

Department Of Intergovernmental Affairs

Title: Overview Of The National Energy Strategy And Its Implication For Provincial Electricity Export

Issue

This note is intended to apprise the Hon. Minister of the National Energy Strategy program and its impact on Newfoundland's energy, particularly electricity, exports.

Overview:

In anticipation of the forthcoming national summit on energy policy announced by the prime minister, it is expected that negotiations will focus on:

- To date, the nature and extent of Newfoundland's role in the Strategy's development;
- The Strategy's projected impact vis-à-vis Newfoundland's energy trade, especially, electricity exports.

Background:

In 2007, the Council of Federation made up of Canada's premiers issued A Shared Vision for Energy in Canada that seeks to facilitate development of renewable and green energy, promote conservation and efficiency, accelerate research and development, and provide for secure and reliable energy transmission and distribution. The plan came into being as a result of:

- the need for a more cooperative approach toward energy production and consumption as the existing energy policy was fragmented, lacking coherence, and driven mainly by individual provinces;
- the realization that such a strategy could effectively prepare Canada for present and future energy needs and lay the foundation for a more diversified economy;

Current Status:

- A Canada Energy Strategy Working Group created in 2012 and led by premiers of Newfoundland and Labrador, Alberta and Manitoba, and composed of Provincial and Territorial Ministers of Energy is working out procedures for finalization of the strategy by 2015.
- A ten point (an update of the previous seven point plan of 2007) plan adopted in April 2013 by the Working Group during an annual Executive Council meeting in Newfoundland is currently being worked out for implementation by 2015.

Analysis:

The import of a concerted energy strategy for Canada is acknowledged nationwide. For instance, polls indicate that a significant number of Canadians (87%) agree that such an integrated energy policy holds immense benefits for the nation. For instance many experts as well as ordinary Canadians think:

- **Economic benefits** would be incalculable as the program would open up opportunities for creation of more jobs. And increased job would generate **increased tax revenues** for both provincial and federal governments. Again the efficient utility and development of resources would mean **increased production outputs** from factories and manufacturing plants fostering a prosperous and vibrant economy.

- transmission and transportation of energy resources** thereby leading to stronger inter-provincial trade relations, economic growth and vast investment opportunities;
- **Environmental benefits** will also accrue since it would encourage shift to more eco-friendly utility and development of energy resources thereby making Canada a safer and healthier place to live;
 - On a provincial level, the **removal of certain crippling inter-provincial trade regulations and restrictions** will result in prevention of monopsonistic systems as exists in the electricity export situation with Quebec and enable Newfoundland realize more earnings from its energy – electricity – exports.

Recommendations

Suggestion 1: Removal of trade restrictive practices in the area of cross-territory electricity transmission and transportation. ✓

- The advantage of this suggestion is that it allows for more cost-effective distribution of electricity and opens the market to more potential consumers

Suggestion 2: Ensure electricity features prominently in the National Energy Strategy since it is the main driver of the Canadian economy as well as homes, businesses and lifestyles ✓

- The import of this suggestion is that it focus more emphasis and priority on electricity thereby fostering more innovative and development efforts in its transmission and transport.

Suggestion 3: Re-evaluation of preexisting inter-provincial energy contracts and agreements to ensure equal benefits to all parties.

- A classic case in point is the current electricity trade agreement between Newfoundland and Quebec in which the latter is the only party positioned to realize all the benefits from the deal. A reevaluation of the agreement could guarantee Newfoundland its fair share of the agreement. ✓

Speaking Points

Following the above stated recommendations, it would be advisable for the Hon Minister to focus his arguments during the negotiations to:

- Pressing for continued support for non discriminatory and open access inter-provincial energy transmission and transport policies that oppose regulatory and restrictive measures;
- Pressing for more funding commitment from the federal government toward the Lower Churchill project in order to ensure its swift completion.
- Calling attention to the need for revisiting preexisting energy contracts – for instance, Newfoundland's electricity trade agreement with Quebec – in the hope of fostering more equal benefits for various parties;
- Press for more funding for innovations and developments in electricity transmission and transportation/distribution infrastructure and resources.

Sheriff, This is very good → one of the best briefing notes I have received → very well researched.

Why are these two things important to Newfoundland?

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