

Future Directions?

U. S. – Canada Clean Energy Dialogue Increasing Trade in Clean Electricity

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What's the current status of Canada-US energy trade?

Petroleum

- ***Excellent with fully integrated global and continental market***

Natural Gas

- ***Excellent, with fully integrated continental market***

Electricity

- ***Fair, but many issues***
 - Fragmented markets
 - Diverse policies and regulation
- ***Opportunity for improvement***

What are the future changes and challenges?

- ***Carbon regulation and control***
- ***Integration of renewables (especially wind, tidal, ?)***
- ***Increasing load response***
- ***Distributed generation***
- ***Smart grid***
- ***Transmission***
- ***Market evolution***

Issues to consider? Market fragmentation in Canada

Only three actual independently operated markets

- ***Alberta is operating well although transmission limited***
- ***Ontario has major issues***
 - OPA procurement vs market price plus uplift
 - Feed in tariffs with no cap
- ***New Brunswick is limited***
 - Balancing only with few participants

Others operate a FERC compatible OATT but with varying imbalance charges

Issues to consider?

Reaction to Hydro Quebec-NB Power deal?

- ***Provincial government responses***
 - Outcries from Newfoundland & Labrador, and Nova Scotia
 - PEI desire to join deal
- ***Public outcry in New Brunswick***
 - Emotion not economics
- ***Market participant outcry in New England***
 - HQ dominance
- ***Raised Canadian regulatory authority issue***
 - Churchill Falls power deal re-visited

Issues to consider? Regulatory Authority in Canada

- ***Age old issue or HQ-NB reaction?***
- ***Various reports argue for increased NEB authority***
 - Gordon Weil in NB press
 - Others in national journals
 - Provincial control of electricity regulation is limiting
 - Make NEB more like FERC for cross border trade
 - Use Competition Act for justification
- ***Recent Regie decision in Quebec***
 - Nalcor complaint refused
 - Open non discriminatory transmission access is questioned

HQ-NB Deal failure Ramifications for Atlantic Canada?

- ***NB back to square one***
 - Fossil generation available for competitive replacement
- ***Regional opportunities***
 - Operations
 - Atlantic cooperation
 - NE integration
 - Development
 - Transmission
 - Renewables
- ***Rejuvenate the Atlantic Energy Gateway Project***
 - Pursue regional market

What actions should governments take or not take?

- ***Do not add barriers to trade, remove them***
- ***Pursue***
 - Fully competitive markets
 - Continental integration of carbon regulation
 - Increased coordination of Renewable Standards
- ***Major question for Canada***
 - Consider cross border regulation through NEB

Questions



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