

December 19, 2014

Mr. Brian McLaughlin
brianmclaughlin@bellaliant.net

Dear Mr. McLaughlin:

Thank you for your email of August 13th 2014 regarding potential risks associated with NB Power's Smart Grid initiative and the operating life of the Point Lepreau Generating Station (PLGS).

NB Power's Smart Grid goal is to achieve a load reduction of 635 MW by 2035. PLGS is what is considered a base load generating station, and typically Smart Grid initiatives aim to reduce system costs by reducing the peak system demand.

Maritime Electric, Prince Edward Island's electric utility, has a life-of-unit participation stake in PLGS. Through power purchase agreements (PPAs), a percentage of the stations output is guaranteed to serve Maritime Electric.

The PLGS Deferral Account hearing was completed in 2013 with the Energy and Utilities Board (EUB) accepting the proposed operating life of the plant to be 27 years. The EUB ordered that in going forward NB Power must file annually with the Board any information that may affect the expected operating life (e.g. effective operating hours, actual capacity factors, system health reports, and outage information). The EUB further committed to consider the appropriateness of the operating life of the plant during each rate case presented by NB Power, or from time to time as the EUB deems it appropriate to be reviewed.

Beginning with a pre-hearing conference at the EUB office on Monday, December 22nd 2014, a General Rate Application (GRA) is scheduled to commence in 2015 which could result in a review of the expected operating life of the PLGS. It is also possible that the economics of the Smart Grid initiative will be reviewed as part of this hearing to some degree.

EUB hearings are public proceedings in which any person is able to register as an intervener. As an intervener, a party has the right to request additional information and evidence as well as ask questions. The EUB takes the information gained and concerns raised by interveners throughout the process into account when issuing a decision.

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Thank you for sharing your concerns regarding NB Power's Smart grid initiative and the operating life of the Point Lepreau Nuclear Generating Station. Our government is committed to listening to the concerns of New Brunswickers to achieve a better province for today and future generations.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald Arseneault", with a long horizontal line extending to the right.

Donald Arseneault
Minister

cc: Honourable Brian Gallant, Premier
Gaëtan Thomas, President & CEO, NB Power