhagen.

U.S. Senate Climate Bill – Update

In September, Senators John Kerry and Barbara Boxer released their climate bill – *The Clean Energy Jobs and American Power Act*.

The bill has been passed by the Environment and Public Works committee although no amendments were made to the Chairman's

mark after Republicans refused to participate in hearings absent further EPA analysis of the bill.

Four other Senate committees are also working on elements of the bill which Majority Leader Harry Reid hopes to bring together before November 26th.

Recent reports indicate, however that Kerry (D),

Graham (R), and Lieberman (I), are now pursuing a "dual track" and crafting another Senate climate bill which may impact the Kerry-Boxer bill mark-up process.

EPA analysis of S. 1733 available at: <http://www.epa.gov/climatechange/economics/economicanalyses.html#cleanenergy>

NEB Policy Brief on Natural Gas in Canada

The National Energy Board (NEB) has released an energy briefing note on expected natural gas deliverability in Canada from 2009-2011.

Natural gas prices have experienced a significant decline in 2008/09 and are currently around \$4.50/MMBTU, down from a high of approximately \$11/MMBTU in 2008.

The price decrease is due primarily to an over-supply in the market as a result of current economic conditions.

A slowdown in drilling due to lower prices is expected to lead to reduced Canadian natural gas deliverability (production from new and existing wells) in 2009-2011.

The NEB expects shale

gas and tight gas drilling to continue at modest levels into 2010 as industry seeks to advance new techniques.

Three scenarios are presented in the report which is available at: <http://www.neb.gc.ca/clf-nsi/rnrgynfntn/nrgyrprt/ntrlgs/ntrlgsdlvrblty20092011/ntrlgsdlvrblty20092011-eng.pdf>

Climate Times

This monthly e-newsletter focuses on energy and climate-related news regarding legislation, regulations, Request for Proposals, government programs, private sector initiatives, and other relevant announcements from Québec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. It will also cover significant federal announcements and will occasionally reference actions from the U.S.-state side that impact provincial issues.

To subscribe (or unsubscribe) to our regular news feed and to pass along information that ENE may include in future issues, contact Leslie Malone, Policy Associate – Canada, at lmalone@env-ne.org or 902-628-1493.



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