

Who benefits from the Atlantic Loop?

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A feedback letter in last Friday's allnovascotia.com (22 January 2021) on the Atlantic Loop ended with the question, "Why does Québec want this and who is really going to benefit from it?"

The [Atlantic Loop was mentioned once](#) in the speech from the throne last September as a way for New Brunswick and Nova Scotia to reduce their reliance on coal. The loop as presented is intended to interconnect electricity suppliers in [Québec, Newfoundland and Labrador, New Brunswick, and Nova Scotia, thereby improving regional reliability](#).

While the completion of the Atlantic Loop should ensure that emissions in Atlantic Canada (more to the point, emissions in New Brunswick and Nova Scotia) will be below the federal government's 2030 emission target ([30% below 2005 levels by 2030](#)), while undoubtedly a good thing, Québec stands to benefit as well.

In July 2019, Hydro Québec's \$1.6 billion Northern Pass transmission line project to send power to New York was blocked by the [supreme court of New Hampshire](#). Consequentially, Hydro Québec was left with additional capacity looking for a market.

This was a major setback to Hydro Québec's plan to [double its profits over the next decade](#). Not surprisingly, it was also of concern to Québec, [the sole shareholder of Hydro Québec](#), since it represented the loss of a major revenue stream. In 2019, Hydro Québec's dividend paid the province over [\\$2.1 billion](#).

At the Atlantic Premiers' Conference held in St. John's in January 2020, Québec Premier Legault discussed the development of a [regional grid](#) with the four Atlantic premiers. Although such a grid was seen as [integral to the region's development of renewable electricity](#), Legault and [Hydro Québec had not lost interest in selling electricity to New England](#).

A few days before the Atlantic Premiers' Conference, Hydro Québec and NB Power signed an agreement for Hydro Québec [to sell 47 terawatt-hours over 20 years to NB Power](#) and also "[to increase electricity exports to Atlantic Canada and the United States](#)".

Although the Hydro Québec-NB Power agreement would let Hydro Québec sell a few terawatt-hours of zero-emissions power to the Maritimes, gaining access to the New England market was essential. However, with the route through New Hampshire no longer available and [some 40 terawatt-hours of electricity available for export](#), Québec required a stronger grid into Maine through New Brunswick.

Since Hydro Québec is a major exporter of power into the United States, [it does not take federal subsidies for fear of being penalized by U.S. energy regulators](#). However, it will ship power through New Brunswick over the federally supported Atlantic Loop to sell into New England.

Groups in [Maine as well saw benefits in having the Atlantic Loop](#) extend south, as access to power from Hydro Québec would allow the expansion of renewable energy in the state. However, [others object to having additional power lines though existing and new corridors](#) and are calling for a referendum on the issue. [Hydro Québec has spent millions to influence the outcome of the referendum](#).

Who really benefits from the Atlantic Loop depends on your point of view. In Nova Scotia it means potentially achieving a 53% reduction in emissions, while in Québec it means increasing its power exports.