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Newfoundland and Labrador Continues to Grow as an Energy Warehouse

Newfoundland and Labrador is an energy warehouse that has the ability to significantly contribute to the energy needs of North America. The Honourable Danny Williams, Premier of Newfoundland and Labrador, said today that this province is moving forward with confidence on several fronts including a soon to be released strategic provincial Energy Plan.

"We have spent a tremendous amount of time developing a strong and comprehensive Energy Plan for the future development of our vast natural resources," said Premier Danny Williams. "Our goal is to produce a strategic plan that is also relevant in the context of global supply and demand issues. We are already contributing substantial energy resources to the market, from hydroelectricity to oil, and we are also working to develop our tremendous potential in natural gas and wind energy. In a world that is hungry for energy, Newfoundland and Labrador is ideally positioned to play a significant role as a supplier, with a diversity of products, including our value-added capability."

This outlook for the province is far more optimistic than what was reflected in Natural Resources Canada's (NRCan) Energy Outlook 2006, released last week. The federal government report projects energy consumption, production and greenhouse gas emissions for Canada and each province and territory through to 2020.

Premier Williams said NRCan's report does not fully consider the energy potential of Newfoundland and Labrador. One obvious omission was the Lower Churchill hydroelectric development. This project is among the best undeveloped hydroelectric projects in North America, and yet it is completely discounted in the report. The province, through Newfoundland and Labrador Hydro, is currently doing the baseline studies required for environmental assessment of the project for sanction in 2009. With the potential to deliver clean, renewable energy to approximately 1.5 million homes, it is clear that the Lower Churchill development is a very important part of this country's energy outlook.

Another example of a positive project on the horizon is the potential for a second refinery in the province. Newfoundland and Labrador Refining Corporation have determined that a new refinery in Placentia Bay can compete effectively throughout the Atlantic Basin marketplace. After several months of study, they are now in the final stages of a refinery feasibility study, which is expected to be complete by the end of 2006. A project description was filed with the Canadian Environmental Assessment Agency in September and the company intends to initiate the provincial environmental assessment process by mid-October.

The Honourable Kathy Dunderdale, Minister of Natural Resources, says that from an energy perspective, Newfoundland and Labrador has among the most promising potential in the country. "NRCan's report indicates that Canada's natural gas exports to the United States will fall by nearly two-thirds by 2020," said the minister. "However, I would point to the untapped natural gas resource potential in Newfoundland and Labrador. As the technology for getting compressed and liquefied natural gas to shore advances, our province is positioning itself to be a leader in natural gas development. This could substantially contribute to our country's export capability to the U.S."

The minister added that industry is actively exploring transportation infrastructure and opportunities for natural gas, while the Provincial Government is finalizing a natural gas royalty regime. Strong natural gas prices, continued exploration, uncertainty of LNG imports to the U.S., and the province's proximity to the U.S. market, all bode well for the development of the province's natural gas reserves in the near future.

Newfoundland and Labrador is also studying the potential for wind power for domestic and export markets. Government is developing a strategy for large and small wind projects as part of the Energy Plan. Newfoundland and Labrador Hydro announced earlier this month the awarding of a contract for 25-megawatts of wind power at St. Lawrence. A second Request for Proposals for an additional block of 25-megawatts has already been issued. Studies conducted on the wind potential of the province concluded that Newfoundland and Labrador has the best energy yield from wind in North America.

"The potential for wind development in Newfoundland and Labrador is exciting and we are aggressively pursuing our potential in this area," said Minister Dunderdale. "In addition to the wind on the island, we also commenced a monitoring program in Labrador this summer to determine a more accurate estimate of the wind potential in that region. Conservative estimates would suggest that we have in the area of 5,000 megawatts of wind energy capacity in Labrador, so we will certainly be working diligently to strategically develop that clean, renewable energy source in the future."

Newfoundland and Labrador already has three major oil fields in operation, producing close to 50 per cent of Canada's conventional light crude oil. In addition to ample natural resources, Newfoundland and Labrador offers a stable environment for oil and gas exploration and production, large oil and gas related construction and fabrication facilities, engineering and project management capabilities and a competitive and vibrant supply and service community.

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