

# ENERGY MARKET UPDATE

## SEPTEMBER 2011

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### **Alberta**

Debate abounds with the proposed construction of the \$7-billion Keystone XL pipeline. The range of the line will be from Alberta's oilsands to Port Arthur, Texas. Protestors of the pipeline include the actresses Margot Kidder and Daryl Hannah, plus Nobel peace prize winners Desmond Tutu and the Dalai Lama. The protestors debate the environmental aspects, even though a positive environmental study was just released, and most analysts feel the project will get the green light. The environmentalists could be seen as opposing the 9.1 per cent of Americans who are unemployed, and the 46.2 million Americans now officially living in poverty, the highest number in 52 years of census-taking. Canadian trade minister Ed Fast has said that approval of the project by the United States would create 20,000 high-paying construction jobs in the country immediately, and as many as 160,000 jobs in total. On the other hand, many Canadian naysayers don't want a pipeline built because it will send unprocessed oil the U.S., and after arrival the oil it would be upgraded. Former Alberta premier Peter Lougheed has reportedly said he opposes shipping raw bitumen to the United States, arguing that building new upgrading capacity in the province will result in jobs and economic benefits. Alternately instead of building a pipeline South, there could be a new line built heading to the West, where Canadian producers could sell their oil at the higher price if they could then get it to markets on other continents. And indeed, Enbridge is trying to build a \$5.5-billion Northern Gateway dual-pipeline from the oilsands to the West Coast, then shipping oil to fuel-starved China and elsewhere.

(Source: Edmonton Journal)

### **Electricity Prices – Alberta**

The Alberta power pool price averaged 9.657 cents per kWh in September 2011. This price is 2.979 cents lower than last month's average of 12.636 cents per kWh. The pool price has averaged 6.903 cents per kWh over the last 12 months.

As of July 21<sup>st</sup>, 2011, the forward market was predicting electricity prices around 9.200 cents for 2011. Calendar 2012, 2013 2014 and 2015 are at 7.240, 7.30, 7.350, and 7.40 cents per kWh respectively.

### **Gas Prices – for Alberta**

Direct Energy's gas rate for September was \$3.323 per GJ in the North and \$3.343 per GJ in the South. The October rate has been set at \$3.930 per GJ in the North and

\$3.930 per GJ in the South. Alberta gas prices have averaged \$3.718/GJ over the last 12 months.

As of October 6<sup>th</sup>, 2011, the forward market was predicting gas prices around \$3.60 per GJ for 2011. Calendar 2012, 2013, 2014 and 2015 are at \$3.80, \$4.30, \$4.60 and \$5.00 per GJ respectively.



## **British Columbia**

A magnitude 6.7 earthquake occurred in British Columbia on September 9<sup>th</sup>. The center of the earthquake was approximately 175 miles west of the city of Vancouver and nearly 50 miles underground. Many people on Vancouver Island would have felt the quake, said John Cassidy of the Geological Survey in Victoria, British Columbia. The shaking lasted 10 to 20 seconds, Cassidy said, and there were no reports of damage or injuries. A BC Hydro press release was issued after the event: "BC Hydro's top priority is safety and which includes emergency preparedness and we have procedures in place when an earthquake -- of any size -- occurs. After today's earthquake, our facilities appear to be fully intact and no system damage or outages have been reported. Nonetheless, to be prudent, our operational teams along with the support of our Dam Safety personnel -- and particularly those on Vancouver Island -- are assessing the impact. We are continuing to monitor the situation closely and will stay in touch with the Provincial Emergency Program." Mark Poweska, Director of Generation Operations, BC Hydro  
(Source: CNN and BC Hydro)



## **Ontario**

Bruce Power has made a major contribution towards the purchase of a nuclear medicine camera for Grey Bruce Health Services Owen Sound Hospital. The donation is \$200,000, a full quarter of the \$800,000 which was raised over a two-year period for the camera. The Owen Sound Hospital is the only hospital in Bruce and Grey counties with a nuclear medicine program and every year more than 5,500 patients undergo testing at the hospital. Canada is a leader in nuclear medicine – our health care professionals use radioisotopes to treat cancer, to help diagnose illness, and to sterilize medical equipment. For many years, Canadian-produced medical isotopes for nuclear medicine have been used for about 50,000 procedures each day.  
(Source: Bruce Power)

## **Electricity Prices – for Ontario**

The weighted-average Hourly Ontario Energy Price (HOEP) was 3.118 cents per kWh in July 2011. This price is 0.144 cents higher than last month's 3.262 cents per kWh. The weighted-average price has averaged 3.238 cents per kWh over the last 12 months.

The Provincial Benefit rate for September was set at 4.455 cents per kWh. This rate was 2.714 cents in August. The Provincial Benefit is an additional charge paid by non-regulated customers. It has averaged 3.783 cents over the last 12 months.

There were 5 instances where the Hourly Ontario Energy Price (HOEP) was less than \$0 during the month of July. The lowest HOEP for the month was \$-4.239 cents set on July 1<sup>st</sup> hour ending 5. The highest HOEP for the month was \$9.975 set on September 5<sup>th</sup> 21<sup>st</sup> hour ending 24. (Source: IESO)

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## **Quebec**

Construction has started on Texas-based Waste Management Inc.'s \$13-million landfill gas-to-energy facility near Drummondville, the company said Wednesday. It is part of a complex that will see the company sell electricity to Hydro-Québec and send heat generated by the process to a commercial greenhouse that produces tomatoes. The plant's engines will generate 7.6 megawatts annually, enough electricity to service about 6,500 homes. Waste Management says it has 115 landfill-gas-to-energy facilities or projects in North America, including two in Ontario, one of which provides electricity to the Ottawa grid. "We're no longer just a waste collection company," Martin Dussault, WM's director of public affairs in Quebec, said Wednesday. "Today across our organization, we manage waste for its resource potential." About 600,000 tonnes of municipal waste from South Shore communities is collected by the company, spokesperson Hugues Vincelette said. (Source: Montreal Gazette)