

Canadian Nuclear Association Remarks – Feb. 29, 2008

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CHEACK AGAINST DELIVERY

Thank you.

It is a pleasure to participate in your general meeting today.

As many of you know, these are exciting times in New Brunswick on the energy front. I am very happy to give you an overview of the direction the Province is taking in terms of growing the energy industry.

As you are now all aware, I am the Minister responsible for the energy portfolio in the Province of New Brunswick.

I was sworn in as the Minister of Energy 15 months ago.

Premier Shawn Graham and I share a mutual commitment to making New Brunswick an energy hub.

We both acknowledge that capitalizing on energy opportunities is critical to transforming our economy and building a self-sufficient New Brunswick.

My vision of New Brunswick is one where the province is a world class energy hub for the international Northeast region. This is possible due to our strategic location.

Just two weeks ago I had the pleasure of travelling to Maine with Premier Graham. The energy demands of that region are increasing and their generation capacity cannot keep up. The message we are receiving from Maine, and indeed throughout New England, is clear: if we are interested in selling clean electricity, they're interested in buying.

I am committed to growing this energy hub, and exploring all opportunities for economic growth in the energy sector for New Brunswick – whether they be in Canada, the U.S. and throughout the world.

Ladies and gentlemen, my vision would see the province become an exporter of energy related knowledge to the rest of North America - a centre of expertise in technical engineering and design.

I see a series of industry clusters in renewable energy, electricity, petroleum, transmission, and supply chains emerging throughout the province as we capitalize on large scale energy developments.

Environmental stewardship is a big part of my government's vision of the energy hub as well. New Brunswick is quickly emerging as a leader in energy efficiency programs.

I would like to briefly touch on what New Brunswick is doing in this area.

We are recognized as leaders in energy efficiency programs and our model is viewed an example for other provinces.

Efficiency New Brunswick is a New Brunswick crown corporation mandated to promote the efficient use of energy in all sectors in the province. They are developing innovative programs and services for New Brunswick residents, businesses and industry.

Efficiency new Brunswick's residential programs have produced the highest reduction in tonnes of greenhouse gases per house of all the provinces in the country - averaging 5.09 tonnes per household.

The commercial building retrofit program – “Energy Smart” currently has more buildings participating in the program than in the entire national program.

Within 5 months of launching its commercial lighting program, “Bright Ideas” – Efficiency NB won an international award from the ‘American Council for an Energy Efficiency Economy’, based in Washington. Efficiency New Brunswick is the only Canadian energy efficiency program provider to receive the ACEEE’s highest level of award.

I am proud of Efficiency New Brunswick’ achievements as you can see.

Renewable energy is also an important piece of the energy hub vision.

A commitment was made to accelerate our renewable energy target. We now require that an additional 10 per cent of New Brunswick’s electricity come from renewable energy, through wind, solar, biomass, small hydro, land fill gas and tidal power.

In partnering with NB Power, we released a request for proposals for the purchase of up to 400 MW of wind powered generation by November 2010 from potential private sector developers.

This request for proposals accelerated the utilities original plan to have 400 MW of wind energy online by 2016.

There has been a tremendous amount of interest by the private sector in developing wind energy.

New wind farms will be constructed in the Northern region of the province in Lameque and Caribou Mountain and also in Aulac. These are scheduled to be in operation by November 2009.

Not only are we moving quickly on wind energy, we are also making strides on developing tidal power.

Last October my colleague, the Minister of Natural Resources, released an interim policy to allocate submerged Crown land to support the future development of in – stream tidal power.

The policy allows for research activities on in-stream tidal power generation in the New Brunswick portion of the Bay of Fundy.

Further to this, we recently released a request for proposals to interested parties - tidal power developers, researchers and scientists - to conduct research on the potential for tidal energy in the Bay of Fundy. The proposals will take into account environmental impacts, climatic conditions, marine wildlife behavior, velocities and directional flow.

My government is keen to proceed with the development of renewable, clean forms of energy, such as tidal power, however we want to ensure that the environmental integrity and the interests of traditional industries and users of the Bay of Fundy are respected.

I would like to highlight a few proposed and current projects we have been working on since October 2006 which will play a major role in creating this energy hub, and helping the province to achieve its goal of self sufficiency in 2026.

The \$1-billion Canaport LNG state-of-the-art receiving and regasification terminal being constructed by Irving Oil Limited and Repsol YPF in Saint John is a fine example of an energy project which will bring large economic benefits to the region.

The overall project status is 60% complete and the terminal is expected to be operational by the end of 2008.

I am pleased to say that 85 percent of the on-site workforce at the LNG terminal are New Brunswickers, coming from all corners of our province to work on this project which will serve the growing New England market.

As many of you know, Saint John, New Brunswick is home to the largest oil refinery in Canada. Irving Oil is proposing to build another refinery with 300,000 barrel-per-day output – a further \$ 7 – 8 billion investment in the province.

Plans for a second refinery are being examined and it is currently going through a rigorous Environmental Impact Assessment process.

This project alone would create 4000 construction jobs and 1000 permanent jobs post construction. Timing for this mega project is late 2011-2012.

Given the scarcity of skilled workers, the Department of Energy and industry players have engaged in major workforce development strategies to ensure that these mega energy projects are not put on hold due to labour shortages.

In addition, progress is being made on assessing the feasibility of bringing natural gas to Northern New Brunswick, and likely providing a real “east – west” natural gas security of supply. We are encouraged that private sector interests are prepared to undertake this assessment, and soon will unveil their investment plans.

As many of you today are aware, the existing Point Lepreau Nuclear Generating Station is undergoing a \$1.4 billion refurbishment project right now. Point Lepreau is the first of the world's Candu 6 fleet starting refurbishment. The plant is scheduled to shut down at the end of March. The refurbishment will take place over 18 months and the plant should be up and running again by September 2009.

This project is critically important to the province's rate payers. The refurbishment will be completed on budget and on time – and I'd like to remind AECL and NB Power Executives of our obligations. I know that our Premier last week at the Economic Club reminded Hugh MacDermid of this great imperative. I have the utmost confidence, ladies and gentlemen, that AECL and NB Power will achieve this important world first milestone. It is critical to their nuclear industry reputation, in my view.

The refurbishment of Point Lepreau has resulted in a deal with Argentina where we are training their engineers so they will be prepared to refurbish their own Candu-6 reactor in the years ahead. And there are many more Candu-6 reactors worldwide to be refurbished. This training opportunity, brokered with AECL, is just the beginning of further training and retraining opportunities.

One project I am particularly excited about is the building of a second nuclear power plant at Point Lepreau with the new ACR – 1000 technology.

The current nuclear reactor at Point Lepreau provides power for roughly one third of the province's residential and industrial users.

On August 1st of last year the Premier and I announced that the government of New Brunswick accepted a proposal put forward by Team Candu to fund and conduct a feasibility study for the construction of a Generation III Advanced Candu Reactor – an ACR 1000 - at Point Lepreau.

A second nuclear reactor has the potential to create up to 4,000 jobs during construction and 500 permanent, high-paying jobs for New Brunswickers during the long term operation of the facility.

As well, it presents an opportunity for New Brunswick to develop a nuclear cluster around research, training, manufacturing and design.

Our partnership with Team CANDU has led to the establishment of a Center of Excellence for the Retubing of CANDU 6 reactors.

As I mentioned, my vision is one that sees New Brunswick growing the energy hub concept to its full potential. We intend to explore, to the fullest, every avenue that we can to make our province stronger.

There is no better example of what we envision for the energy sector in our province – the creation of cluster industries - than the Centre of Excellence which we announced with Team Candu last August.

This Centre of Excellence will create 100 good paying jobs and long-term careers for top-flight engineers. And this is only the beginning.

I am very pleased to be working with Team Candu. They represent 5 of the world's leading nuclear technology and engineering companies, Atomic Energy of Canada Limited, Babcock & Wilcox Canada, General Electric – Hitachi Nuclear Energy Canada, Hitachi Canada, and SNC – Lavalin Nuclear Limited.

I would like to salute key members of AECL and Team Candu : Ken Petrunik, Joe Howieson, Howard Shearer, Patrick Lamare, Lise Allan and Hugh MacDermid. We in New Brunswick have been working diligently with Team Candu because we believe in Canadian technology – a world class platform, that has served to date New Brunswickers very well and will into the future.

When Team Candu embarked on their feasibility study a few months back they set out to do four things:

- To identify prospective markets for nuclear power
- To determine if they can deliver electricity to the market
- To examine the business case for private sector investment; and
- To examine the potential environmental and socio - economic impacts of the project.

As Team Candu embarked on their feasibility study, the Province undertook a parallel nuclear viability study, independent of Team Candu's efforts.

The study was conducted by our third party consultant, MZConsulting Inc., and is now complete.

In addition to market potential, it identifies key issues affecting project viability and provides findings and considerations for the government on workable business structures for a nuclear new build project in New Brunswick.

I am very pleased with the findings of the MZConsulting study and those of Team Candu. They both have determined that there is a viable business case for a merchant nuclear plant in N.B., and that nuclear is cost competitive in the marketplace in the U.S.

When we made the announcement last August, we thought that all of the power would be sold in the US. It now looks like half of the output could potentially be sold in the Maritime market. This isn't surprising. The prospects of a carbon trading system is making clean energy a sought after resource.

Even with a market and the right price, the project will only work if there is enough transmission. I'm happy to report that MZ Consulting has concluded that, given the existing transmission and all the projects being proposed in New England, it is reasonable to expect that adequate transmission will be available to accommodate the export power from an ACR-1000.

As a government, we have begun our due diligence review process.

I know that Team Candu is confident and pleased with what their research has shown. The next step will be the filing of a site license application for the ACR-1000 with the Canadian Nuclear Safety Commission.

Our application will initiate the regulatory process that is required to obtain the necessary approvals. This includes an environmental impact assessment.

NB Power is a world class nuclear operator with a culture of safety and a very good track record with the CNSC. NB Power brings a lot to the table and will be asked to assume the operators role on the Lepreau 2 project.

The announcement by the federal government in the budget this week to further support AECL for the ACR – 1000 is extremely positive news for New Brunswick and the world. I would like to commend Gary Lunn for his full commitment and vision behind the nuclear industry renaissance. I understand that Minister Lunn also spoke at the conference this week - I regret that I was unable to be here for that.

I am excited about proceeding with the next step on the nuclear file. And excited about what this means for the New Brunswick energy hub.

The growth that we are witnessing in New Brunswick related to energy is nothing short of remarkable. I want to thank Team Candu for their strong commitment to the nuclear industry in our province.

We, with Team Candu, plan on building the nuclear supply chain to service the market worldwide. We are bullish on nuclear. Yes, we are – because we see the market opportunity and as well a market acceptance by New Brunswickers on nuclear.

In conclusion I would like to thank you again for inviting me to participate today.

I want you to know that New Brunswick is open for business. To all the suppliers of components, parts, and services in the nuclear industry, I want you to know that my department is open for business.

We are in the business of economic development, and building the energy hub is our mission.

Our phone number is 506 658-3180. My email address is jack.keir@gnb.ca. We are located in Saint John, New Brunswick. Give us a call anytime.

My government is committed to growing our province and I am committed to the energy hub.

I am sure our paths will cross again as we both explore opportunities within the nuclear industry.

My door is always open, and I look forward to the next time we meet.

Thank you.