

Date : 11/20/2010 11:10:21 AM

From : "Thompson, Robert"

To : "Matthews, Elizabeth" , "EMartin@nalcenergy.com" , "Dunderdale, Kathy" , "GBennett@nalcenergy.com"

Subject : Re: Great editorial

Wow. Couldn't be better.

Sent Via BlackBerry

----- Original Message -----

From: Matthews, Elizabeth

To: 'EMartin@nalcenergy.com' <EMartin@nalcenergy.com>; Thompson, Robert; Dunderdale, Kathy; 'GBennett@nalcenergy.com'

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Sent: Sat Nov 20 10:44:26 2010

Subject: Great editorial

GLOBE EDITORIAL

Danny Williams's end run on hydro, From Saturday's Globe and Mail

More of Labrador's abundant hydro potential is at last on the verge of being unlocked. The agreement to develop the Muskrat Falls site and build an underwater-transmission cable to Nova Scotia benefits all of Atlantic Canada. Though major obstacles remain, it is a good example of what would be possible if more provinces worked together on electricity.

But as Jan Carr points out in a recent C. D. Howe Institute report, Canada-U.S. trade in electricity far exceeds interprovincial trade. It is in the national interest to have more deals like this – to overcome provincial barriers and move toward regional markets in electricity. All of Ontario, in particular, could benefit from being able to buy cheaper, less coal-dependent electricity by way of Quebec. Most new sources of electricity generation have significant downsides; they are unreliable, too expensive, too minor, too dirty or otherwise destructive. On all these counts, Labrador's Lower Churchill hydro is better. The investment means gains for everybody, especially Nova Scotians, who would suffer less from the air pollution caused by burning coal. The Newfoundland-Emera Inc. agreement also offers the prospect of electricity exports to New England via New Brunswick.

The federal government possesses few means to encourage co-operation. A requested federal infrastructure subsidy of \$375-million for the underwater cable, a provision of the deal, may be too costly in the current fiscal predicament; it would be better for the end users to pay over time. But Ottawa should not refuse to consider the idea just because Quebec is objecting.

Newfoundland and Labrador Premier Danny Williams says the deal liberates his province from the “geographic stranglehold of Quebec.” Mr. Williams' rhetoric is often overblown, but he is right to express his frustration: Quebec does a lucrative export business with New York state, but has underused capacity in the hydro connection to Ontario that it controls.

Canada should be taking advantage of hydroelectricity, the cleanest and cheapest energy source in the country, not rationing it. The Muskrat Falls deal may be an end run around Quebec, but ultimately Quebec will have to join in a national electricity solution.

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