

Newfoundland and Labrador's Provincial Energy Plan

Working Session with Premier/Minister

August 2006

Overview of Presentation

- Purpose of Session
- Inputs to the Plan
- Background/Framing Data
- Energy Framework
- Next Steps/Schedule



Purpose of Session

- Engage Premier and Minister on energy planning activities at a key point in the process
- Provide high level direction to the Energy Plan Team
- Establish vision and high level goals
- Ensure alignment with Government objectives



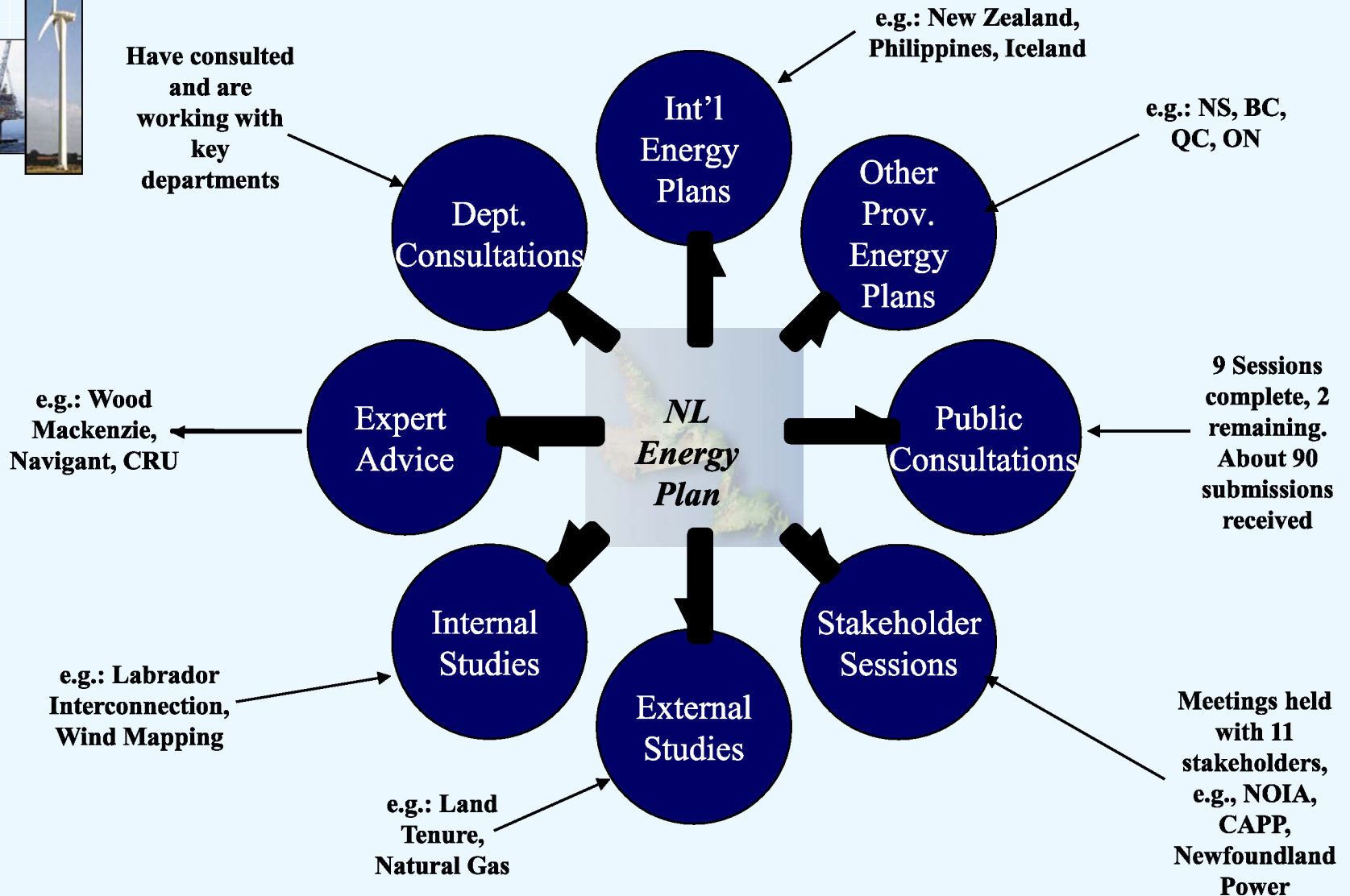


Inputs to Energy Plan

How Do We Know We Will Have a Comprehensive Plan?

CIMFP Exhibit P-00173

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Key Message: All inputs have been considered to develop the Energy Plan

Key Energy Initiatives

Blue Book
Commitments



2003

2004

2005

2006

Atlantic Accord



Meeting with PM Martin

12/18/03



Deal Signed

02/14/05

Lower Churchill

Start of EOI Process

01/10/05



NL to Lead Dev

05/08/06

Hydro Mandate

New Board Appointed

01/01/05



Mandate Revised

05/26/06

Hebron

Meeting with Chevron

05/03/05



Negotiations Ended

04/03/06

CoF Energy Committee

CoF Committee Struck

08/11/05



Interim Report

07/27/06

NL Energy Plan



Discussion Paper Released

11/10/05


Others: Wind, Natural Gas, etc.

Key Government Statements

- Achieve maximum/optimum benefits for the people of NL
- Achieve a secure supply of energy for domestic use and province-wide economic development.
- NLH will remain a crown corporation, with an expanded mandate in oil and gas activities and an equity interest in projects.
- Develop the Lower Churchill on our own terms for the benefit of the people of Newfoundland and Labrador.
- Timely development of our petroleum resources.
- Pursue secondary processing and other value-added opportunities.
- Develop alternative and renewable energy sources, particularly wind.




What We Heard – Public

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- General support for NL development of Lower Churchill, with interconnection to the island and transmission to Lab coast.
 - Develop alternative and renewable energy sources, particularly wind.
 - General support for NLH's revised mandate, including equity interest.
 - Development should benefit adjacent communities first.
 - Government should take steps to rectify the skilled labour shortage and create training programs
 - Ensure environmental protection and support energy conservation and efficiency programs.

Key Message: Government statements are generally aligned with public comments

What We Heard - Stakeholders

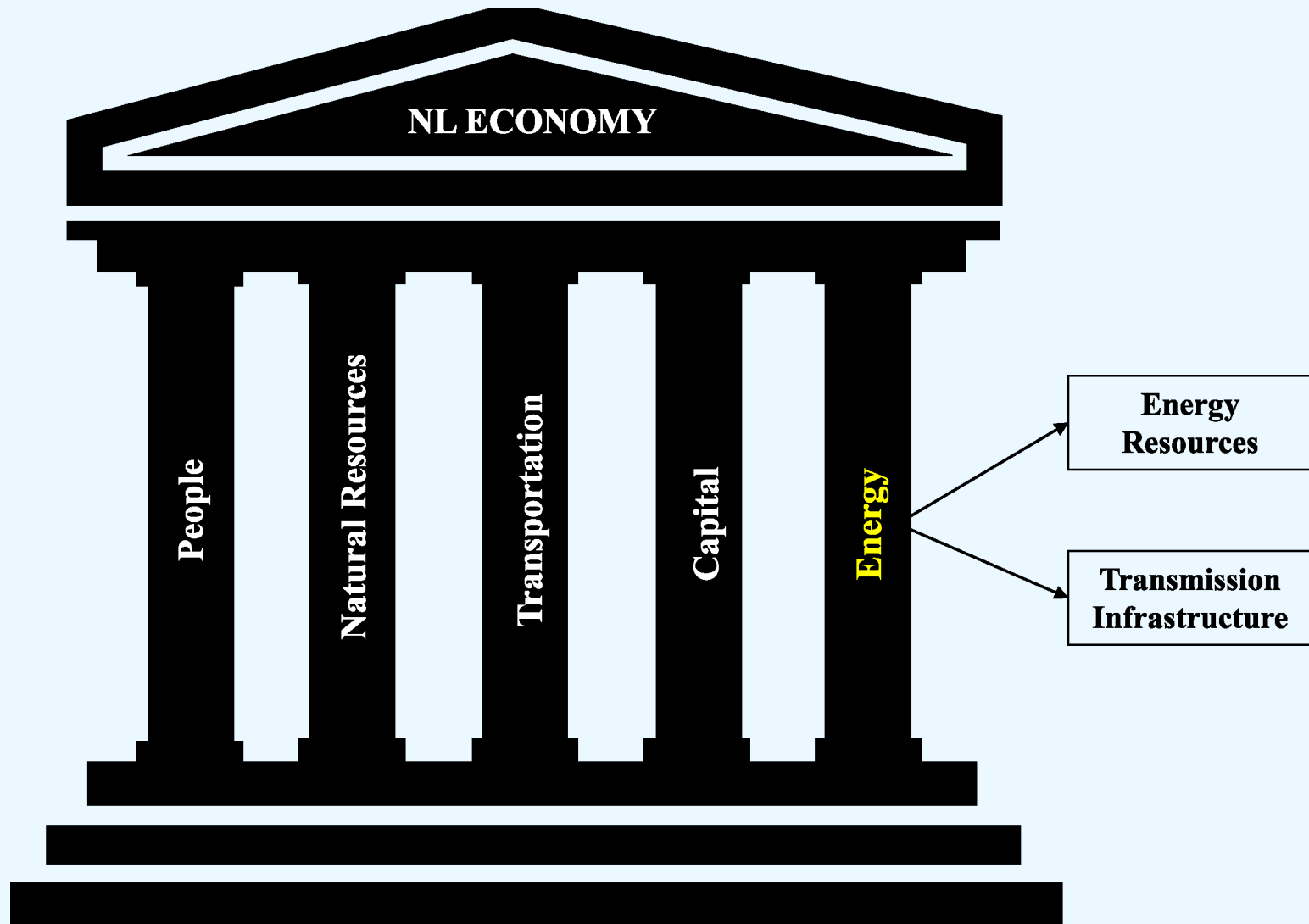
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- Government should develop a natural gas strategy and royalty regime.
 - Government should ensure a effective and efficient regulatory and governance structure for the energy industry.
 - Concern raised about NLH's expanded mandate. Needs a clearly defined role that does not exclude private businesses.
 - Government should make renewable and sustainable energy development a priority to meet future energy requirements.
 - Government should take a proactive role in marketing the energy potential of NL

Key Message: Stakeholder comments are representative of specific interests



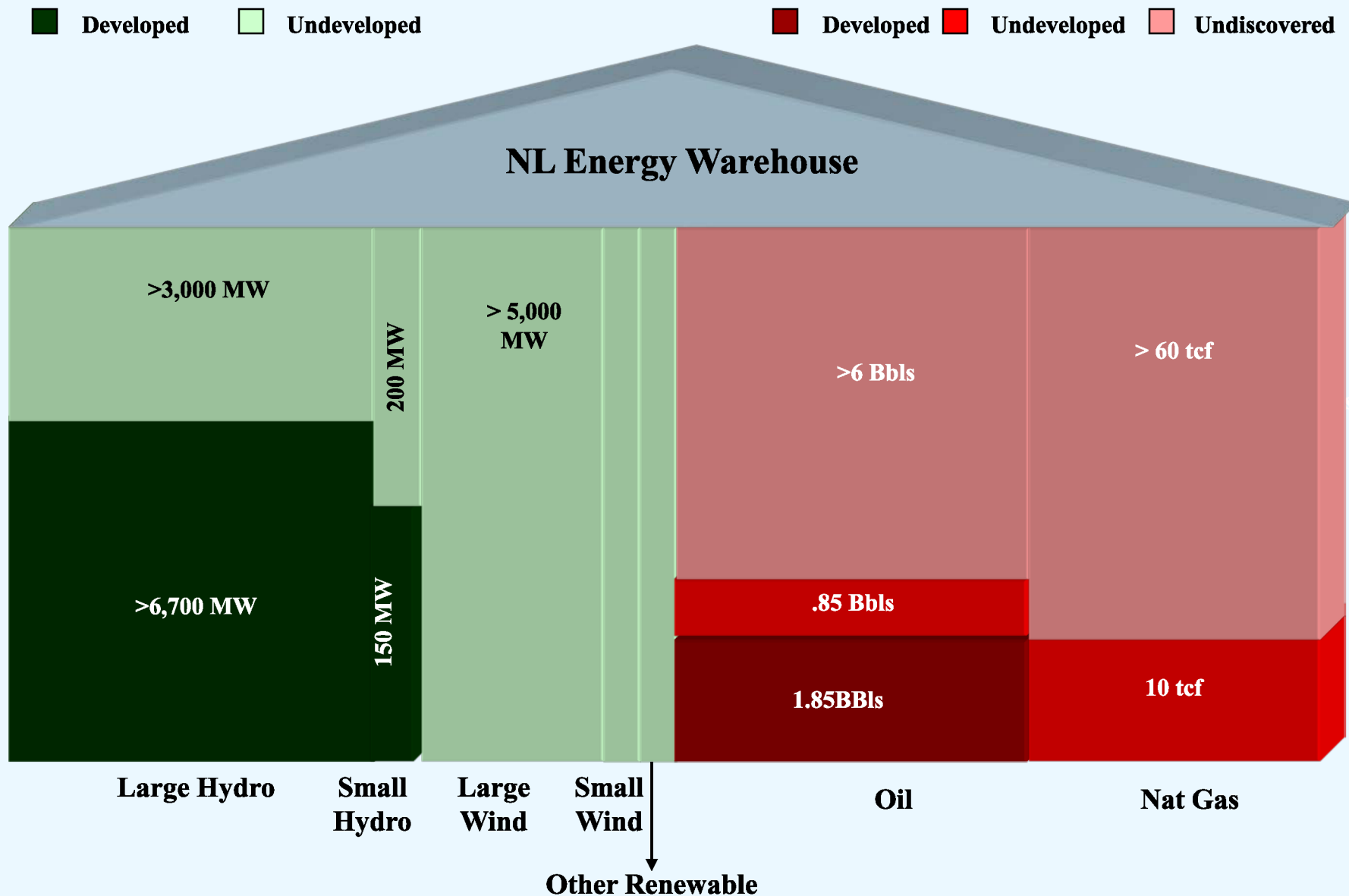
Background/Framing Data

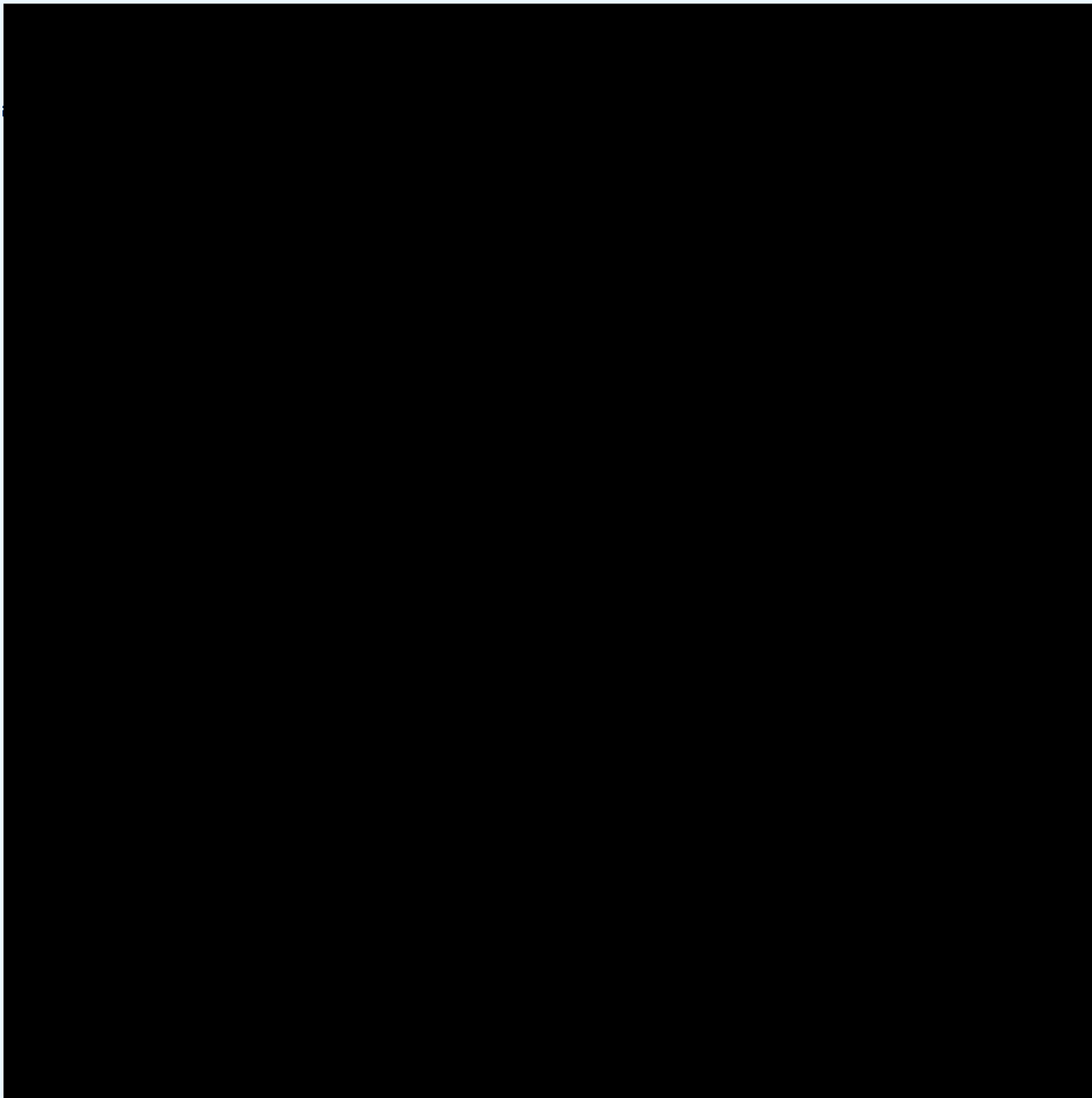
Role of Energy in Economy



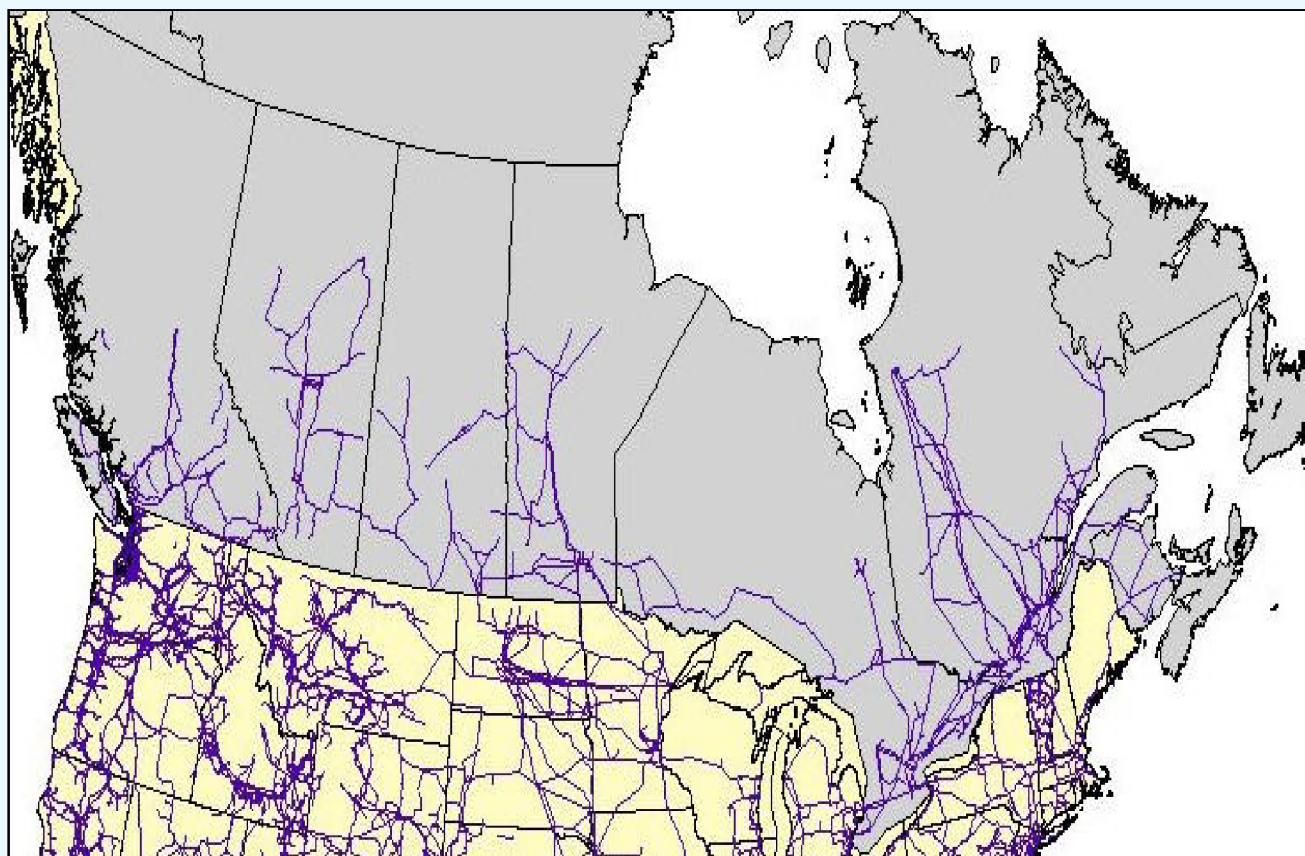
Key Message: Energy is a key component of the NL economy.

NL Energy Warehouse





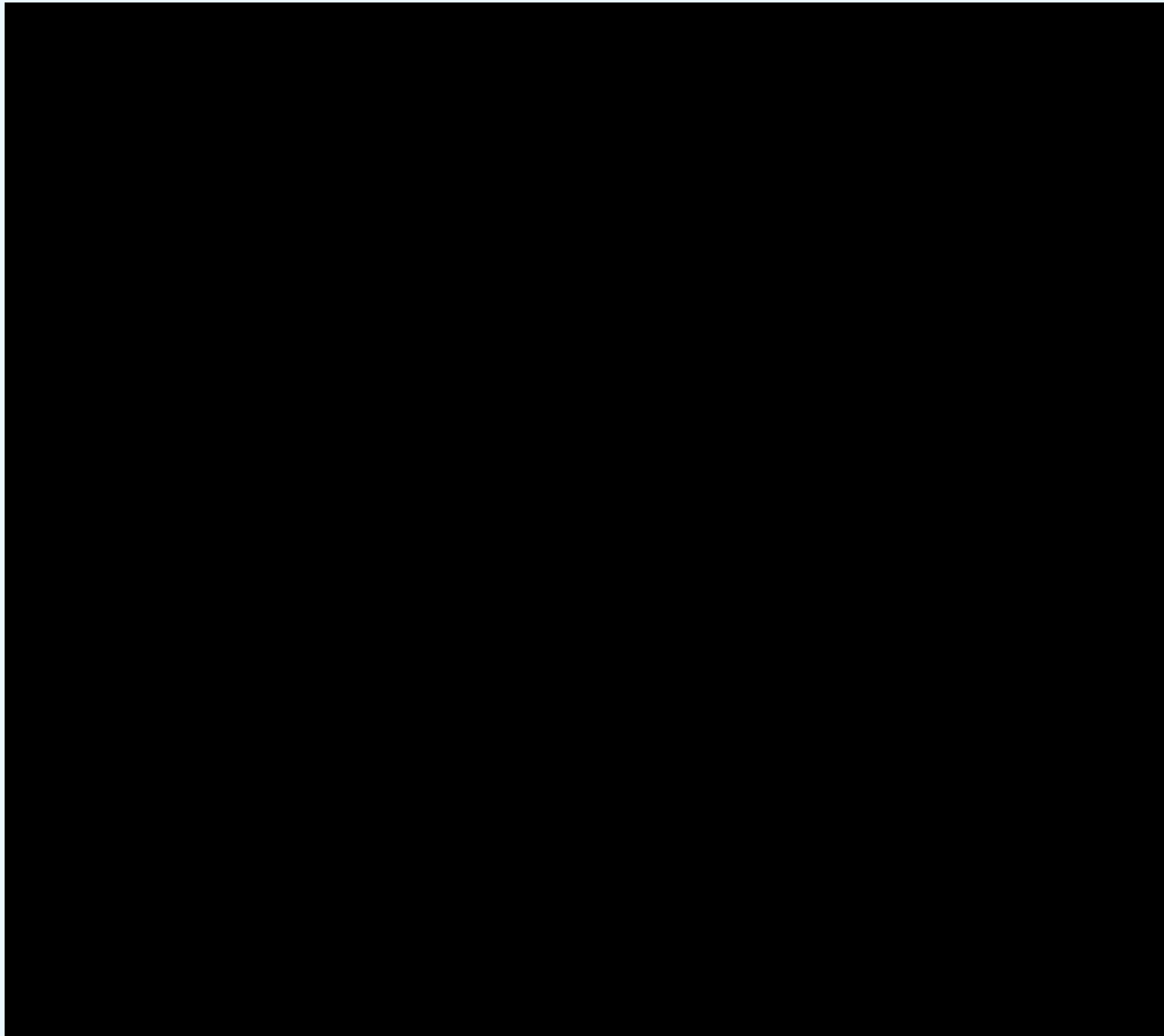
Electricity Transmission



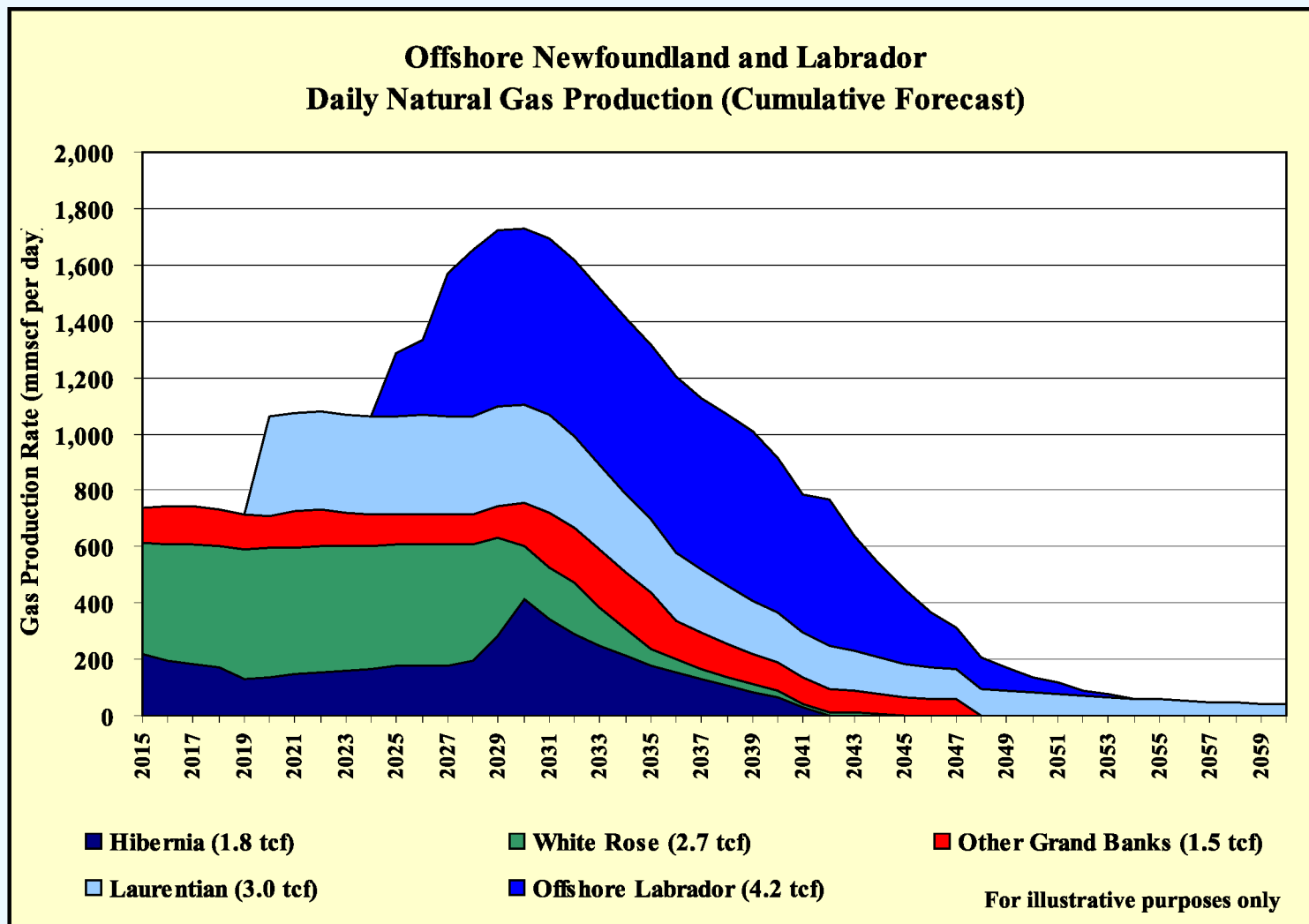
Source: Global Energy Network Institute

Key Messages: NL has limited connections to the North American grid.

The Island is not connected to Labrador or the North American grid

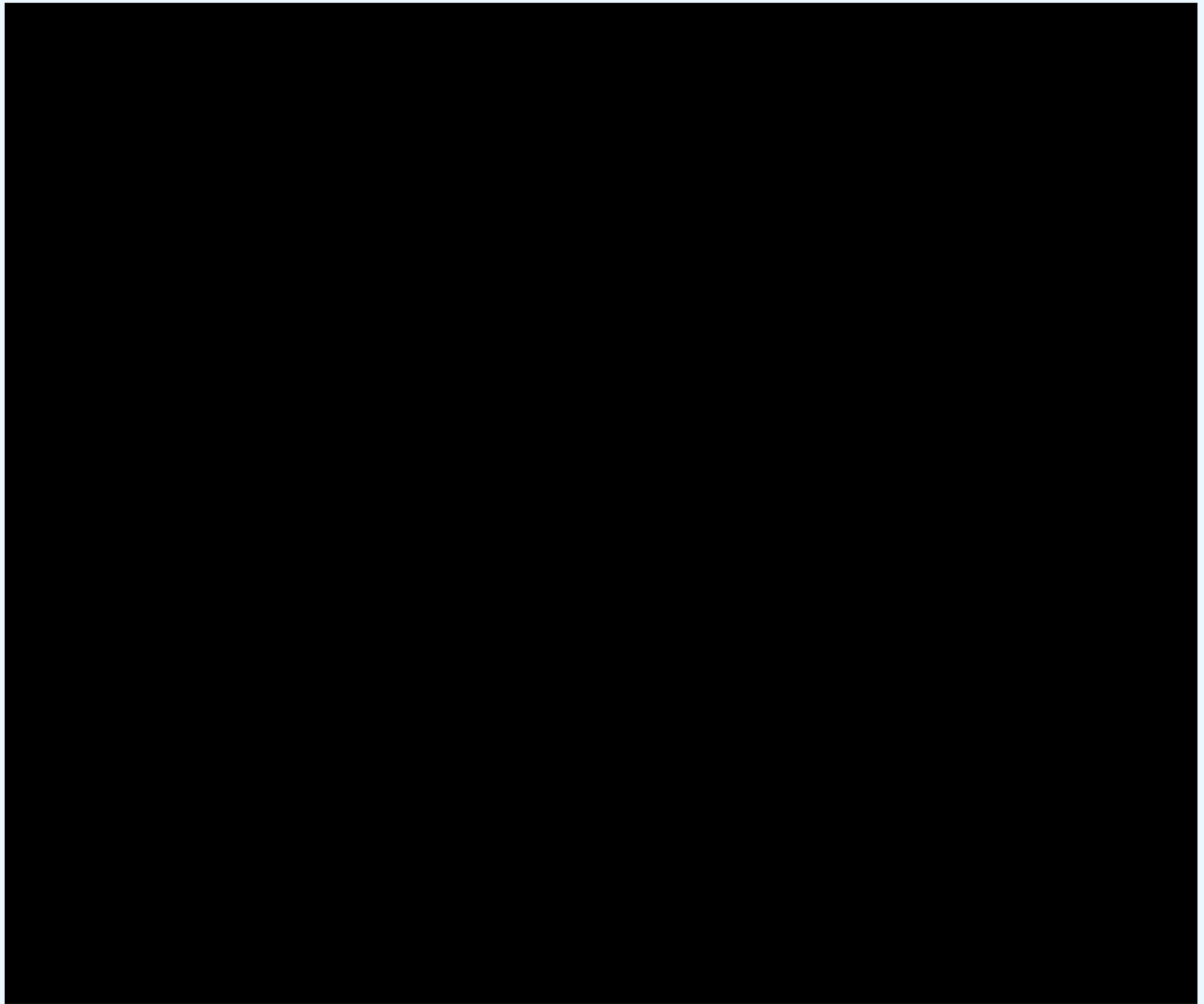


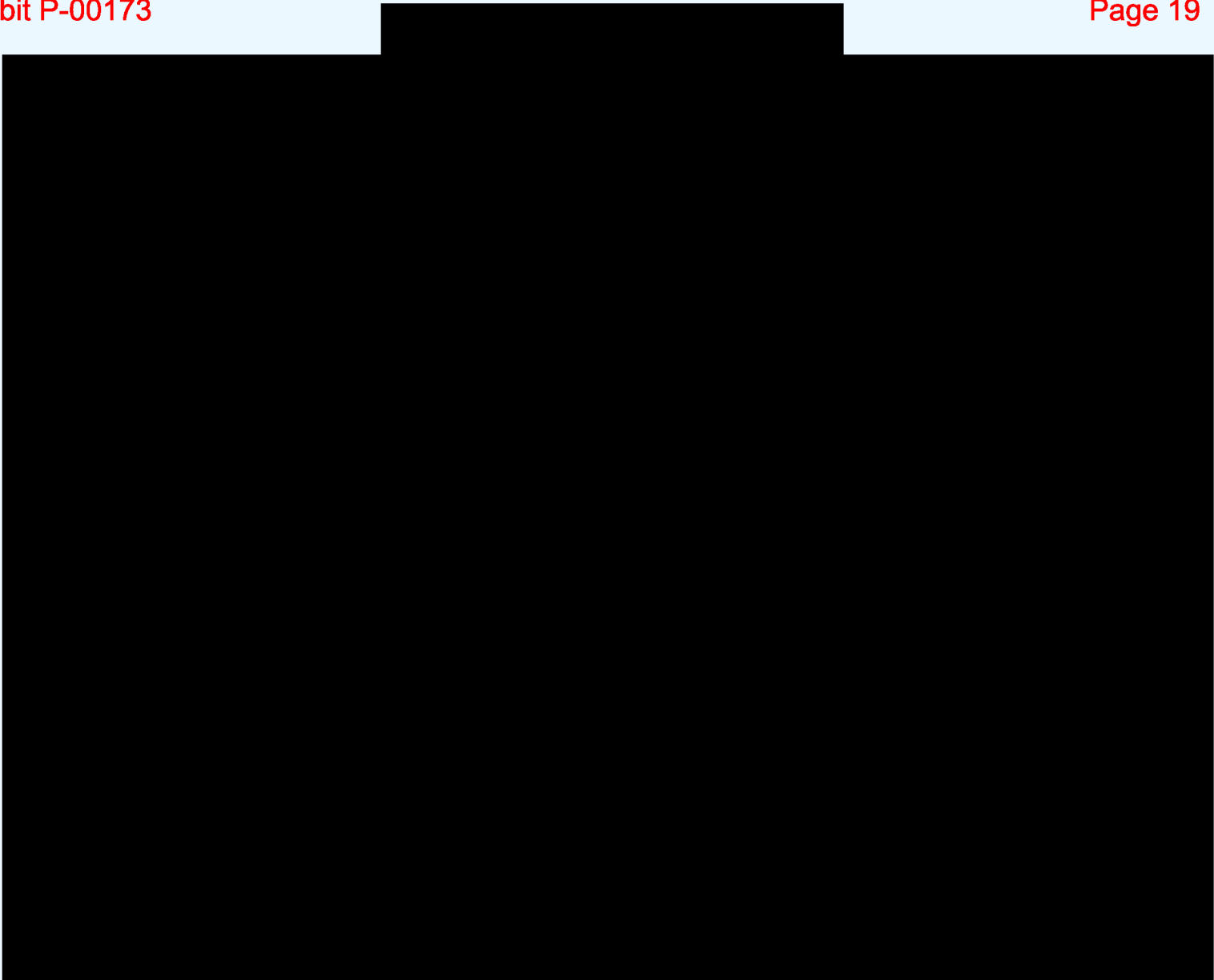
Natural Gas Production



Key Message: There is significant potential for natural gas, however, it is also a finite resource
Exploration can extend the life of NL natural gas development

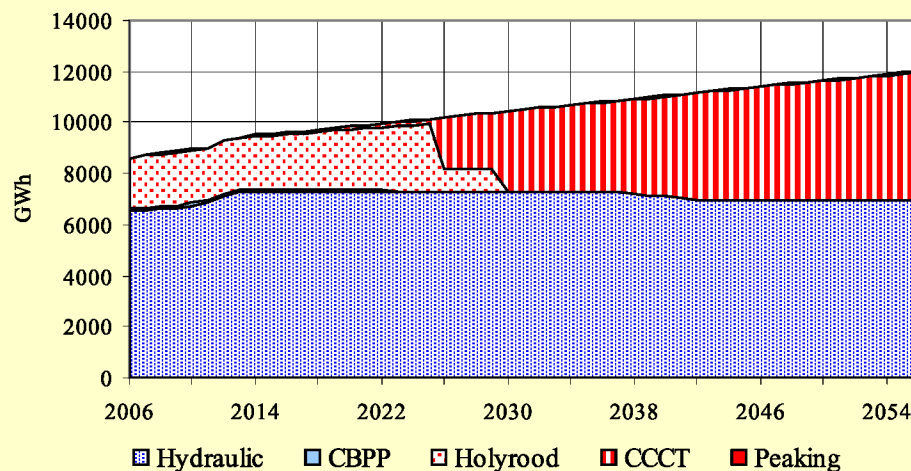






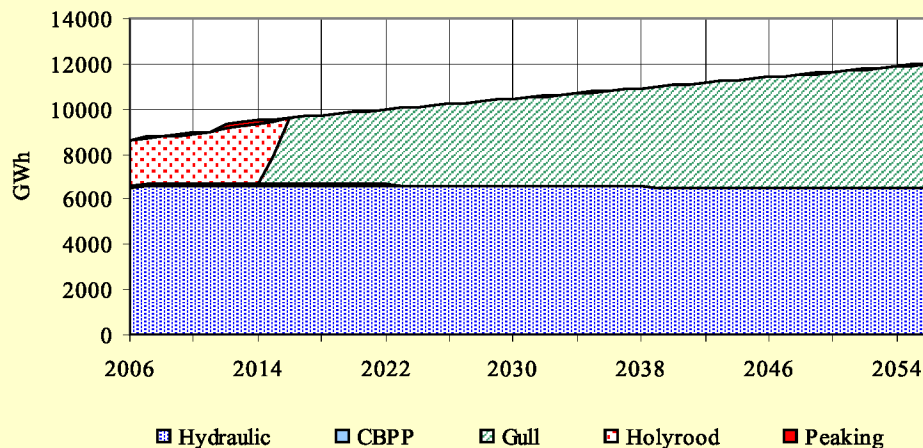
Island Electricity Supply - Load and Generation Mix

Newfoundland Energy Mix - Business as Usual

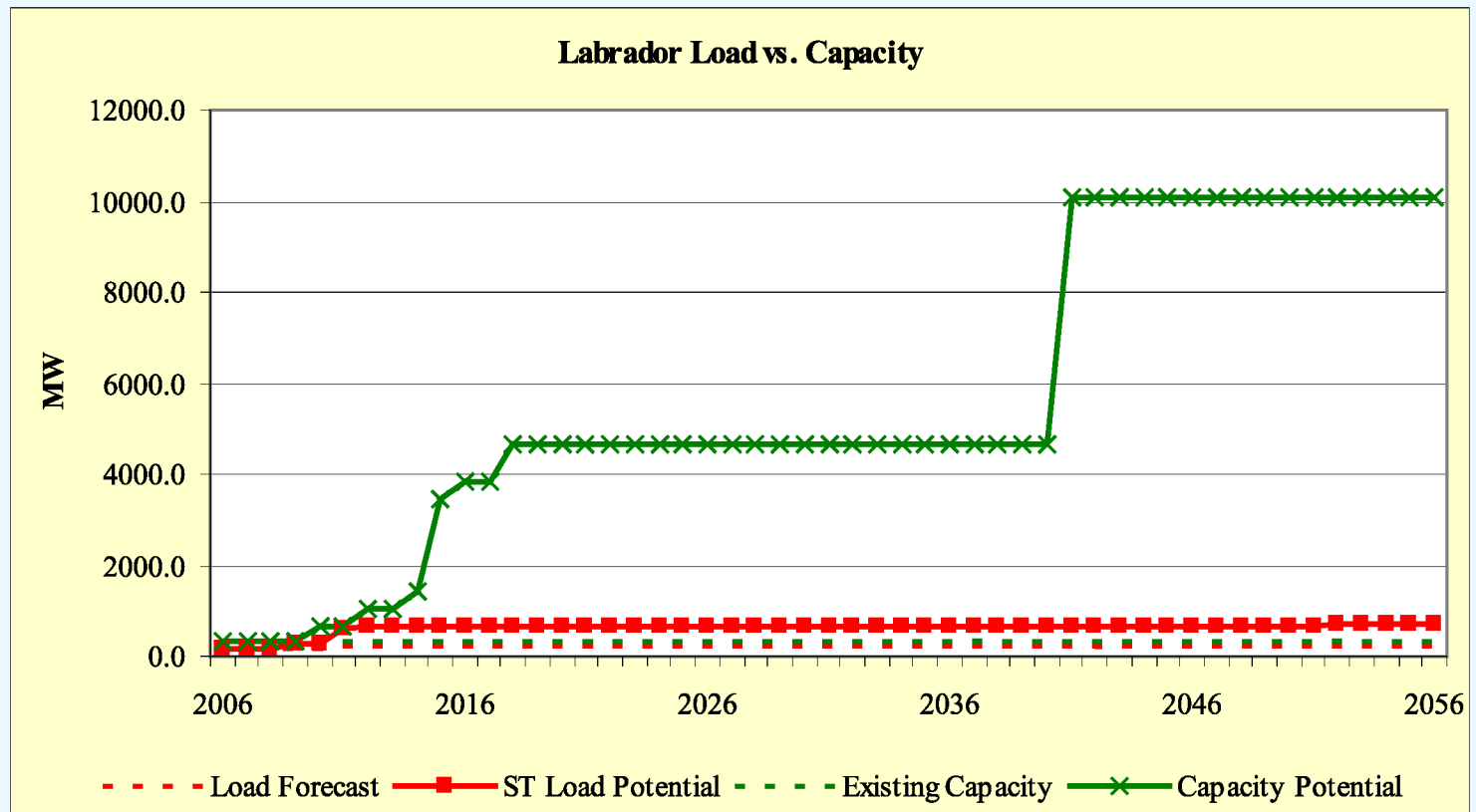


**Note: Assumes <1%
Load Growth**

Newfoundland Energy Mix - DC Link Scenario

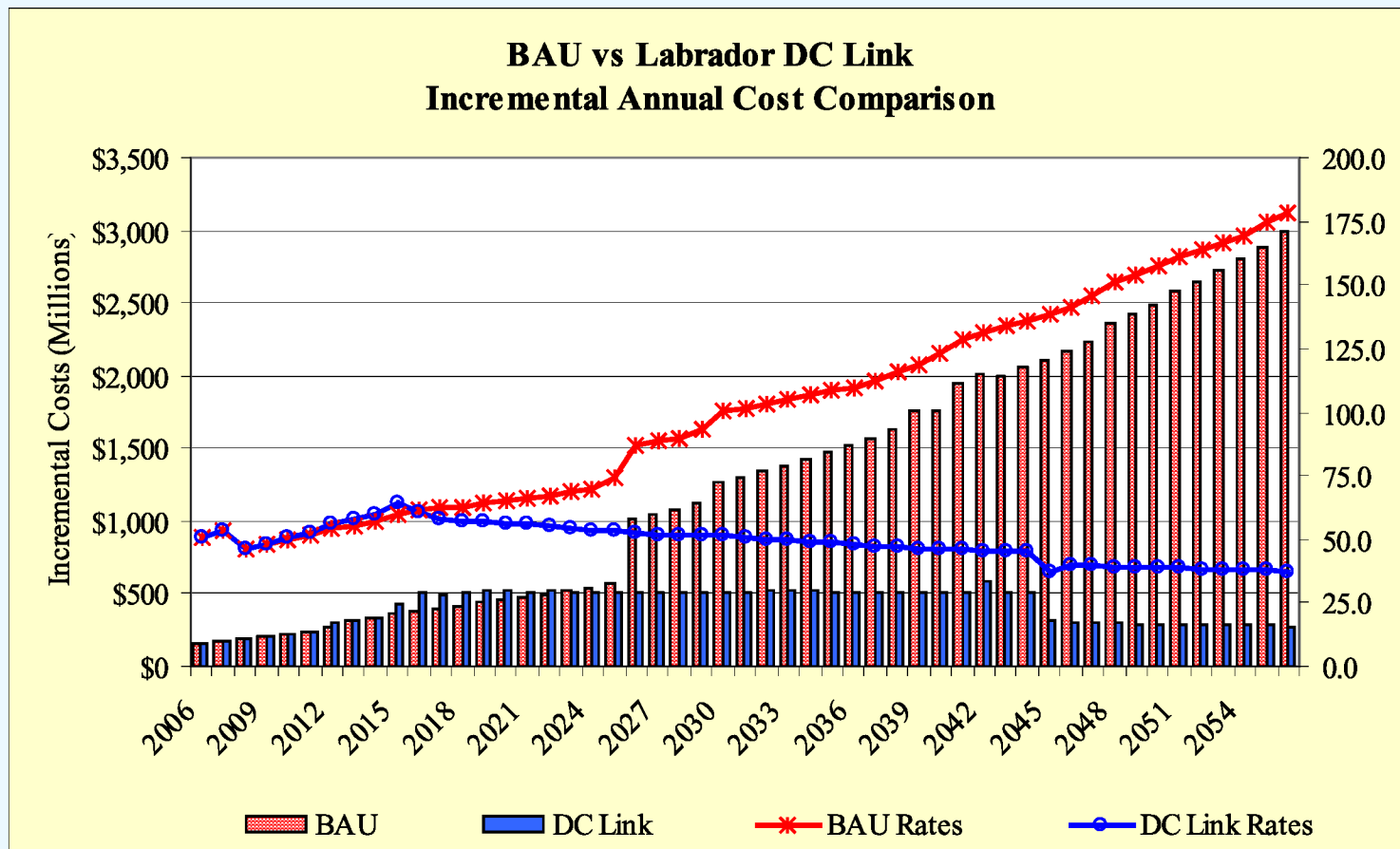


Labrador Supply (incl. 1500 MW Wind and LC)& Demand



Key Message: Labrador has significantly more potential capacity than is currently forecasted.

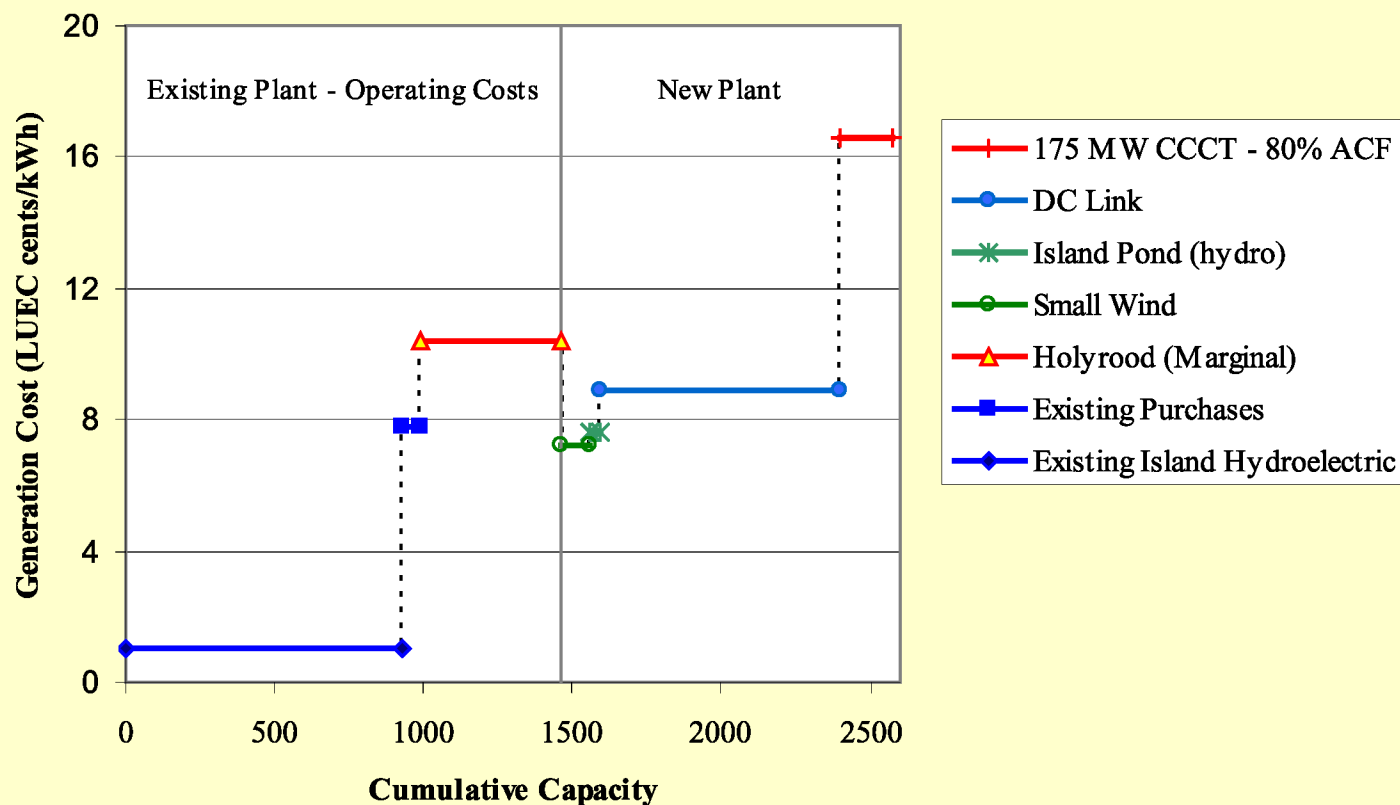
BAU vs. DC Link Comparison



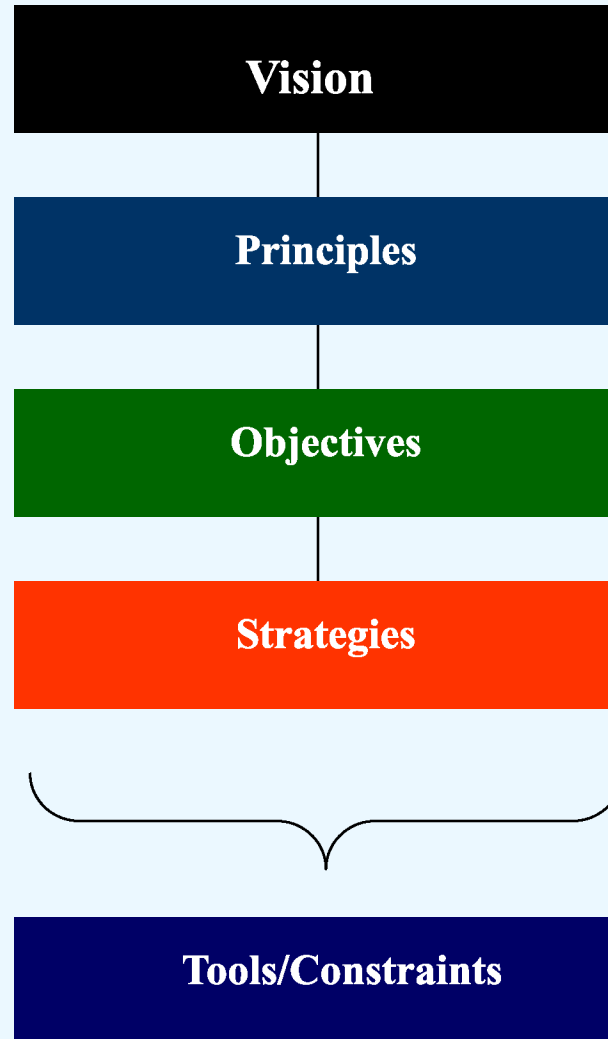
Key Message: Given current oil price forecasts, the cost of a transmission link to the Island is significantly lower than the BAU case.

Indicative Island Generation Costs


Indicative Island Generation Costs



Energy Plan Framework



Energy Plan Vision

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- 100% renewable electricity based consumption in NL by 2041.
 - Integrate island into North American grid within 10 years.
 - 5+ new major industrial developments by 2041.
 - Sustained current oil production through a 20 year horizon.
 - Invest substantial portion of high non-renewable revenues over next few years into renewable infrastructure.
 - Substantial export revenues from renewables to pay down debt and allocate to other provincial priorities.
 - 5000MW+ wind within 20 years.
 - Viable natural gas industry within 10 years
 - Achieve increased energy development while reducing overall impact on environment.
 - Investigate and advance other renewable opportunities over next 10 years.
 - Be a world leader in the energy industry.

Next Steps/Schedule

