

# The transformative powers of the Atlantic Loop

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Former premier McNeil is right, the Atlantic Loop would be transformative for the region, although perhaps in not quite the way he envisages (Opinion, 18 October 2021).

The Atlantic Loop will do far more than help Nova Scotia meet its 2030 emission targets of “at least 53% below the levels that were emitted in 2005” as specified in the 2019 “Act to Achieve Environmental Goals and Sustainable Prosperity”, the former premier’s signature piece of environmental legislation.

The principal beneficiary of the Atlantic Loop will be the province of Québec, the sole shareholder of Hydro Québec. In 2020, Québec received a dividend over \$1.7 billion (down from almost \$2.2 billion in 2019 because of the pandemic).

Hydro Québec’s plan to double its profits this decade suffered a significant setback in 2019 when the Supreme Court of New Hampshire blocked the company’s planned expansion of its grid through the state to sell electricity to New York.

With the western route to New York blocked, Hydro Québec proposed an eastern route with a new grid through New Brunswick and Maine. However, the grid wasn’t presented this way to Canadians, instead it was called the Atlantic Loop, shown linking the four Atlantic Provinces and Québec.

Given Newfoundland and Labrador’s two hydroelectric debacles, Churchill Falls and Muskrat Falls, it appears unlikely that the Labrador portion of the Atlantic Loop will ever be more than a small grid connecting these two hydroelectric projects. Unless this changes, it means that electricity from Churchill Falls will continue to be sold to Hydro Québec after 2041, when the contract between the Hydro Québec and the province expires.

Continued access to Churchill Falls is one reason Hydro Québec needs the Atlantic Loop. Another, more pressing reason is the contract which New York State awarded to Hydro Québec in September 2021 to supply the state with electricity for 25 years.

Former premier McNeil’s opinion piece arguing for \$5 billion for the Atlantic Loop must be music to the ears of Québec Premier Legault. Since Hydro Québec sells electricity to the United States, regulatory requirements mean that the company must not receive subsidies from taxpayers. However, if NB Power and Nova Scotia Power receive the \$5 billion to build the Atlantic Loop (and extend it to Maine), Hydro Québec will be able to access it without having received a subsidy.

To paraphrase a statement misattributed to Charles Erwin Wilson, former president and CEO of General Motors and U.S. Secretary of Defense, “What’s good for Nova Scotia is absolutely marvellous for Québec”.