Canada - United States
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Canadian Section

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Section canadienne

Report of the Canadian Parliamentary Delegation respecting its participation at the 33rd Conference of New England Governors & Eastern Canadian Premiers (NEG-ECP)

Canada-United States Inter-Parliamentary Group

Saint John, New Brunswick, Canada
September 14-15, 2009

Report

From September 14-15, 2009, Senator Wilfred Moore, Q.C., Vice-Chair represented the Canadian section of the Canada-United States Inter-Parliamentary Group (IPG) at the 33rd Annual Conference of New England Governors and Eastern Canadian Premiers (NEG/ECP), held in Saint John New Brunswick. While there, Senator Moore spoke with a wide range of delegates – including Canadian premiers – and emphasized the importance of open trade in the region.

The 33rd Annual Conference, entitled "Greater Cooperation – Stronger Economies," focused heavily on issues associated with the development and transmission of clean energy in the region. It saw the participation of three of the six New England governors (one governor who could not participate was recovering from surgery) as well as representatives of two others, and all five Eastern Canadian premiers. The conference adopted seven resolutions on a variety of topics, five of which had been on the agenda, and two of which were added by Canadian premiers. Among the two additions was a *Resolution Concerning Open and Secure Trade* (Resolution 33-7), which resolved that NEG/ECP members "commit to promoting open trade policies within the region and between both countries, and directed the Trade Cooperation Committee to continue to work on building the strong economic relationship that exists among member jurisdictions." According to recent figures, bilateral trade between Canada and New England is worth over US $34 billion, and supports some 371,000 jobs in these six states. All of the New England states have Canada as their primary foreign export market.

The Conference of New England Governors and Eastern Canadian Premiers was established in 1973 in recognition of the special bond that exists between the six New England States – Maine, Vermont, New Hampshire, Rhode Island, Connecticut, Massachusetts – and the five Eastern Canadian provinces – Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island and Quebec. The bi-national conference meets annually to discuss, share ideas, and enact policy resolutions on issues of common interest and concern.

Their interactions with governors enable Canadian members of the Canadian Section of the IPG to achieve better the aim of finding points of convergence in respective national policies, initiate dialogue on points of divergence, encourage exchanges of information and promote better understanding on shared issues of concern. Moreover, such meetings provide the Canadian Section with an important means to provide input to, and gather information about, state-level issues that affect Canada. It is anticipated that the IPG's attendance at meetings of the New England Governors and Eastern Canadian Premiers will continue.

This report summarizes the discussions that occurred during six plenary sessions at the meeting in Saint John. These were:

- The Green Economy: *Creating Jobs and Opportunity through Regional Leadership*
- Energy, Trade and Transmission Developments: *Cooperating to Develop a Regional Energy Vision*

- The Regional Economy: *An Approach to Developing the Energy Industry for the NewEconomy*
- Climate Change: *Regional Response to Climate Change*
- Energy Efficiency: *Regional Approach to Using Energy More efficiently and Demand-Side Energy Management*
- Pandemic Preparedness: *Regional Cooperation in the Health Care Sector.*

The Green Economy: *Creating Jobs and Opportunity through Regional Leadership*

Scott Travers, *President and CEO, Minas Pulp and Paper Power Ltd.*

- With the price of oil dropping significantly over the past year, we are *less* sustainable now than we were last year, when higher prices made us think more about cost and other issues. Humans are creatures of habit, and our habits are not necessarily good. When things are going well we should plan for the tough times.
- The question is how will the economies and industries of the Atlantic Provinces and New England survive and even prosper through the changes that lie ahead.
- Sustainability is like a three-legged stool: things must be 1) good for the environment; 2) good for society; and 3) financially sound.
- China is increasing its paper-making capacity in environmentally non-sustainable ways, and rising energy costs and other factors make paper-making a difficult industry in North America (energy typically accounts for 30% of the cost of operations at a paper mill).
- Minas Pulp and Paper Power Ltd. has long focused on sustainability: it uses packaging waste instead of trees to produce its products, began selling carbon credits in 2008 and has decided to develop alternative sources of energy. In addition to using hog fuel and recovered plastic as sources of energy, in 2008 Minas was chosen by the Nova Scotia government to construct a tidal power demonstration facility on the Bay of Fundy, which will build a foundation for the next generation.
- Atlantic Canada has a lot of wind and tidal power, but this energy must be transmitted to our American friends.
- We need a vision that is led by sustainable leadership.
- While there remain many challenges, remember the old saying: “you don’t drown by falling in the water, you drown by not getting out.”
- We have to begin thinking as a region rather than as independent and competing jurisdictions.

Andrew Bowerbank, *Executive Director, World Green Building Council*

- The global construction sector is huge – some $4.7 trillion in 2007 with more than one hundred million people employed worldwide – but green buildings currently represent only 2-5% of the marketplace.
- As the global population increases, more people will live in cities, and we will also need more energy.
- The issue is not about how to *replace* current sources, but about how to manage change. Rather than commercialization, we will need large-scale *mobilization*.
- "Green" is a mindset and a lifestyle rather than a way of making money. Money is our common language today, and we need to create a new common language that adds to it. One common element is buildings and infrastructure, in which we spend 90% of our time.
- Buildings also contribute 40% to emissions in the atmosphere, more than transportation and industry combined.
- We need "collaborative leadership" and collaborative solutions.
- We need to work across sectors – post-carbon strategies, the "third industrial revolution," etc.
- Change is happening. The questions are: will it be enough, and what will low-carbon economic success look like for North America?

Energy, Trade and Transmission Developments: *Cooperating to Develop a Regional Energy Vision*

Ed Martin, *President and CEO, Nalcor Energy*

- Current market structures encourage meeting incremental demand by using fossil fuels to increase generation capacity incrementally.
- Large-scale low-emitting generation projects cannot be built incrementally. They require long-term vision and big investments. We also must accept that large-scale transmission infrastructure will need to be built in conjunction with large-scale generation projects. Certainty is necessary with respect to transmission availability.
- This group of governors and premiers can be a game changer by working collaboratively to maintain a competitive marketplace, and also by enabling the development of large-scale projects such as hydro developments that will benefit us all over the long term.

Christian Brosseau, *Vice President, Wholesale Markets, Hydro Quebec*

- The medium and long-term outlook for clean and renewable energy such as hydroelectric power is good, since it will help reduce greenhouse gas emissions.
- Over the next few years, Hydro Quebec will be investing $10 billion in new generating capacity – all hydroelectric – and $8 billion to ensure the development and long-term reliability of its transmission system.

- Hydro Quebec plans to build a 1200-megawatt (MW) High Voltage Direct Current (HVDC) line from Quebec to New Hampshire which will be commissioned in 2014. It will be the first in more than 30 years.

Kurt Adams, *Vice President and Chief Development Officer, First Wind*

- First Wind is an independent energy company founded in 2002 that is focused solely on the development, ownership and operation of wind farms.
- While there is excess wind and other renewable supply in some areas, there are also significant transmission challenges. We and others use creative solutions, but these will not be enough in the future.
- In order to eliminate uncertainty, we need to end "beggar thy neighbour" policies such as local content requirements and replace them with leadership, consensus and commitment to market principles.

Heather Hunt, *Executive Director, New England States' Committee on Electricity (NESCOE)*

- An important element underlying the new Governors' Renewable Energy Blueprint was a technical analysis (Renewable Development Scenario Analysis-RDSA) the governors requested from the Independent System Operator of New England (ISO-NE).
- The study looked at potential renewable sources – generally wind – in 2030, as well as nine conceptual transmission scenarios, although it did not choose among them.
- The conclusion was that New England has significant untapped renewable energy potential, and *could* become self-sufficient and even an exporter if some sources were developed aggressively. Transmission options exist to reach the renewable resources. The choices made will depend on cost and other factors.

The Regional Economy: *An Approach to Developing the Energy Industry for the New Economy*

Kenneth Irving, *Chief Executive Officer, Fort Reliance*

- A number of high-level transformations are now under way in both the economy and society. Among the key ones are that the cost of resources such as air and water are finally being factored into calculations at the same time that intellectual capital or proprietary knowledge is being devalued and is increasingly difficult to keep secret.
- It is very difficult today to plan for the future.
- We should be careful not to be tempted by technological "silver bullets," because there really are no such things.
- We must work together at various levels.

Climate Change: ***Regional Response to Climate Change***

Laurie Burt, *Commissioner, Massachusetts Department of Environmental Protection*

- The Regional Greenhouse Gas Initiative (RGGI) in the North Eastern states is a voluntary coalition of ten states – the six New England states and four Mid-Atlantic States – that is the first in the nation to have a market-based mandatory cap-and-trade program to stabilize and reduce greenhouse gas emissions.
- The RGGI started modestly by regulating electricity from about 200-225 power plants. The goal is to first stabilize emissions and then get a 10% reduction by 2018, while also creating a market for carbon.
- The RGGI process includes allowance auctions, as well as the limited use of offsets. The first allowance auction was fair, transparent and competitive.
- Auction proceeds are going mostly to energy-efficiency upgrades and renewable energy investments.
- Lessons learned are that auctions work, a market monitor role is needed and the strategic investment of auction proceeds is essential.
- The RGGI is an unprecedented collaboration among states and energy/environmental agencies.
- In the future, the RGGI may move to additional sectors for cap-and-trade, such as transportation and perhaps buildings.

Dr. George Jacobsen, *University of Maine Climate Change Initiative (CCI)*

- It is necessary to understand the natural variability and mechanisms of the Earth's climate In order to understand and assess the situation today.
- The earth's climate has been variable for the last approximately 800,000 years, with an ice age approximately every 100,000 years.
- The natural variability includes the amount of carbon in the atmosphere, but the current level of carbon is much higher than the envelope of variability and, as a result, the climate *will* get warmer.
- The governor of Maine asked us two years ago to look at the implications for the state and region in terms of forests, fresh water, etc.
- Natural systems of importance to forests, fish etc. – such as rivers flows and melts – are undergoing changes. The climate we projected forward 100 years from now would be on the order of 5-10 degrees Fahrenheit (3-6 degrees Celsius) warmer and have more precipitation in all seasons except possibly for summer. This warming will have both good and bad implications for industries, tourism, etc. We should look at the implications of the changes and undertake coherent planning from a regional perspective.

Bruce Carson, *Director, Canadian School of Energy and Environment*

- Canada and the United States have a strong history of cooperation on energy issues, and share common principles with regard to energy and the environment:

- both believe that climate change is a global challenge requiring global solutions, and that the North American perspective will be important in any post-2012 solution;
- we have common challenges in reducing the carbon content of our energy supply and transforming our energy systems either through technology and/or energy conservation.
- while a price must be set for carbon – perhaps even a common north American one – both countries respect the right of the other to come up with its own carbon-management rules.

- Given the extent of our bilateral cooperation on these related issues, it makes sense to either have comparable approaches or at least align our energy and climate change policies and regulations.
- Any cap-and-trade system would probably have the following principles:
  - action on the environment should not inhibit economic recovery, and we must be sure that our industries are not put at a competitive disadvantage;
  - the main source of change or reduction of carbon in Canada will be the Green Technology Fund. As announced in the "Turning the Corner" plan in April 2007, this fund will be paid into by emitters that do not meet their targets. Canada will have to ensure that this fund is recognized internationally as a legitimate way of reducing our greenhouse gas footprint.
- From a bilateral point of view, we will have to make sure that there are comparable approaches and targets in our two countries, both to ensure Canadian competitiveness and to prevent US border actions. "We don't want climate change to become the new softwood lumber issue between Canada and the United States."
- International discussions have been proceeding on two levels. One has been in the Major Economies Forum on Energy and Climate Change put together by President Obama. Canada has taken more of a leading role on climate change through this forum, and has made a number of points repeatedly: environmental progress is balanced with economic prosperity; this challenge is a marathon rather than a sprint; the most important solutions will be technological; both developed and developing countries share responsibility for addressing the challenge of climate change; and all major emitting nations must assume commitments to reduce greenhouse gas emissions that match their responsibilities and capabilities.

Energy Efficiency: ***Regional Approach to Using Energy More Efficiently and Demand-Side Energy Management***

Dan Sosland, *Executive Director, Environment Northeast*

- Energy efficiency is a "good news" story. While we have traditionally seen it as a consumer issue, by scaling it up it becomes an energy resource.

- Environment Northeast is about to release a study using well-respected methodologies that predicts very large benefits from large-scale efficiency programs, in terms of economic spinoffs, job creation, etc. Spending at the cost-effective level for energy efficiency in New England, for example, which is $1 billion per year, would yield more than $100 billion in gross state product over 15 years, as well as about 700,000 job years.
- In addition to saving energy, efficiency also reduces the need for things like new power plants.
- Overall, energy efficiency is the energy choice that creates the most jobs, saves the greatest amount of global warming emissions, is the most cost-effective and increases productivity the most.

Elizabeth Weir, *President and CEO, Efficiency New Brunswick*

- Energy efficiency is a winning investment for the consumer, for the economy and for the environment. At the same time, the benefits have not been well understood.
- Some states in the US have been working on the issue of energy efficiency for years, and Vermont is the first jurisdiction to have actually reduced energy consumption.
- Activity in Canada started later at the provincial level, and Efficiency New Brunswick was established in 2005 as a Crown corporation with a mandate to provide energy-efficiency programs for all fuels and energy sources.
- Efficiency New Brunswick offers comprehensive programs in the residential, commercial and industrial sectors and at the community level.
- New Brunswick has an energy-intensive economy, with more than 80% of its greenhouse gas emissions coming from the electricity generation, transportation and industrial sectors.
- The province has announced a Climate Change Action Plan, and Efficiency New Brunswick is responsible for achieving about 40% of the overall reductions.
- Efficiency New Brunswick's Industrial Program uses tools such as Energy Management Information Systems (EMIS) to achieve the goal of assisting industry to improve its competitiveness, productivity and environmental performance through energy-efficiency improvements.

Pandemic Preparedness: *Regional Cooperation in the Health Care Sector*

Ernie MacGillivray, *Director of Emergency Services Branch, New Brunswick Public Safety*

- While states and provinces had cooperated before, the International Emergency Management Group (IEMG) was born out of the ice storm experience ten years ago and a subsequent recommendation from the New England Governors/Eastern Canadian Premiers.

- The IEMG is both people and process. Member jurisdictions designate senior officials, and the IEMG provides mutual assistance in managing emergencies or disasters. While the process involves consultation, the focus is operational.

Michel Doré, *Associate Deputy Minister, Sécurité publique Québec*

- Experiences such as Y2K, the 11September 2001 attacks and the H1N1 pandemic are all unique, but call for similar types of reactions and behaviour and support to the population.
- What we have learned over the last fifty years of experience is to build response systems on existing governance and accountability structures, develop *flexible* and result-oriented management processes, and consolidate all operational experiences into one global comprehensive organizational response capacity.
- In terms Quebec and the H1N1 virus, the first day the World Health Organization announced a level 5 alert, Premier Charest appointed a ministerial committee to lead the response, with a deputy committee established to translate the political decisions into operational policy for the government and civil servants.
- Quebec has a single all-hazard emergency plan developed over the last twenty years that meets more than 80% of requirements whenever there is a new event, plus a series of contingency plans to complement it and meet the other 20% of needs.
- Risk management is fundamental in this type of work, as is cross-training.

Robert McAller, *Director of Emergency Management Agency, Maine Public Safety*

- It is important to do more than talk about cooperation, and in the International Emergency Management Group we come together regularly to test our system, educate ourselves and conduct mock exercises.
- Every third meeting is an exercise, and this fall we will be simulating a hurricane and its aftermath in Freeport, Maine. The goals are to use our operations manual, look at any legal issues and work with private-sector partners, particularly in the electricity sector. We will also be testing a new internet-based communications tool developed in New Brunswick, and using a new Hydro Quebec mobile command vehicle to communicate with National Guard assets in Freeport.

Respectfully submitted,

Hon. Wilfred P. Moore, Q.C., Senator Acting Co-Chair Canada-United States Inter-Parliamentary Group	Gord Brown, M.P. Co-Chair Canada-United States Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	33rd Conference of New England Governors & Eastern Canadian Premiers (NEG-ECP)
DESTINATION	Saint John, New Brunswick, Canada
DATES	September 14-15, 2009
DELEGATION	
SENATE	Hon. Wilfred P. Moore, Q.C., Senator, Vice-Chair
HOUSE OF COMMONS	Ø
STAFF	Mr. James Lee, Analyst
TRANSPORTATION	**$1,224.20**
ACCOMMODATION	**$648.72**
HOSPITALITY	**$Ø**
PER DIEMS	**$363.85**
OFFICIAL GIFTS	**$Ø**
MISCELLANEOUS/REGISTRATION FEES	**$Ø**
TOTAL	**$2,236.77**