



Nalcor President and CEO among Canadian leaders invited to share their views on Canada's *Economic Edge*

October 22, 2009 – At the request of the Canadian Chamber of Commerce, Ed Martin, President and CEO of Nalcor Energy has contributed to a collection of CEO forward-looking articles that will be distributed during the Chamber's national conference happening today in Toronto.

Presented to complement the speaker lineup at the 2009 *Economic Edge* conference, the series of articles provides insight from some of Canada's top business leaders on initiatives needed to increase Canada's competitiveness in the global arena. The conference focus is on the long-term and strategic actions that should be taken to position Canada for future prosperity and global business leadership.

"What's needed is a clear vision, strategy and execution plan," says Martin. "We need leaders across the country with a will and a passion to move the agenda forward; the drive to overcome barriers and the courage to find solutions – solutions for a sustainable future for Canada."

The submissions have been heralded as an opportunity to shape thinking around each participant's respective sector, to challenge widely held assumptions and stimulate a discussion about what it will take for Canada to achieve global leadership.

Mr. Martin presents two challenges facing the energy sector. The first stems from Canada's and the United States' reliance on fossil fuel generation which is sized to meet incremental demand. This structure not only exposes rate payers and the broader economy to fuel price volatility, but it also increases greenhouse gas (GHG) emissions in an era of growing climate change concerns. The second challenge is the unequal distribution and access to natural energy resources across Canada.

Mr. Martin states that leaders throughout Canada need to continue to work collaboratively to move these much needed resources to the areas that need them most. And the enabling link is transmission.

"If we, as Canadians, commit ourselves to facing the challenges of today's energy sector, those benefits will be monumental," Martin added. "Increased regional coordination of electricity grids will allow jurisdictions to capitalize on seasonal and load shape differences, resource sharing, and increased wind generation opportunities. Expenditure benefits and inter-provincial trade will increase economic stimulus and enhance Canada's competitive advantage."

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Following the conference, the Chamber will release a report highlighting many of the themes and ideas that were brought forward during the sessions. The CEO articles will be available on the Chamber's website and featured in the annex of the conference report. Mr. Martin's submission is available on the Nalcor web site at: www.nalcorenergy.com.

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By Ed Martin
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In Canada, the electricity sector is undertaking a significant shift towards reducing GHG emissions. This shift presents economic opportunities and is in the long term interest of the country.

However, there are two clear challenges before us.

First, current market structures and regulatory systems in Canada and the United States encourage us to meet incremental regional electricity demand growth by building small increments of generation. As a result, we're increasing our reliance on fossil fuel generation which is sized to meet incremental demand. This structure not only exposes rate payers and the broader economy to fuel price volatility, but also increases GHG emissions in an era of growing climate change concerns.

In Canada, provinces like Newfoundland and Labrador, Manitoba and others have a wealth of large scale hydroelectric projects that will significantly reduce GHG emissions and assist in providing price predictability for customers.

Having the most significant, untapped renewable resources spread throughout a variety of jurisdictions in Canada presents our second challenge.

Some provinces are benefiting from an abundance of energy while others are struggling with how to address issues such as aging infrastructure and GHG reductions. Leaders throughout Canada need to continue to work collaboratively to move these much needed resources to the areas that need them most.

How can we do this?

First, with a regulatory process that enables long-term power purchase agreements. Agreements offering a level of certainty required to finance large "non-scaleable" projects while at the same time providing price stability for customers.

Second, large scale transmission infrastructure needs to be built in conjunction with large-scale generation projects. Thus, certainty of transmission access must be assured before proceeding with large scale development.

Third, a collaborative, long-term, regional perspective is necessary to make this happen. The combination of private and public investments needed to develop required transmission must be determined, and open non-discriminatory access into and through jurisdictions must be secured.

And finally, appropriate benefits must be ensured for each jurisdiction so that each can demonstrate a winning combination across the country.

If we, as Canadians, commit ourselves to facing the challenges of today's energy sector, those benefits will be monumental. Increased regional coordination of electricity grids will allow jurisdictions to capitalize on seasonal and load shape differences, resource sharing, and increased wind generation opportunities. Expenditure benefits and inter-provincial trade will increase economic stimulus and enhance Canada's competitive advantage.

No doubt there are concerns that such accomplishments could negatively affect regional geographic advantages that some provinces enjoy today. It's time to evolve that thinking. If you look at successful visionary investments on which our country is built – national railway systems, national highway systems, intra/inter country gas and oil pipelines – they were not built in terms of one region. They generate broader benefits by focusing on the entire country, the bigger picture.

What's needed is a clear vision, strategy and execution plan; leaders with a will and a passion to move the agenda forward; the drive to overcome barriers and the courage to find solutions – solutions for a sustainable future for Canada.

