





One of the potential impacts of Hydro Quebec's dominance may be the premature cessation of current, good faith discussions between Nalcor Energy and NB Power to sell competitively priced Lower Churchill power to New Brunswick and jointly advance the long term, mutual interests of both of our provinces in conjunction with Nova Scotia and P.E.I. These discussions have not yet reached an advanced stage, so it is not possible to quantify the benefits that might be lost to our two provinces and all of Atlantic Canada if discussions are terminated. If New Brunswick narrows down its range of alternatives to a single-window with Hydro Quebec, full information may not be available to evaluate the opportunities that other alternatives may bring. I would reiterate that our province feels compelled to look into the potential of anti-competitive behaviour on the part of Hydro Quebec given the potential monopoly that could exist as the result of an agreement between them and NB Power.

I acknowledge your statement that "transmission lines running through New Brunswick are now, and will continue to be, open to any customer seeking transshipment rights." We take this commitment to mean that open access transmission rules, contained in your Electricity Act and administered by the New Brunswick System Operator, will continue to respect the ability of energy companies to obtain transmission access within and through New Brunswick in a fair and transparent manner. This is access, of course, to assets that will no longer be owned by New Brunswick but Hydro Quebec who have a track record of obstruction and delay.

I am not aware of the final terms of any deal with Hydro Quebec and my comments are offered in a spirit of good faith to warn you and your people about a decision that could have significant long-term negative impacts. I reciprocally fully respect and understand your obligation to represent the best interests of the people of New Brunswick.

You need look no further than Nalcor Energy – our crown hydro corporation was at one time in poor financial shape. But we took control of our own destiny and Nalcor Energy is now a crown jewel in our province's energy assets and is helping to shape our future. We hope our experiences in Newfoundland and Labrador can assist you in evaluating the options that lie before your government.

Sincerely yours,

DANNY WILLIAMS, Q.C.  
Premier

C. Premier Darrell Dexter  
Premier Robert Ghiz

2009 10 28

2:35 p.m.