

ENERGY IN THE MARITIMES

A STATE OF FLUX

CAMPUT
May 2003

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Chairman

OVERVIEW

- **FOUR PROVINCES**
 - NFLD, NS PEI, NB,
- **REREGULATION IN ELECTRICITY AND GAS**
- **CHANGING THE FACE OF REGULATION**

NEWFOUNDLAND

- **NO RESTRUCTURING**

NOVA SCOTIA

- **MARKET DESIGN UNDERWAY**
- **POTENTIAL WHOLESALE MARKET FROM 6 MUNICIPALITIES <2% OF TOTAL PROVINCIAL DEMAND**
- **TARGET DATE FOR 2005**

PEI

- **LOAD IS APPROXIMATELY 200+ MW**
 - NET IMPORTER OF ELECTRICITY
- **ONE MUNICIPAL UTILITY – EMERA (NS)**
- **ISSUE OF LONG TERM SUPPLY**
- **ROLE OF BOARD – OVERSITE, NOT ECONOMIC – POSSIBLE CHANGE**

NEW BRUNSWICK

- **MARKET DESIGN COMMITTEE**
- **FINAL REPORT ISSUED JUNE 18, 2002**
 - **WWW.NBMDC-NBCCM.CA**
- **RECOMMENDATIONS ON FUNCTION OF PUB**
 - **SURVEILLANCE**
 - **TRANSMISSION TARIFF**

HISTORIC ROLE OF BOARD

- **REGULATORY AUTHORITY IN 1990**
 - **3% RATE CAP**
 - **CAPITAL EXPENDITURES > \$75**
 - **NO REGULATION OF TRANSMISSION**
- **GENERAL RATE HEARINGS EARLY 90'S**
- **CAPITAL PROJECT HEARINGS 2001, 2002**

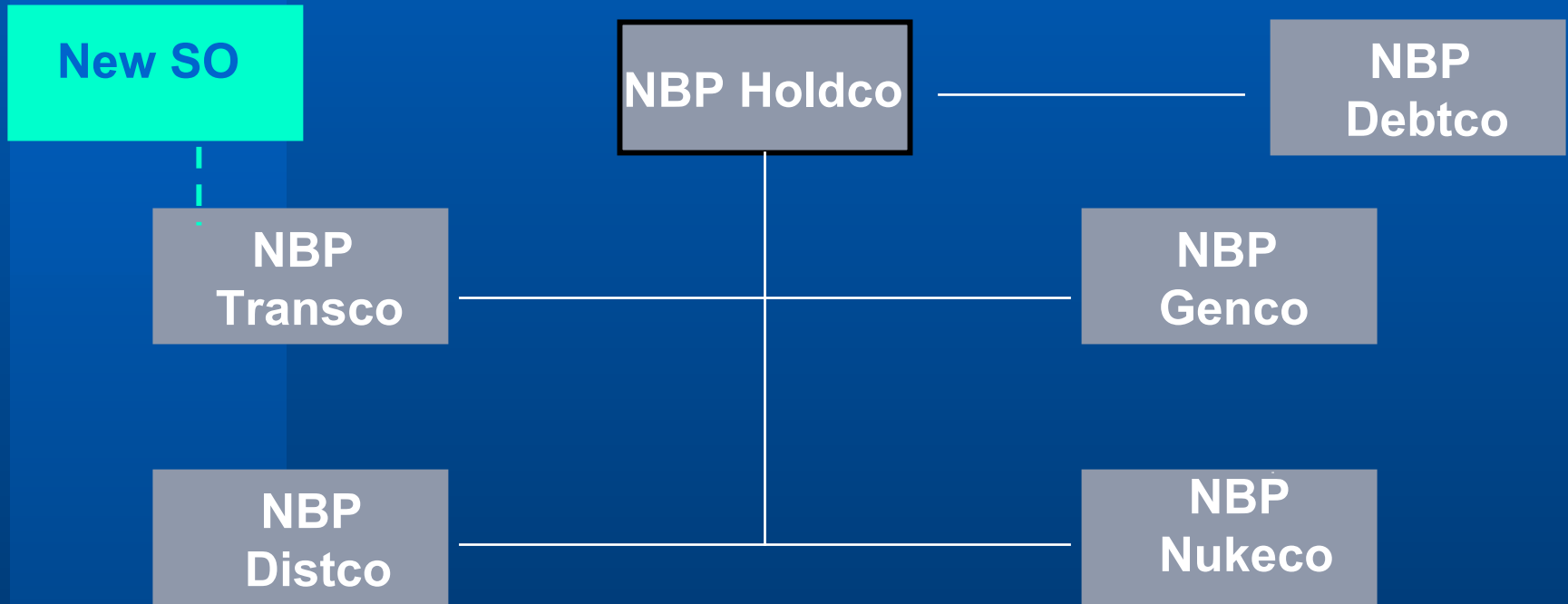
ELECTRICITY ACT

- **NB POWER
RESTRUCTURING**
- **MARKET STRUCTURE**
- **BOARD'S ROLE
CHANGED**

RESTRUCTURING OF NB POWER

- **CURRENTLY INSOLVENT**
- **5 SEPARATE BUSINESS UNITS**
 - DEBT-EQUITY SWAP
 - NO PROVINCIAL GUARANTEE
 - PAYMENT IN LIEU OF TAXES
- **GOVERNMENT OWNERSHIP**
- **HOLDCO – NB POWER
CORPORATE**
- **DEBTCO – NB POWER FINANCE**

NB POWER RESTRUCTURED



RESTRUCTURING OF MARKET

- **COMPETITIVE MARKET
OPEN TO WHOLESALE AND
LARGE INDUSTRIAL**
 - 3 MUNICIPAL UTILITIES
 - 42 LARGE INDUSTRY
 - 1000 MW POTENTIAL
MARKET SIZE

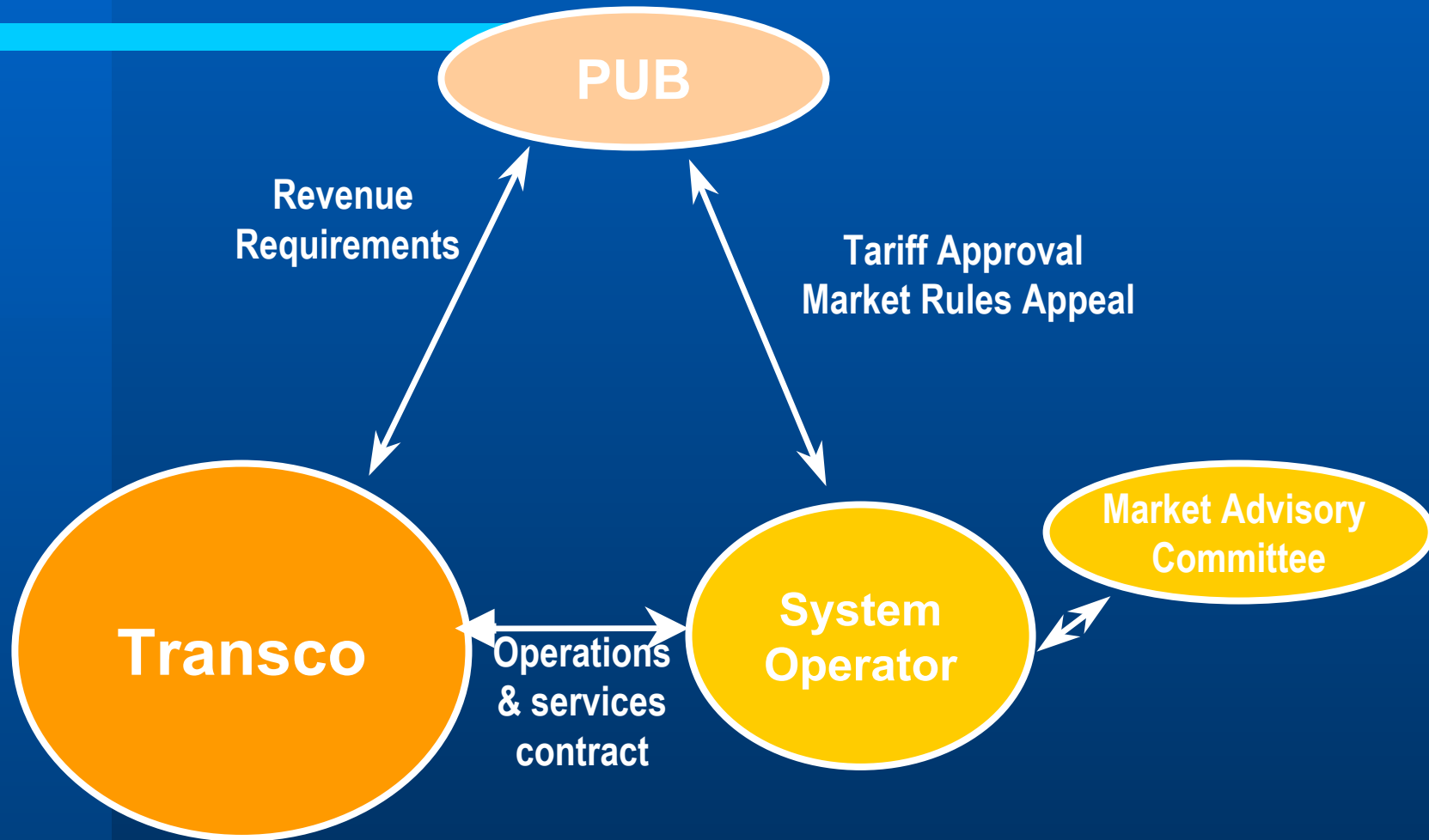
RESTRUCTURING OF MARKET

- **POLICY OBJECTIVE TO HAVE CO-GENERATION AND GREEN POWER**
- **PHYSICAL BILATERAL MARKET**
- **TARIFF FERC 888 COMPATIBLE**

STANDARD SERVICE

- **FOR THOSE WHO CANNOT LEAVE AND THOSE WHO CHOOSE NOT TO LEAVE THE SYSTEM**
- **AVAILABLE THROUGH DISTCO**
 - **SUPPLY FROM HERITAGE ASSETS**
 - **NEW SUPPLY THROUGH RFP PROCESS**

ROLE OF THE BOARD



ROLE OF THE BOARD

- **LICENCING OF MARKET PARTICIPANTS**
 - SO
 - TRANSCO
 - GENCO/NUKECO
 - DISTCO
 - MARKETERS
- **MONITOR FOR MARKET ABUSE**
- **RATE CAP OF 3% REMAINS FOR DISTCO**

OTHER FUNCTIONS

- **MONITORING**
 - MARKET FUNCTION

- **INSPECTION**
 - LICENCES

- **TARIFF**
 - RATES
 - MONITORING

REREGULATION IN GAS

- **NOVA SCOTIA**
 - REVISED LEGISLATION
 - HEARINGS FOR RIGHTS TO DISTRIBUTE
 - DECISION ISSUED
- **NEW BRUNSWICK**
 - BUNDLING THE UNBUNDLED
 - LEGISLATION REVISED TO ALLOW EGNB TO SELL GAS
 - MARKET SLOW TO DEVELOP
 - DISAPPOINTING RESULTS OF DEEP PANUKE
- **PEI**
 - LOOKING FOR GAS

SUMMARY

- **ELECTRICITY REFORM**
 - OPEN FOR BUSINESS JULY 1?
- **GAS REFORM**
 - DEVELOPING THE MARKET