

Department of Energy
Statement of Mandate
2013-2014

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MESSAGE FROM THE MINISTER

This Statement of Mandate presents the actions government is taking to maximize the economic, social and environmental value of our energy resources. We are working to transform the energy sector to help ensure lower, fairer rates for all Nova Scotians.

Recognizing the need to move away from costly, imported coal, and to end the Nova Scotia's reliance on the volatile fossil fuel market, government is implementing its energy plan to enable the province to transition to cleaner, renewable energy resources that are competitively priced.

As part of our energy plan, government made the commitment that Nova Scotians will pay the lowest, fairest electricity rates possible now and in the future. To that end, the plan focuses on a future that has more diverse energy that is local, reliable, green, tax-free and efficient. It represents a new approach to how we generate and use energy.

The plan places significant emphasis on the Maritime Link/Lower Churchill project, which we know represents the lowest-cost energy alternative for the province. The Maritime Link project will have significant pay-offs, including reduced greenhouse gas emissions, price stability, energy dollars staying in our regional economy and hundreds of new jobs.

Government will continue to support and implement programs to develop renewable energy sources, including the Community Feed-In Tariff Program (COMFIT) for locally based renewable energy projects. COMFIT projects provide a secure supply of clean energy at stable prices, build support for more renewable energy projects and create jobs in communities across Nova Scotia.

The Department will continue its partnerships to advance the in-stream tidal energy industry through research into the interaction between tidal turbines and the Bay of Fundy environment.

Sustainable transportation will become a major focus of our energy plan, as it promises to transform our communities in a very positive way. The province will partner with and support communities in their efforts to introduce sustainable modes of transportation through programs like Nova Scotia Moves.

We know energy conservation is a direct way to help Nova Scotians get the lowest, fairest costs on their electricity. Our plan includes directly supporting energy efficiency programs for households, particularly low income residents, and businesses through Efficiency Nova Scotia. Programs home energy assessments, appliance retirement programs, a low income homeowner service and business energy rebates.

Government is taking steps to harness the significant energy potential in Nova Scotia's offshore oil and gas resources. We will continue to market, build momentum and conduct new geoscience work to add to our Play Fairway Analysis.

By changing our approach to energy, we can help grow the economy, create good jobs and provide greater energy stability and security. We believe Nova Scotia is a small province with big energy potential and we're pursuing a plan to get there.

A handwritten signature in blue ink that reads "Charlie Parker". The signature is written in a cursive, flowing style.

Honourable Charlie Parker

Minister

MESSAGE FROM THE DEPUTY MINISTER

In 2013-14, our efforts are focused on securing a diverse energy supply and moving away from fossil fuels to provide lower, fairer energy rates to Nova Scotians. The Department of Energy is making strong progress toward a cleaner, more diverse energy economy, securing offshore development and extending access to natural gas within the province.

Government introduced *Nova Scotia's Plan for the Lowest, Fairest Energy Rates* in 2013. I had the pleasure of joining Minister Parker to present the details of the plan to Nova Scotians face-to-face and answer their questions about Nova Scotia's energy future.

The Energy Tour stopped in nine communities from Yarmouth to Port Hawkesbury to Berwick – nearly twice what we originally planned. People told us it made a difference to be able to hear about the plan directly, and their input has helped us refine our efforts to focus on priorities.

The Maritime Link/Churchill Falls project is a major focus of the energy plan because it will enable us to access clean energy from our neighbours and build a more stable supply for the province. The UARB is expected to provide its decision on the project in July 2013 with the goal of moving the project ahead according to proposed timelines.

The Atlantic Energy Gateway initiative is growing stronger with more regional co-operation across the Atlantic provinces. The latest reports indicate that, based on the Maritime Link being in place, a regional approach could save Atlantic Canadian rate payers hundreds of millions of dollars.

Our Sustainable and Renewable Energy branch just announced a first round of Nova Scotia Moves grants to encourage projects that promote active transportation. We are opening further grant applications to extend the program to more communities and programs in the province.

The province continues to involve community groups in renewable energy development through the Community Feed-in Tariff (COMFIT) program. COMFIT projects are starting to move ahead and we look forward to seeing more go live in the months to come.

In September of 2012, the Department of Energy amended regulation to require LED lighting for all roads and highways in Nova Scotia. Nova Scotia Power will complete its conversion by Dec. 31, 2019, while municipalities who own their lights will have until Dec. 31, 2022 to complete the conversion, but will submit conversion plans by June 30, 2013. We expect this change to generate millions of dollars in savings by using about half the energy of current

lighting. The change also stands to improve air quality and reduce the province's carbon footprint.

Access to natural gas is a priority and government has been working closely with our partners to improve the regulations and infrastructure to make natural gas more available. Heritage Gas will invest \$8 million this year in infrastructure and it will provide CNG by truck to Shaw Brick in spring 2013. We hope to see more Nova Scotians access natural gas through the new pipeline and CNG transport.

In the year to come, our department will continue to play a strong role in developing energy policies that address the province's social, economic development and environmental priorities. We will work to build awareness of need for a balanced, sustainable approach to energy development and use.

A handwritten signature in blue ink, appearing to read "Murray Corliss". The signature is written in a cursive, flowing style.

Deputy Minister

OUR MANDATE

The Department of Energy's mandate, as outlined in the *Public Service Act (amended 2006)*, is to manage and promote energy resources to achieve optimum economic, social and environmental value from the energy sector.

OUR MISSION AND VISION

The mission of the Nova Scotia Department of Energy is to serve the social, environmental, and economic interests of Nova Scotians by ensuring all energy resources are developed and used in an efficient and sustainable manner.

The vision for the Department of Energy is to be recognized as a collaborative and innovative leader in the transformation of our energy sector.

DEPARTMENT OF ENERGY STRATEGIC PRIORITIES

Strategic Priorities

The Department of Energy's strategic priorities will enable Nova Scotia to develop a diverse energy supply which is more sustainable than traditional sources of energy in the province. A sustainable energy supply can lead to stable energy pricing in the longer term. The strategic priorities developed by senior management at the Department of Energy are as follows:

- Move towards a cleaner energy economy.
- Maximize the benefits of a diverse economy.
- Further develop the offshore petroleum sector.
- Encourage socially responsible development of Nova Scotia's energy sector.
- Encourage innovative and strategic partnerships through collaboration.

These departmental priorities are further described and provided within the context of the Government priorities in this document, followed by operational priorities that are strategic in nature.

NOVA SCOTIA GOVERNMENT AND DEPARTMENT OF ENERGY PRIORITIES

The Province of Nova Scotia has four government priorities for 2013-2014. The priorities are as follows:

1. Provide better health care for you and your family.
2. Create good jobs and grow the economy.
3. Make life affordable and break the cycle of poverty.
4. Get back to balance and ensure government lives within its means.

The following is a linkage between the Department of Energy's priorities and the Province of Nova Scotia's priorities.

PROVIDE BETTER HEALTH CARE BETTER FOR YOU AND YOUR FAMILY

The Department of Energy is working with other departments including Environment, Health and Wellness, Transportation and Infrastructure Renewal, Economic and Rural Development and Tourism, and Service Nova Scotia and Municipal Relations to develop a Sustainable Transportation Strategy for Nova Scotia. The Sustainable Transportation Strategy will guide the Province's approach to addressing key transportation sector issues such as increasing the use of active and public/community transportation, reducing greenhouse gas emissions and air pollutants, promote fuel efficiency and conservation and using cleaner energy sources. The benefits of this strategy will promote healthier lifestyles and lead to a cleaner air environment.

The Department of Energy's priority to further develop the offshore petroleum sector has the potential to lead to increased offshore revenues. These offshore revenues contribute to the financial health of the province and our ability to provide better health care.

CREATE GOOD JOBS AND GROW THE ECONOMY

MOVING TOWARDS A CLEANER ENERGY ECONOMY

The Energy Plan

The province's energy plan – called *Nova Scotia's Plan for the Lowest, Fairest Energy Rates* – sets out the ways government is tackling high power rates.

The Energy Plan is clearly focused on a future that has more diverse energy that is local, reliable, green, tax-free and efficient. It's an Atlantic Canadian solution that ensures a stable energy future at the lowest, fairest cost to Nova Scotians.

Nova Scotia's Energy Plan presents a new approach to how we generate and use energy. It means using more local, reliable energy sources that will reduce our dependence on costly, imported coal. It builds upon a strategy of building cleaner energy supplies with producers from Nova Scotia and from our neighbouring provinces. Part of the Plan also includes evaluating access and pricing volatility for natural gas to develop an approach that will provide more affordable and stable prices to ratepayers.

The *Renewable Electricity Plan* (April 2010) and the *Marine Renewable Energy Strategy* (May 2012) are key initiatives under the Energy Plan:

The *Renewable Electricity Plan* (April 2010), provides ways for homeowners, community groups and energy developers to contribute to our renewable energy targets. It also provides further opportunities for energy efficiency and conservation, renewable power generation through a community feed-in tariff, demonstration projects, an enhanced net-metering program for homes and businesses, and a competitive process for commercial-scale renewable projects. Initiatives laid out in the plan will help the province meet its legal targets of 25 per cent renewable electricity supply by 2015 and 40 per cent renewable electricity by 2020.

The *Marine Renewable Energy Strategy* (May 2012) outlines the research, development, and regulatory plans to achieve Nova Scotia's vision to be a global leader in the development of technology and systems that produce environmentally sustainable, competitively-priced electricity from Nova Scotia's rich ocean resources, specifically within the powerful Bay of Fundy. The Strategy will guide the development of the marine renewable energy (MRE) industry in Nova Scotia, aiming to establish a world-class industry that can support the growth of MRE at home and around the world.

Lower Churchill Project

The Lower Churchill Project will provide Nova Scotians with a reliable source of clean energy, at predictable prices, for 35 years. This will place Nova Scotia in an electrical "loop," rather than at the end of the line. It allows Nova Scotia to take energy from multiple sources at competitive regional rates. The Project will bring increased economic activity to our province and will have a great impact on achieving lower green-house gas emission targets in the electricity sector.

Natural Gas Infrastructure

Natural gas is locally available and burns more cleanly than coal and oil. As a cleaner energy source, it is also well suited to provide a back-up source of power for intermittent renewable energy production.

Natural gas provides Nova Scotian consumers and businesses with a competitive fuel alternative. The Department of Energy is continuing its focus on the development of natural gas market and infrastructure. This will enable many Nova Scotia businesses to lower energy costs and continue to grow the economy.

MAXIMIZE THE BENEFITS OF A DIVERSE ENERGY ECONOMY

Energy Plan

Nova Scotia's Energy Plan addresses the need to use more local, cleaner sources of energy and a diverse energy mix. The Plan promotes greater energy diversity including natural gas and renewables, as well as more cost-effective energy efficiency and conservation. Energy diversity helps buffer Nova Scotians from swings in international fuel prices, thereby helping to create a more stable economic climate and encouraging longer term investment.

Onshore Petroleum

The Department continues to address the geological barriers of the onshore petroleum sector through a series of initiatives, which may lead to a new source of local natural gas supply and further diversify our energy sources. We continue to craft an Onshore Petroleum Atlas that will help identify areas with hydrocarbon potential in Nova Scotia. The Onshore Petroleum Atlas will incorporate a variety of essential geoscience attributes to identify our resource potential. The growth and realization of our onshore potential means better jobs and growth in the economy. In addition, the ongoing review of activities and regulations that govern the onshore petroleum sector will continue.

Offshore Petroleum

Nova Scotia has significant offshore petroleum resources. The exploration and potential development of new offshore blocks may lead to new energy sources for Nova Scotians further diversifying our energy economy.

We will continue to provide a strong stable business and regulatory environment to support the attraction of investment for exploration and development of our valuable resources. The growth of the Offshore Petroleum sector creates good jobs and grows the economy.

FURTHER DEVELOP THE OFFSHORE PETROLEUM SECTOR

Offshore Growth Plan

The last two offshore Calls-For-Bids resulted in more than \$2 billion in exploration work commitments in offshore Nova Scotia. This success is a very significant step to achieving a viable and long term oil and gas industry for Nova Scotia, which provides good jobs and growth in the economy. The Department of Energy is developing an *Offshore Nova Scotia Growth Plan* (the “Growth Plan”) to detail a series of actions that will build the foundation for the next 5 years, while continuing to attract exploration and development investment. The Growth Plan will identify new opportunities that build on the previous Nova Scotia Offshore Renewal Plan.

This strategic document is designed to clearly articulate the action plans from now to the end of 2018. It establishes the foundation activities that will build on existing policy direction while providing accountability through deliverables in five distinct areas of priority. These five core areas of concentration include: Geoscience Research, Marketing Initiatives, Business Development and Benefits Opportunities, Policy Initiatives, and Regulatory Enhancements.

Offshore Geoscience Research

The Department of Energy will continue to invest in geoscience research. Building on the successful contributions to the offshore exploration Call for Bids, the Department of Energy will invest in additional geoscience analysis that will be integrated into the existing public geoscience research (commonly referred to as Play Fairway Analysis) results to deepen the understanding of the geoscience and provide further information for investors.

Geoscience research will be the focus for marketing and promotional efforts of the Department for 2013-2014 and several years beyond. Planning and implementation will be done in conjunction with the Canada-Nova Scotia Offshore Petroleum Board’s (CNSOPB) recently announced multi-year schedule for future (2012-2015) offshore Calls for Bids.

ENCOURAGE SOCIALLY RESPONSIBLE DEVELOPMENT OF NOVA SCOTIA’S ENERGY SECTOR

Aboriginal Consultation

The Department of Energy is fully committed to consulting and working collaboratively with the Mi’kmaq of Nova Scotia in the development of our energy sector. We are continuing to improve our relationship with the Assembly of Nova Scotia Mi’kmaq Chiefs and fulfill the duty to consult with the Mi’kmaq in our decision-making processes.

The Department of Energy, Office of Aboriginal Affairs and the Assembly of Nova Scotia Mi'kmaq Chiefs have developed a consultation process, "The Energy Consultation Table," to assist in working collaboratively and positively on the development of Nova Scotia's energy sector.

Public Engagement

Public engagement is an integral step to ensuring successful development of Nova Scotia's energy sector. It is an important element of strategic and policy development around a diverse energy portfolio. Education and community engagement mechanisms will be important for communities to co-exist with energy development.

Energy is a public resource, Nova Scotians must have a high level of trust in how this emerging sector is being developed and operated in order to ensure sustainable and beneficial growth of the sector. It is a fundamental principle of the government that public acceptance and public trust is maintained.

ENCOURAGE INNOVATIVE AND STRATEGIC PARTNERSHIPS THROUGH COLLABORATION

Fundy Ocean Research Center for Energy (FORCE) and Offshore Energy Research Association (OERA)

The Department will continue its partnerships with organizations such as Fundy Ocean Research Center for Energy (FORCE) to advance the in-stream tidal energy industry through collaboration with developers, regulators, and researchers to study the interaction between tidal turbines and the Bay of Fundy environment.

The Department will continue to work with the Offshore Energy Research Association (OERA) to lead environmental renewable and geoscience energy research that enables the sustainable development of Nova Scotia energy resources through strategic partnerships with academia, government and industry.

Efficiency Nova Scotia Corporation

The Department of Energy promotes energy efficiency and conservation primarily through the funding of Efficiency Nova Scotia Corporation, and through the creation of regulations and standards for energy efficiency and conservation.

Atlantic Energy Gateway (AEG)

The Department is partnering with other Atlantic Provinces to take a regional approach to reduce duplication of effort and achieve economies of scale, to reduce costs for ratepayers and improve the competitiveness of the region. The Atlantic Energy Gateway (AEG) was a

foundational and transformative collaborative effort among the Provinces, the Federal Government and the regional utilities. The studies undertaken were released in full in early 2013. They provided significant insight into key issues related to the region's energy sector, including the economic benefits of regional system planning, market opportunities in the emerging green energy sector, regulatory issues, and research and development opportunities. Regional cooperation gives the Province a much more diversified and thus secure and more stable electricity sector. Work to support new work to integrate the electrical systems and broaden access to supplies is currently underway and regional collaboration is the foundation of our plan for electricity.

MAKE LIFE MORE AFFORDABLE AND BREAK THE CYCLE OF POVERTY

Creating winning conditions for energy sector development through sustainable and diverse energy supply will provide for more stable energy prices in the long term. The Department of Energy is also partnering with other departments and outside organizations to address access to energy programs and pricing of electricity for Nova Scotians.

The Department of Energy works with and provides funding for non-electrical energy efficiency programs specifically designed for low income home owners through Efficiency Nova Scotia Corporation. These programs have lowered energy costs for low income Nova Scotians through energy efficiency.

GETTING BACK TO BALANCE AND ENSURE GOVERNMENT LIVES WITHIN ITS MEANS

The Department of Energy is responsible for the monitoring of energy projects to ensure the appropriate economic rent is collected from its resources. The administration and auditing of Royalties and Crown Share Adjustment payments continues to provide the province with millions directly towards the provincial budget. This is helping the government get back to balance.

ANNUAL PRIORITIES

In 2013-2014, the Department of Energy will focus on the following priority:

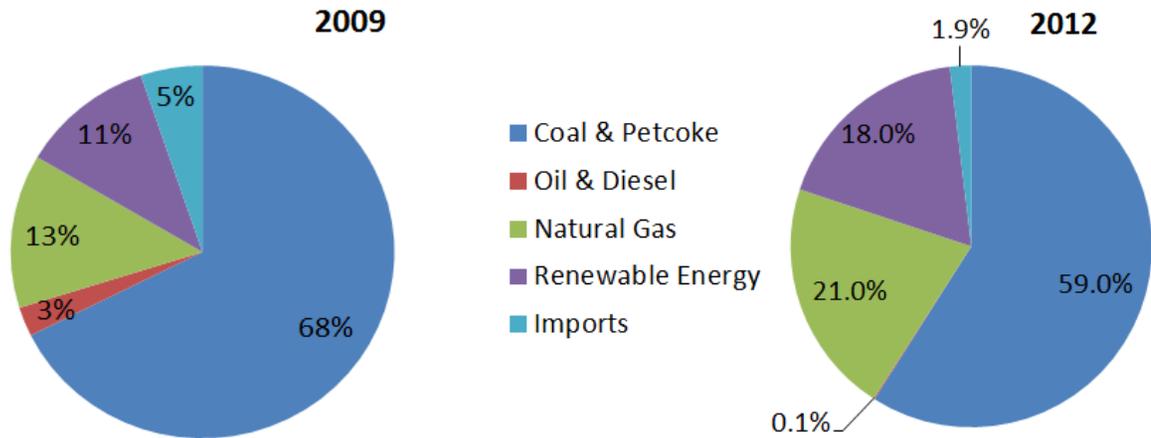
SUPPORT AN ENGAGED, EMPOWERED, DIVERSE, ACCOUNTABLE, AND INNOVATIVE WORKFORCE AT THE DEPARTMENT OF ENERGY

Training and Workforce Development Plan

The Department of Energy will be working with the Public Service Commission to address key issues with staff resources including succession management, workforce engagement, and attracting new talent.

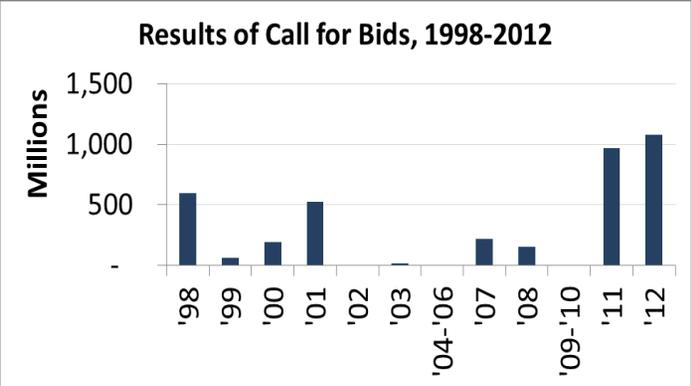
PERFORMANCE MEASURES

OUTCOME	STRATEGIC ACTIONS TO ACHIEVE THE TARGET	MEASURE/ RATIONALE	DATA/ BASE YEAR	TARGET	TRENDS
1. Develop a cleaner energy economy through increased use of renewable energy	Continue to implement the Renewable Electricity Plan Implement the Marine Renewable Electricity Plan	Percentage of renewable electricity in 2013/2014	2012/2013	2013: 10% from projects developed after 2001, including 5% from Independent Power Producers (IPPs) 2015: 25% renewable sources for electricity 2020: 40% renewable sources for electricity	2001: 8% renewable electricity 2009: 11% renewable electricity 2011: 17% renewable electricity 2012: 18% renewable electricity



OUTCOME	STRATEGIC ACTIONS TO ACHIEVE THE TARGET	MEASURE/ RATIONALE	DATA/ BASE YEAR	TARGET	TRENDS
2. Develop a cleaner energy economy through energy efficiency and conservation and sustainable transportation	<p>Fund, support and review Efficiency Nova Scotia Corporation's (ENSC) non-electricity programs with a focus on low-income home owner energy efficiencies</p> <p>Support the Provincial adoption of the 2011 National Energy Code for buildings</p> <p>Develop and implement a Sustainable Transportation Strategy</p>	<p>Gigajoule (GJ) energy savings.</p> <p>GJ is a metric term used for measuring energy use. Programs that provide energy efficiencies decrease energy usage resulting in energy savings.</p> <p>CO2 Reductions through increased use of public transit, energy efficient vehicles, home energy efficiencies results in reduced CO2 to the environment.</p>	2013-2014	<p>72,963 GJ Energy Savings</p> <p>7,464 CO2 Reductions</p>	<p>2012-2013: 106,745 GJ Energy Savings</p> <p>8,846 CO2 Reductions</p>

OUTCOME	STRATEGIC ACTIONS TO ACHIEVE THE TARGET	MEASURE/ RATIONALE	DATA/ BASE YEAR	TARGET	TRENDS
3. Further develop the offshore petroleum sector to maximize the benefits of a diverse energy economy	Develop the Offshore Growth Plan	<p>Oil and Gas companies respond to a call for bids, which is a commitment to invest in an exploration program within a specified period of time.</p> <p>Completing additional studies of Nova Scotia's complex geology provides further evidence of petroleum reserves to entice oil and gas companies to respond to a call for bids.</p>	2011	Additional work commitments in the offshore Call for Bids	2011 - \$970 million committed from 4 blocks and in 2012 \$1.05 billion from 8 blocks (Total over \$2 billion)



BUDGET CONTEXT

	2012-2013 Estimate	2012-2013 Forecast	2013-2014 Estimate
Program & Service Area	(thousands)	(thousands)	(thousands)
Gross Departmental Expenses:			
Office of the Minister/Deputy Minister	435	421	356
Administrative Services	1,404	1,841	1,417
Sustainable & Renewable Energy	1,676	1,786	1,860
Business Development & Corporate Services	2,678	3,255	2,548
Petroleum Resources	1,925	1,436	1,705
Non-Electricity Energy Efficiency	17,900	17,279	14,500
Canada/NS Offshore Petroleum Board	3,550	3,550	3,750
Total: Gross Departmental Expenses	29,568	29,568	26,136
Additional Information:			
Fees and Other Charges	-	-	-
Ordinary Recoveries	1,775	1,992	1,875
TCA Purchase Requirements	-	-	-
Provincial Funded Staff (FTEs)	58	52.6	58.5