

Hon. Jamie Baillie
Leader of the Official Opposition
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Response to the Nova Scotia Electricity Review Report

On behalf of the PC Caucus, I am writing to express my thoughts about the Draft Electricity Review Report commissioned by the Liberal government and released in February. Nova Scotians are tired of paying some of the highest electricity rates in the country. It is causing hardship for families and is detrimental to our economy. High power rates make our business climate less competitive and drive away good jobs.

The current system favours Nova Scotia Power profits over ratepayers.

With a rate increase looming for 2016, I am calling on the Liberal government to act now to implement a performance-based regulation system that would include penalties for Nova Scotia Power when they do not provide adequate service to ratepayers.

We introduced a bill in the Legislature in 2012 to do just that. It would have changed the way that Nova Scotia Power earns its rate of return. This draft report supports this concept. Service standards could include benchmarking of power outages, including the time it takes to restore service. If they are not, the power company would be penalized and have its profit reduced.

Nova Scotians expect the government to hold Nova Scotia Power accountable. That means fairness for ratepayers must be the priority. Waiting will only push meaningful reform back another year, while ratepayers suffer. Making these changes requires political will and competent leadership. In the last election, the Liberals campaigned on fixing this system. It's time the Liberal government gets on with it.

From the report, I am concerned about the cost of commercial biomass and the impacts for ratepayers.

The draft report highlights that biomass is currently used in a number of projects in Nova Scotia, but at commercial scale, the cost is relatively high (13 to 17 cents per kWh) (Page 19). This should be closely reviewed by the department to determine if biomass is viable going forward. It appears it is also putting a strain on our forest stands and causing concerns about hardwood supply. We need to ensure our wood supply is put to the highest economic use.

I am pleased to see the draft report outlines the importance of connections with our neighbours. The PC Caucus remains very supportive of working with the Atlantic Provinces to create a regional energy pool. In the 2013 policy paper we released, we called for the creation of a Maritime energy grid. It points to the report from the Atlantic Energy Gateway, which found that regional cooperation and a regional power grid would save Maritime consumers over \$900 million on their power bill every year. That is about \$300 each. Building a regional grid is a great way to give something back to ratepayers and rebuild the economy of our entire region.

It worries me that this report, commissioned by the Liberals, could open the door to a significant climb down from their campaign promise to increase competition and break the Nova Scotia Power monopoly. The draft report says increased competition (liberalization) will not guarantee lower power rates and has led to “sharp increases in the beginning” in some jurisdictions.

Electricity rates were the focus of the Premier’s 2013 election campaign, but since then, we have not seen much meaningful reform. In fact, we are concerned that the Liberals actually put Nova Scotia Power in charge of leading the new Renewable to Retail program. While Nova Scotia Power is an important stakeholder, any significant reform should be led by an impartial third party.

In conclusion, it is essential to the future of our province that our electricity rates are competitive. I expect that immediate action will be taken to provide substantive changes to how the electricity system works in this province. We are experiencing an extremely harsh winter that will require Nova Scotians to use more energy to heat their homes. Action should be taken to better insulate ratepayers from a power rate increase that could follow next winter. We know a rate increase application could come as early as this spring.

Sincerely,

A handwritten signature in black ink that reads "Jamie Baillie". The signature is written in a cursive, flowing style.

Jamie Baillie