

Climate Times

ENE's Monthly Report from Eastern Canada

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FERC Approves NU/NSTAR/HQ Plan Structure

On May 22, FERC approved the transaction structure for NU, NSTAR, and Hydro-Québec's new transmission project which also includes a Transmission Service Agreement (TSA). NU and NSTAR had filed a request for a declaratory order approving the structure on December 12, 2008.

The arrangement involves a cost-based participant funded transmission project and a long-term bilateral transmission service agreement, to be filed at a later date.

The parties are negotiating a long-term power purchase agreement where Hydro-Québec US (HQUS)

would sell 1,200 MW of firm power to NU, NSTAR and possibly other companies for no less than 20 years.

NU, NSTAR and HQ TransÉnergie are also in the process of negotiating a joint development agreement for the design, planning and construction of a 1,200 MW HVDC line from Québec to southern New Hampshire.

HQ TransÉnergie will construct, finance, and own the Canadian portion of the line. NU and NSTAR will construct, own and finance the US portion of the line but will be compensated by HQUS acquiring 1,200 MW of firm transmission rights. HQUS will recover the cost of such

transmission rights through the price of power it sells to NU, NSTAR, and other parties.

Since the new transmission line is a participant funded project (HQUS), project costs will not be included in the rates for transmission services in ISO-NE.

If ISO-NE determines that the capability of the line is greater than 1,200 MW, the parties have said that additional incremental capacity may be made available to other entities.

More information is available at: <http://www.ferc.gov/whats-new/comm-meet/2009/052109/E-33.pdf>

Romaine Hydroelectric Complex Launched

On May 13, the Government of Québec officially launched the latest provincial hydroelectric project.

The Romaine Complex consists of 4 dams along the Romaine River in northern Québec with a total installed capacity of 1,550 MW.

The \$6.5 billion project is expected to be on-line in 2020.

Premier Charest has stated the power will be used to meet demand in Québec and export markets.

Power from the Romaine Complex power is

expected to be generated for approximately 9 cents per kilowatt-hour, including transmission.

Source: <http://www.google.com/hostednews/canadianpress/article/ALeqM5jM8eiAzjJc-jt0Qc-UCag8Ph3Y9Q>

Federal Government Delays Emissions Regulations

The federal Minister of Environment Jim Prentice recently acknowledged that the Government of Canada will not be releasing its industrial greenhouse gas emissions regulations until 2010.

Draft regulations were expected in the fall of 2008 but were delayed because the Government said it was tracking progress in the US and analyzing opportunities for coordinated action.

Its original industrial

regulatory framework, based on emission intensity targets, was to start on January 1, 2010. Officials now say that an emissions reduction program will come into force between 2012 and 2016.

Prentice stated that in order to protect Canadian jobs and investments, emissions cuts from the "pure industrial sector" (approximately 30% of Canada's emissions) would have to be harmonized with action in the US. It is still unclear whether the

Government has abandoned its intensity-based (baseline-and-credit) approach, especially with respect to non-industrial sectors.

Source:

http://www.google.com/hostednews/canadianpress/article/ALeqM5gv6_XtjI8HwMrAwMAv6QEfi0HoGw

The federal government's "Turning the Corner" regulatory framework is available at:

http://www.ec.gc.ca/doc/virage-corner/2008-03/541_eng.htm

ACES Bill Passes Energy & Commerce Committee

U.S. Congressmen Waxman and Markey's climate and energy bill – *The American Clean Energy and Security Act of 2009* – recently passed out of the Energy and Commerce Committee.

It has yet to be determined what other House committees will have input on the bill prior to a floor vote.

Highlights from the bill include:

- A cap and trade program covering about 85% of US GHG emissions, including electricity generators, the transportation sector, industrial facilities, and suppliers of liquid fuels and natural gas.
- GHG reduction

targets of 17% by 2012, 42% by 2020, and 83% by 2050 relative to 2005 levels.

- Roughly 60% of allowances will be allocated for free in the early years; free allocations decrease over time.
- Cost-containment mechanisms including offsets, International Emissions Allowances, banking and borrowing allowances, and a Strategic Allowance Reserve.
- Support for state energy efficiency programs.
- Rebates for energy- and emission-intensive domestic industries susceptible

to foreign to foreign competition and the potential to create an International Reserve Allowance program in 2025.

- A Combined Efficiency and Renewable Electricity Standard of 20% by 2020 (initially 15% RE & 5% EE).
- New building and appliance and equipment standards.

A Low Carbon Fuel Standard (LCFS) was removed from the Committee bill. Also to note, imported electricity is not covered.

ENE's latest summary and analysis of the bill is available at: <http://env-ne.org/resources/open/p/id/867/resource/Waxman-Markey%20Summary>

New Brunswick System Operator Workshops

On June 24 and 25 the New Brunswick System Operator will be holding stakeholder workshops on:

1. Transmission planning
2. Capacity-Based Ancillary Services (CBAS).

The transmission planning workshop will cover current transmission system needs as well as resource adequacy assessments for 2009 to 2019.

The CBAS workshop will review the complexities of CBAS, recently

implemented changes, and the need for such services due to increasing wind integration.

Workshops will take place in Fredericton, NB.

For more information, see: <http://www.nbso.ca/public/en/pm/news/article.aspx?id=8a1f7023-b597-47b5-b073-c5810ed562f5>

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.



Leslie Malone
126 Richmond St
Charlottetown, PEI
C1A 1H9
lmalone@env-ne.org
902-628-1493

Michael Stoddard
142 High St, Suite 422
Portland, ME 04101
mstoddard@env-ne.org
207-761-4566

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NSP 2010 Demand Side Management Plan

On June 3 the Nova Scotia Utility and Review Board will begin hearings on Nova Scotia Power's Demand Side Management Plan for 2010.

NSP estimates its 2010 programs will cost \$22.9 million and will return 16.9 MW and 82.7 GWh of demand and energy

savings respectively.

In addition to a suite of residential, commercial and industrial and multi-sector programs, NSP has filed for approval of a DSM Cost Recovery Rider. The Rider includes:

1. A DSM Program Cost Recovery component

2. A Lost Contribution to Fixed Costs component

3. A DSM Balance Adjustment (to balance over- or under-recovery of program costs).

For more information, see: <http://www.nsuarb.ca/index.php?option=content&task=view&id=95>

New NRTEE Carbon Pricing Report Released

The National Round Table on the Environment and the Economy (NRTEE) recently released *Achieving 2050: A Carbon Pricing Policy for Canada*.

The report recommends that the Government of Canada "move quickly to implement a unified national carbon pricing

policy across Canada in order to meet the federal government's greenhouse gas targets for 2020 and 2050."

NRTEE supports an economy-wide cap and trade system that can be linked with Canada's major trading partners' programs.

NRTEE carbon pricing policy outlines how the federal government can effectively meet its GHG reduction targets at the lowest cost.

The report is available at: <http://www.nrtee-trnee.com/eng/publications/carbon-pricing/carbon-pricing-eng.php>

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