

**Energy Plan
Questions and Answers
August 30, 2007**

General Questions

1. What was the cost of the development of the Energy Plan, from consultations right through to the launch?

Development of the Energy Plan was funded in each fiscal year beginning in 2003-04. Total funding is \$1.13 million, broken down as follows:

- 2004-05 - \$80,000
- 2005-06 - \$350,000
- 2006-07 - \$350,000
- 2007-08 - \$350,000

An additional \$12 million was allocated in 2007-08 to begin implementation of the Energy Plan.

2. What is the total cost associated with implementing the initiatives contained in the Energy Plan?

For each of the next three fiscal years, \$10 million will be allocated to fund energy plan initiatives, including the Energy Efficiency and Conservation Partnership, the Energy Innovation Task force, and the acquisition of geological data. Additional funding will be required for other initiatives, including our equity stake in petroleum projects and funding for the Lower Churchill. Funding for these initiatives will depend on the level of investment the Provincial Government will make in these projects.

3. This plan was originally supposed to be completed in the fall of 2005. Why did it take two full years longer to complete?

From the beginning of the energy planning process, which officially began in November 2005 with the release of the Energy Plan Discussion Paper, we stated that it was our intention to develop a comprehensive, long-term energy plan for the province and that we would take whatever time necessary to complete this Plan. The Energy Plan is one of the most important things that we have taken on as a Government, and we owed it to the people of the province to ensure we took the time given it the effort it required to make sure that we have the best Plan possible. As well, development of the Energy Plan involved a lengthy consultation process, which did not officially conclude until November 2007.

4. Is the province only looking for an equity stake in oil and gas developments, or does the equity requirement also apply to the development of wind, hydroelectricity and other sources of energy?

As outlined in the Energy Plan, the province will require a 10 per cent equity position in future offshore petroleum projects, which will be held and managed by the new Energy Corporation. In the electricity sector, the province, through Newfoundland and Labrador Hydro, will lead the development of all major hydroelectric projects, including the Lower Churchill, and develop a new policy on the issuance of water rights for new hydroelectric developments, making NLH and/or the Energy Corporation responsible for coordinating and controlling all new hydroelectric developments in Newfoundland and Labrador. NLH will also lead wind energy projects in the province and determine whether to do this alone or with private sector partners. Other energy opportunities will be evaluated as they proceed.

Oil and Gas

General

5. What is the province doing to ensure its existing coastal boundaries with Quebec, the Maritimes and France are protected and enforced?

Two offshore boundaries currently exist in the Newfoundland and Labrador offshore area. In 1992, an International Court of Arbitration established a maritime boundary binding Canada and France respecting the delimitation of the offshore area of St. Pierre-et-Miquelon. In May 2005, both countries signed an agreement (Canada-France Treaty) respecting the potential for a transboundary hydrocarbon discovery in the Laurentian but have yet to ratify until a domestic review of each country's legislation is complete to ensure full compliance with the Treaty provisions. In addition to the Treaty, federal and NL officials are working towards finalizing an MOU which would, among other things, govern our respective needs to take into account the provisions under the Accord Acts, namely, joint management and revenue sharing.

Similarly, in 2002, an Arbitration Tribunal ruled on the maritime boundary between NL and NS. Officials have had preliminary discussions concerning an MOU to address the possibility of a transboundary discovery between NS and NL.

No such offshore boundary exists respecting Quebec and NL.

6. Why does the government continue to regulate petroleum pricing?

Petroleum product price regulation was introduced in the province in 2001 to provide greater certainty and transparency for frequent fluctuating retail prices. In 2004 this administration moved the regulatory function to the Board of Commissioners of Public Utilities to improve efficiency and reduce costs. A review of the pricing methodology

was also performed to ensure a more timely, responsive and predictable pricing environment. Changes to improve the regulatory model along these lines were implemented in November 2006. Government continues to believe that in the current environment of high, volatile pricing, the regulations provide a stable and transparent system of regulatory pricing for all stakeholders.

7. Why doesn't the province provide the DNR's petroleum branch with more resources to attract and retain top notch oil and gas talent and expertise to provide the best service possible to industry?

Government has identified this challenge and has acted by providing additional funds commencing in budget 2006/07 for restructuring. The restructuring process resulted in the previous Petroleum Resources Development Division being restructured to the Petroleum Development Section with the creation of a new Assistant Deputy Minister position, three Director positions and four new staff positions. (Wes)

8. Why doesn't the EP do more to encourage oil and gas exploration companies to share scarce industry resources?

In the area of oil and gas exploration, the Energy Plan is focused on providing industry with an effective and efficient regulatory system, a central and publicly accessible petroleum data management information repository and regulatory and fiscal incentives to promote targeted exploration activity. Industry regularly shares specialized assets such as seismic vessels and drilling rigs where possible since it helps to spread out the mobilization and demobilization costs. (Wes)

9. Why doesn't the province try to renegotiate the Atlantic Accord to ensure the CNLOPB more closely follows the province's wishes?

Signed in 1985, the *Atlantic Accord Agreement* was given full force of law with the proclamation of the Atlantic Accord Acts in 1987. The Acts implement the Agreement between the Governments of Canada and Newfoundland and Labrador on petroleum resource management and revenue sharing and to make related and consequential amendments. Both Governments agreed that neither will introduce amendments to the Acts or any regulations made there under without the consent of both Governments. The Acts established the CNLOPB to administer, on behalf of both Governments, this legislation. The CNLOPB's authority is derived from the Acts and, in fulfilling its mandate, has exercised its authority pursuant thereto.

10. Why not develop an oil-spill response centre in St. John's?

Paul Molloy

11. Why not develop stronger rules to protect against oil spills?

Paul Molloy

- 12. The province is making it a lot more time consuming and complex to obtain a development license: 10 per cent equity, requirements provide plans to employ women, develop natural gas and assess refining options. How can the province be sure it not pushing for too many concessions and jeopardizing the industry?**

Charles

Geoscience

- 13. Will the data management repository be a free public resource that anyone can access and use? If not, who will be able to access it?**

The intent of the data management repository is to provide a centralized location for the easy access and retrieval of non-confidential data to the public. The Provincial Government recognizes the importance of an efficient and effective data management system for both the offshore and onshore petroleum sectors. We are assessing various operating models to handle this information exchange. (Wes)

- 14. Why is government giving all the geoscience investment to NLH rather than providing incentives, tax credits etc. to our private oil and gas exploration companies? Did federal tax incentives play a major part in discovering Hibernia, Terra Nova and Hebron?**

Government has stated its intentions on building an Energy Corporation and this investment is another tangible example of how this will be executed. Government is firm on ensuring that the Province maximizes the benefits it receives from our resources and this investment represents a new approach to this objective by advancing our knowledge about the potential of our resource base. (Wes)

- 15. Doesn't the \$20 million for offshore geoscience and \$5 million for onshore exploration funding give the New Energy Corp an unfair advantage over private industry? Why or why not?**

The investment is intended to improve our knowledge of our onshore and offshore potential in an attempt to identify new opportunities. The acquisition of quality seismic data facilitates the evaluation of exploration risk in new areas. This information can play a key role in attracting exploration and development capital including private industry. (Wes)

- 16. Why won't the province develop its own land use and environment website?**

The CNLOPB already provides land use data and information on its website. The province also provided nearly \$1 million in funding to the CNLOPB to improve its data repository resources to improve the CNLOPB's access to timely and accurate

offshore data. This will help the CNLOPB to do an even better job of providing information to the public and industry.

17. How will the new \$20 million investment in offshore geoscience work?

The investment provides the Energy Corp. with the financial resources to advance our knowledge about our resource potential. The existing data for our offshore has been acquired over a long period of time using a variety of technologies resulting in data of varying quality. The major focus of this investment is to evaluate this existing data over a regional scale and where there are gaps to reprocess the existing data or acquire new data to provide a comprehensive understanding of the geology of the region. (Wes)

18. Will private exploration companies be able to avail of any of the \$20 million offshore geoscience funding?

The investment is directed towards the Energy Corp. to increase our knowledge of our resource base. Service companies that provide specialized geophysical services, may be interested in offering solutions as to how best this may be accomplished. (Wes)

19. Why does the province believe NLH will have better success exploring for offshore oil and gas than the private sector?

The province believes that there is a role for NLH in the exploration and development of our energy resources. The company will build a technical team that is focused on the opportunities that are available in our region. The limited financial and human resources available will be assigned to the exploration process here at home, building our geological knowledge, expanding our technical capability and formulating new concepts that build on our present knowledge of our basins. (Wes)

20. How will the \$5 million investment (PEEP) in onshore geoscience work?

The investment provides the Energy Corp. with the financial resources to advance our knowledge about our onshore resource potential. The company will have the flexibility to commission seismic work independently and/or partner with private companies. The major focus of this investment is to increase the province's overall understanding of the onshore petroleum potential by obtaining crucial geoscientific information. (Wes)

21. Will private exploration companies be able to avail of any of the \$5 million onshore geoscience funding?

The investment is directed towards the Energy Corp. to increase our knowledge of our resource base. Exploration companies interested in obtaining geoscientific information in exchange for an equity position in future projects can participate in the

program. Service companies that provide specialized geophysical services, may also be involved in the program. (Wes)

Natural Gas

22. Why not complete an engineering study on bringing Labrador natural gas ashore?

Studies on gas development have been completed in the past and work continues with the objective of increasing our knowledge of the region to proceed with further exploration and subsequent development. Improved understanding of the environmental conditions following early exploration efforts combined with technological advancements, and market conditions, have brought Labrador gas back to the attention of interested oil companies. Technology continues to advance and the understanding of iceberg scour and risks to subsea facilities continues to improve. Research work concerning the risks associated with damage to subsea pipelines from contact with icebergs continues. (Wes)

23. When will the natural gas regime be finalized and implemented?

Christine

Research and Development

24. Why doesn't the province allow oil and gas companies to invest their R&D money where it makes the most sense for them to allow them to maximize their production in NL?

The Atlantic Accord has a requirement (for operators in our offshore) for R&D expenditures to take place in the Province. The CNLOPB recently made the decision to establish guidelines (requirement currently at .38% of revenues) to meet their regulatory responsibility under the Accord. If oil and gas companies were allowed to invest all their R&D monies outside of the province it wouldn't necessarily have any impact on maximizing production in NL and would do nothing to enhance our R&D capability and capacity.

Equity

25. In light of the Hebron partners' resistance to a 4.9 per cent equity stake, why does the province think 10 per cent will fly?

Early in this government's mandate there was an expectation that future oil and gas developments would involve a form of equity participation. Equity participation provides government with access to an alternate form of revenue from the development of oil and gas projects, participation in the decision making process for these developments and a

vehicle through which it can develop expertise in the industry. Equity participation by government is not a new concept for the oil and gas industry. Many other jurisdictions throughout the world have equity participation that is much greater than 10 percent and certainly industry is able to work with these jurisdictions and parameters.

26. What has this government done to advance its position that the federal government should hand over its 8.5 per cent ownership share in the Hibernia project?

Wayne

27. When government is negotiating an equity stake in a development, how will it compensate developers for the exploration risks and associated expenses that precede development? For example, say a company spends \$40 million independently exploring for oil and drills four dry wells in an EL. Then, on the fifth well of the EL, spends another \$10 million and makes a significant discovery. When government is negotiating for a 10 per cent equity stake in the development, will it compensate the developers for the 10 per cent of the full \$50 million or just the \$10 million successful well?

The province, through its involvement in the Frontier and Offshore Regulatory Renewal Initiative, continues to work with our partners to improve the efficiency and effectiveness of our regulatory structure. Recent amendments include the provision to exclude flow testing from the first exploration well on a geological structure, thereby reducing well costs. In addition a project team is currently working on combining the existing Offshore Drilling and Production Conservation Regulations with a view to making it less prescriptive.

28. Why won't the province seek equity interests in existing oil developments?

Wayne

29. The plan says projects currently under negotiation will not be subject to the new oil royalty regime – does this include Hebron, the White Rose extension?

Christine

30. Why didn't the province create a new fiscal regime for oil development?

Government will use the new natural gas fiscal regime as the basis for the new oil regime. Government is sharing the draft natural gas regime with industry to create a competitive and clear regime for future developments.

Regulatory Regime

31. The plan says it is time for the federal and provincial governments to conduct a joint comprehensive review of the offshore regulatory structure. Have the feds agreed to do this? Are there any guarantees that changes will come, considering the province needs the agreement of the feds? The province hasn't been able to get them to agree on any type of fallow field legislation to this point.

The Atlantic Energy Roundtable (AER) was established in 2002 as a forum for governments, regulators, suppliers and operators to discuss issues and opportunities in the petroleum industry offshore NL and NS. One of the principal objectives of the AER was to seek ways to improve regulatory efficiency and effectiveness. The AER has produced tangible results, including, among other things, an MOU on concurrent environmental assessment and regulatory processes for offshore development and the elimination of the regulatory requirement to flow test the first well on a geological structure. In addition, the Frontier Offshore Regulatory Renewal Initiative (FORRI) was established as a mechanism to modernize the offshore regulatory regime (from prescriptive to goal oriented regulations) as a means to ensure our global competitiveness. FORRI has been actively working towards its mandate with the promulgation of goal oriented Drilling and Production Regulations slated for Q1 2008. The federal government has been an active participant in both initiatives.

32. Why won't the province do more to reduce federal involvement in the offshore?

The federal government has jurisdiction over the offshore. The province is working with the federal government to streamline regulations and make it simpler and less expensive to explore for and develop oil and gas resources.

Secondary Processing

33. The province is requiring all development plans to include a detailed assessment of the feasibility and provincial benefits of refining oil in Newfoundland and Labrador. How can you force companies to go down that road if that is not their area of expertise or line of business? Is that wise?

As indicated in the Energy Plan, one of government's long term strategic objectives is to work with all stakeholders to achieve growth in value-added and secondary petroleum industries. Government believes that the Province is an ideal location to consider for the construction of a refinery given our reliable supply of crude, access to world markets and sufficient space to construct such facilities. While the crude oil produced offshore to date has not been economically feasible to process at the North Atlantic refinery in Come By Chance, there is a significant amount of remaining potential that is currently not classified and could be considered for possible processing in the future. We are not forcing companies to construct a refinery in the province; however, as custodians of the resource and to ensure we are obtaining the maximum benefits from future offshore

developments, we are requiring companies to provide a detailed assessment of the potential for such a development.

34. Will government ensure that future oil and gas deals ensure the province has a security of supply of oil and gas from developments? In other words, will government ensure the province's refinery(ies) can access the oil being produced in NL?

A refinery(ies) operating in the province can access oil being produced in Newfoundland and Labrador if it makes good business sense for a refinery owner to build, or convert, a facility to deal with the physical characteristics of our crude oil. The current refinery (as well as the proposed refinery) is best suited to process a lesser value high sulphur quality crude oil of which there is ample supply throughout the world market. Crude oil produced offshore Newfoundland and Labrador to date is of a higher value low sulphur quality that commands a higher price on the world markets.

Industrial Benefits

35. Why doesn't the province create an industrial benefits regime that would apply to all developments to increase certainty for developers rather than having them negotiate benefits for each project?

Industrial benefits requirements must remain flexible enough to encourage development of projects of varying sizes, complexity and feasibility, economics and modes of development. This approach is in the best interest of the province and the oil and gas companies.

36. Will the province help develop an offshore supply base on the south coast of the island? What is the province doing to ensure the south and west coast regions are the primary beneficiaries of the oil and gas exploration and developments in those regions?

The province has participated in the Phase II port study undertaken by the town of Marystown will participate with Marystown on further consultancy studies on a supply base. As well, the province is participating with the Greater Corner Brook Area Chamber of Commerce and other stakeholders in the west coast region to identify development and infrastructure needs for future developments. An RFP for a consultancy study is being developed and the study will be completed early this fall.

37. Why not use the White Rose industrial benefits agreement as the bench mark for all future energy oil and gas developments?

The agreement recently reached with Chevron for the Hebron development will surpass the benefits agreement reached for the White Rose project. There is a continuing need to remain flexible in our approach and previous benchmarks may not be appropriate.

38. The province has only two major fabrication facilities (Bull Arm and Marystown,) but several large scale construction projects including Hebron, Long Harbour nickel plant, new refinery, navy ship building contract, LNG plant. How can two sites handle so many projects? What is the most likely timeline of all these projects?

The timelines and fabrication/assembly requirements for these projects, and whether or not they will all be concurrent, has not yet been fully determined. Not all construction/fabrication/ assembly for these projects will require the use of off-site fabrication facilities.

39. What can government do about the looming bottleneck in fabrication capacity?

Government will consult with all proponents with respect to their execution schedules to evaluate options to address any potential bottlenecking.

Skilled Trades

40. The EP makes many references the Skills Task Force report as a solution to the potential labour shortages for future developments. What is government specifically doing to ensure there are enough skilled trades people available for energy-related projects?

Government has long recognized that a skilled labour force is a significant element in the success of our natural resource developments and in the ability of the province to maximize employment benefits. The Skills Task Force was established to work with industry partners to ensure our labour market could respond to industry needs.

The Report All the Skills to Succeed was released in May 2007 along with Government's response, The Skills Task Force Action Plan. (<http://www.ed.gov.nl.ca/edu/pub/stf-report.htm>) The Action Plan provides a comprehensive, long-term approach to meet the needs of current and future large-scale development projects.

Initiatives

The Department of Education (EDU) is leading the implementation of the Task Force Action Plan. They, along with the department of Human Resources, Labour and Employment (HRLLE), are already moving ahead on a variety of recommendations ranging from education to labour market development. \$6.7 million is being invested to help people take advantage of new opportunities in the area of skilled trades and to ensure a highly-qualified work force to meet industry demands.

The departments have worked closely with industry and will continue to do so through the new Industry Coordinating Committee (ICC) recommended by the Skills Task Force Action Plan.

In addition to implementation of the Skill Task Force Action Plan, HRLE is implementing new labour market development and client service initiatives.

HRLE provides timely and accurate labour market information and services to assist employers, workers, new and returning job seekers, and students to make more informed labour market choices. (www.lmiworks.nl.ca)

Electricity

41. There are several major new projects in the pipeline that will require significant amounts of electricity during construction and/or operation: Hebron, a new refinery, a nickel processing plant in Long Harbour, an LNG plant, ship building in Marystown. How much electricity will it take to power these projects? How much electricity is available before 2015?

NLH forecasts that the generation it has today, together with the 50 MW of wind contracted for 2008 and an additional 25 MW of wind in 2010, will be sufficient for general load growth and the nickel processing plant at Long Harbour which is due to begin operation during 2012. In 2009 the province expects to sanction of Lower Churchill and the interconnection, but if that is not possible, NLH will select from a number of alternatives including wind, small-scale hydro, and more thermal generation provided that alternative can meet acceptable environmental standards.

The proposed new oil refinery for Placentia Bay will require a further 175 MW as early as 2011. Hydro has been working closely with the proponent and estimates that if the refinery goes ahead, its needs can be met by using all NLH's its current resources supplemented by additional combustion turbines (fueled with diesel or light fuel oil) to bridge to 2015, when power from Labrador will be available. After the interconnection is in service, these units will be used to provide support for the interconnection and emergency generation in the event of an interruption of supply from Labrador.

The electricity loads associated with Hebron construction, increased activity at Marystown or the LNG plant have not yet been put into the planning process as their size start-up dates are not known. When the details have been established, Hydro will work out how best to meet their requirements. [NLH System Planning]

42. Does the Energy Plan ensure that electricity prices in all areas of the province (e.g. rural island, Labrador, St. John's) reflect their true costs? Why or why not?

Under the current regulatory methodology, the allocation of costs to the various customer classes is decided by the Board of Commissioners of Public Utilities. While the Energy Plan does not make specific commitments to change the general regulatory methodology, it does commit government to finding ways to streamline the regulation without detriment to its effectiveness. The existing policy direction from government to PUB regarding the lifeline block for isolated residential rates and preferential rates for fish plants and some other facilities in isolated communities is not changing. [D. Bazeley]

43. Is the province subsidizing electricity rates for rural ratepayers? Why or why not?

Most of the subsidy needed to cover costs of providing electricity in rural areas is paid by other electricity customers. Government has recently fulfilled its commitment to provide a further subsidy to residential customers in Labrador diesel service areas to reduce the rates of the lifeline block to the rate paid by customers in Happy Valley-Goose Bay. [D. Bazeley]

44. Does the province require small or even large hydro developers to provide bonds and plans to decommission dams?

This has not been the practice in the past. Since in the future, Newfoundland and Labrador Hydro and the Energy Corporation will be responsible for coordinating and controlling all new hydroelectric developments in Newfoundland and Labrador, such a policy is not part of the Energy Plan. [D. Bazeley]

45. Why won't government deregulate all electricity generation to ensure prices reflect true costs rather than government-subsidized prices. This would help lower demand.

As with any other product, electricity customers can be protected either through effective competition between suppliers or by regulation of prices. Introducing competition would have to start with having multiple owners for generation, most of which is owned currently by Newfoundland and Labrador Hydro. Government has no wish to see Hydro sell off its generating stations, most of which are hydroelectric facilities on our rivers. Except for a partial subsidy for residential customers in Labrador diesel-service areas, government does not subsidize electricity prices. [D. Bazeley]

46. Why won't the province split responsibilities for electricity along generation and transmission?

At this time government sees no advantage in or necessity for doing this. However, it will be one of the areas to be examined as we review what changes should or must be made to provincial practices as we move towards greater interconnection and integration with continental electricity markets. [D. Bazeley]

Distribution and Transmission

47. Why doesn't the province consolidate all power distribution under one entity – either NLH or Newfoundland Power?

Government is committed to maintaining NLH under Crown ownership. Government has previously reviewed the possibility of NLH acquiring Newfoundland Power to achieve the consolidation of all distribution, and rejected it in 2004. [D. Bazeley]

Upper Churchill

48. The Energy Plan says the province will explore opportunities for Upper Churchill to make a greater contribution to the province. How will the province increase the benefits it is receiving from the Upper Churchill?

One such opportunity is the benefit realized from the power to which the province has rights, a total of 300 MW. Currently, any power not used by provincial customers is sold to Hydro Quebec at a price of close to 4 cents/kWh, which makes a substantial profit for NLH. This power is nonetheless available for use in the province to meet new needs which may provide greater benefits overall. The agreement with Hydro Quebec ends in March 2009, by which time NLH or the Energy Corporation will have decided how to secure maximum benefits from it for the province. [D. Bazeley]

49. What happens to the Upper Churchill in 2041? What are the options for the province?

Assuming there are no changes, in 2041 CFLCo will still own the Churchill Falls facilities and will still be a joint venture of NLH (the Energy Corporation) and Hydro Quebec. The Board of Directors of CF(L)Co will be duty-bound to maximize the return to these shareholders from CF(L)Co's operations. While the directors are appointed by the joint venture partners in basic accordance with their ownership proportions, their first duty is to the company. There are no unilateral buy-out provisions for either partner, but there is an obligation for each to give the other first option to buy any shares it wishes to sell. [D. Bazeley draft sent to T. Stanley for review]

50. Why doesn't government tax Quebec on UC power sales?

Todd

51. Does Quebec have the authority to veto the province's decisions for Upper Churchill power after 2041?

Todd

52. What is NLH doing to improve the efficiency and operation of the Upper Churchill?

An ongoing maintenance program is in place, and equipment is replaced as necessary in order to maintain the performance of the plant. However, there are no activities specifically intended to increase the efficiency of Churchill Falls. (G. Bennett)

Lower Churchill

53. What is government doing to attract electricity-intensive industries to Labrador to use LCP?

Government has made significant efforts to promote the Lower Churchill resource, as demonstrated by the request for Expressions of Interest that closed in early 2005. The project is well known in industry circles. In addition, Hydro has worked and is working with resource developers in Labrador as they progress their development proposals. (G. Bennett)

54. Why is the province not developing the Labrador transmission grid if Labradorians are truly the primary beneficiaries of their resources?

NLH is not in a position to build transmission in advance of an identified need. Once a need is identified, costs are allocated as determined by the PUB. NLH is confident that it can increase transmission capacity in Labrador to meet future needs in this manner. The development of Lower Churchill will reduce future costs of increasing transmission capacity to Upper Lake Melville area, as well as providing power to supply new customers. Government expects that industrial customers will prefer Labrador for new operations since the transmission costs are expected to be lower than on the Island due to the relative proximity of Lower Churchill. [D. Bazeley]

Small Hydro

55. Why not develop small hydro projects to meet the island's energy needs?

We have every confidence that the Lower Churchill will secure our electricity needs for a long time, and therefore it won't be necessary to develop smaller hydro projects. If the Lower Churchill cannot proceed, government will consider allowing the development of small hydro under the control of NLH. [D. Bazeley]

56. Why is government leaving the door open to removing the small hydro moratorium when there are so many other sources with lower environmental impacts?

There are no mature generation technologies that are clean and renewable other than wind power. Due to its intermittent nature, wind cannot provide a significant component of power on an isolated system such as the Island. Government believes that if the Lower Churchill cannot proceed as planned, smaller-scale hydro is the next most attractive technology based on a balance of cost and environmental impact. [D. Bazeley]

57. Why jeopardize rivers by developing small hydro generation when the rivers contribute so much to the province's tourism industry, especially the recreational fishery?

Government does not plan to allow the further development of small-scale hydro if there is a better solution in the form of Lower Churchill and the interconnection. If that is not possible, some small-scale hydro development is the next most attractive source of power (see 57). [D. Bazeley]

58. Why is the province shutting out private companies from small hydro generation projects?

Small hydro generation is not the preferred future source of new generation. However, if it becomes necessary to allow additional small hydro development, government will give NLH control of that development, and require NLH to ensure that the least environmentally-damaging projects proceed. [D. Bazeley]

59. Why not develop small hydro projects for isolated Labrador communities?

NLH has reviewed the potential for small hydro projects to supply power to isolated communities in Labrador, but has not found any projects that are economically viable compared to diesel given the scale of the communities and their need for reliable supply. [D. Bazeley]

60. Why doesn't the province review all dams in the province to ensure there are no better energy sources available? This would allow the province to remove some dams from important rivers.

Small hydro generation is not the preferred future source of new generation. However, if it becomes necessary to allow additional small hydro development, government will give NLH control of that development, and require NLH to ensure that the least environmentally-damaging projects proceed. There are no other mature generation technologies that are clean and renewable except wind power. Due to its intermittent nature, wind cannot provide a significant component of power on an isolated system such as the Island. [D. Bazeley]

Wind

61. Why are there no timelines or fixed targets for wind development? For example, why not mandate generating 2,500 MW of wind power by 2015?

NLH has committed to 51 MW of wind for the Island, and will likely contract another 25 MW approximately in the next few years. This will reach the limit for the Island system while it remains unconnected to other systems. NLH is also investigating the wind regime in central Labrador, but significant wind development there needs to be linked to Lower

Churchill development. This will not be finally committed until 2009, so mandating major wind development at this time is not a realistic option. [D. Bazeley]

62. Why doesn't the province create an agency dedicated to wind power?

Government is concentrating its ownership of energy businesses in the new Energy Corporation. [D. Bazeley]

63. Why is the province shutting out private companies from wind generation projects?

Crown land is a public resource, and government's position is that the people of the province should be the principal beneficiaries from development of their resources. Government believes that this would be best achieved by the province's Energy Corporation being in control of the development of all wind developments and to determine whether to implement them alone or with partners. As well, there are additional benefits when wind projects operate effectively in conjunction with hydro generation, most of which is and will be operated by NLH and CF(L)Co. [D. Bazeley]

64. Why are municipalities being shut out of being wind energy partners?

Municipalities are not being shut out as potential wind energy partners. Should NLH decide it wants one or more partners in a wind development and the local municipality wishes to be considered, it would be free to propose itself. [D. Bazeley]

Alternative Energy

65. Why is the province taking a wait and see approach to solar and tidal energy? If we are to be truly innovative, shouldn't we invest in these emerging resources now?

Government will continue to monitor development of these technologies and to support local initiatives. However, we have enough more-conventional clean, renewable resources in our Energy Warehouse to meet our own electricity needs and to export considerable surpluses for a long time to come, so these technologies are not a high priority for government. [D. Bazeley]

66. How will government support development and adoption of alternative forms of energy such as solar, tidal, wind, hydrogen, bio-waste, etc?

The province is taking action on several fronts for this important issue. We are aggressively moving forward with hydrogen/wind and wind generation. We are also creating an Innovation Task Force to ensure we are developing and taking advantage of the latest technologies for alternative energy development. The province will also support individuals who want to generate their own power and sell excess to the grid (i.e. net metering.)

67. Why not coordinate alternative energy development with the federal government to make it easier for companies to operate in multiple provinces?

Natural resources within provincial boundaries are constitutionally a provincial responsibility. The federal government offers funding for certain alternative energy developments, and supports research in others. [D. Bazeley]

68. Why does the plan not put more emphasis on tidal energy? Solar energy? Waste bio mass?

Government will continue to monitor development of these technologies and to support local initiatives. However, we have more than enough more-conventional clean, renewable resources in our Energy Warehouse to meet our own electricity needs and to export considerable surpluses for a long time to come, so these technologies are not a high priority for government. [D. Bazeley]

69. Why not consider nuclear energy for future generation needs?

We have more than enough clean, renewable resources in our Energy Warehouse to meet our own electricity needs and to export considerable surpluses for a long time to come. Nuclear energy is not expected to offer any significant cost advantage over these, and comes with issues surrounding safety and radioactive waste disposal. [D. Bazeley]

Newfoundland and Labrador Hydro/New Energy Corporation

70. What role did NLH play in creating the Energy Plan?

Charles

71. How will government ensure there is a level playing field between the New Energy Corp. and the other companies that want to develop energy resources in the province?

Charles

72. How will government ensure there is clarity and no conflict of interest between the roles and responsibilities of the new energy corporation and DNR? Who is responsible for regulating and promoting? Will DNR share important information with the new Corp but not with other companies?

Charles

73. Will the province share its geoscientific or any other specific information with the New Energy Corp?

Wes

Holyrood

74. Why not focus on bringing ashore natural gas to generate power and eliminate the Holyrood thermal station?

Government is taking action to help bring natural gas ashore, but this is a long-term goal. Holyrood needs a more urgent solution, so LC or Plan B (small hydro, E&C, wind) are more appropriate.

Environment/Efficiency and Conservation

75. During the public consultations, many citizens and groups asked for greater government support for more public transit on the NE Avalon. Why does the government see no role for urban public transportation in the Energy Plan?

The new Energy Conservation and Efficiency Partnership will examine how public transportation can be effectively enhanced in the Northeast Avalon region and others. It is likely true that some mass transit would not be effective, but there are alternative actions to support more efficient transportation approaches that may be justified. [D. Bazeley]

76. Why does the Plan contain no firm targets or timelines for energy efficiency and conservation?

The priority task for the ECEP will be to develop a five-year detailed plan for energy conservation and efficiency. Any targets or timelines for government that it approves will be included. The Energy Plan does include some very imminent deadlines for some activities and policies in this field. [D. Bazeley]

77. The Energy Plan took four years to complete and its major conservation and efficiency initiative is an Energy Conservation and Efficiency Partnership. Why does the plan include so few incentives or in this area other than taking more time to study the issue?

The EP is taking several actions to improve E&C. For example, government may provide financial incentives to buy certain vehicles such as hybrids. Government is also leading by example by setting targets for E&C improvements within government such as buying more hybrid cars and improving building efficiency. Government is also \$5 million over the next five years to support a new Energy Conservation and Efficiency Partnership, which will develop and implement workable and effective solutions for improving E&C in NL. This will be a broad-based approach that will include direct input from industry and non-governmental organizations.

78. What is the province doing about Demand Side Management (DSM?)

Electricity DSM is one component of the overall field of energy efficiency and conservation. NLH and Newfoundland Power have already commissioned a major study of options and opportunities for DSM, and program proposals that emerge will be coordinated through ECEP where there is overlap with other areas of energy conservation and efficiency. [D. Bazeley]

79. Why doesn't the province introduce rate metering to encourage consumers to reduce energy use during peak demand times?

Time of day rates are most appropriate where more costly generation, for example gas turbines, must be operated for short periods of peak demand. That is not the situation in NL due to our basic reliance on hydroelectric supply and conventional heavy fuel oil. The "gas" turbines we have are used for emergency backup, not for regular supply. [D. Bazeley]

80. Why doesn't the province force industry to reach reasonable levels of efficiency and conservation?

Government is focused on working with our industries to improve their E&C when ever possible. The EP has committed to helping industries with energy audits and resulting E&C improvements. The ECEP will also help identify effective options to do more. This government believes it's more important to work with industries and groups to find solutions than to legislate punitive measure to improve E&C.

81. Why won't the province do more to encourage cogeneration at industrial facilities?

The ECEP will have the mandate and resources to consider all E&C initiatives and this could well include cogeneration.

82. What is the province doing to encourage heat pump technology?

The province is mandating and resourcing (\$5 million) the ECEP to consider all emerging energy technologies, including heat pumps. The province is also monitoring all new and emerging energy technologies as they develop. The province also supports the concept net metering – allowing individuals to sell their excess energy back to the electricity grid.

83. Why not simply adopt federal climate change initiatives to make it easier for companies to operate in multiple provinces?

Federal climate change initiatives are available to individuals and companies n this province. [D. Bazeley]

84. Why doesn't the EP mandate R2000 standards for all new buildings?

There is a model national energy code for houses based on cost-effective energy efficiency standards that will be updated in the near future. ECP will consider whether, and if so how, this standard should be adopted in the province. [D. Bazeley]

85. Why not tax electricity generation to fund energy efficiency and conservation initiatives?

Initially government will fund ECEP from general revenues. Future funding will be a decision of the government of the day. [D. Bazeley]

86. Why isn't there a greater role for Newfoundland Power in energy efficiency and conservation initiatives?

Newfoundland Power will be part of ECEP and will deliver electricity-specific programs to its customers in coordination with NLH. NP may also deliver other programs if through the work of ECEP that is agreed as the most appropriate mechanism and subject to the approval of any related costs by PUB. [D. Bazeley]