



**Énergie NB Power**

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Groupe Group

## Press Release

Board of Directors

July 24, 2008

### **NB Power Board Establishes Key Performance Indicators**

**Fredericton** – NB Power’s Board of Directors has established 10 key performance indicators for the Corporation and its executive to help address energy sector challenges and increase accountability and visibility. Board chairman Francis McGuire said the indicators will give New Brunswickers an opportunity to benchmark their utility’s progress.

“NB Power exists to put New Brunswickers’ electricity needs first,” said McGuire. “These indicators provide both clear goals for the Corporation and clear measures of how well it and its executive team are doing.”

The 10 indicators include restriction of rate increases to no more than three per cent for the next three years, working with Efficiency NB to help customers maximize electricity conservation, service targets, CO<sub>2</sub> generation reduction, increased generation from renewables, accountability for the Point Lepreau Generating Station refurbishment, strategic planning to source least-cost fuel alternatives, active participation in provincial economic development, quarterly performance reporting, and incentive-based compensation for the nine members of the executive team.

McGuire said key performance indicators are commonly used by organizations to improve how they operate. “They require the discipline, first, of establishing clear goals and then of meeting those goals,” he said. “The point of establishing them is to promote the best long-term performance for NB Power in order to serve the people of New Brunswick to the best of our ability. The Board and the executive are making every effort we can to protect New Brunswickers against high rates.”

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McGuire said performance indicators are the logical next step in NB Power's development, listing achievements including record reliability, settlement of the Orimulsion lawsuit and recognition as one of Canada's Top 100 Employers resulting from rigorous internal measurements put in place by NB Power president and CEO David Hay and his team. McGuire said the performance indicators will help the Corporation achieve success in the face of ever-rising fossil fuel prices and the demand for sufficient electricity generation to power New Brunswick's future.

Board member Dr. Norm Betts said the executive faces tough challenges to restrict rate increases to three per cent for the next three years and to complete the Point Lepreau Generating Station refurbishment on time and on budget. "It's not going to be easy given rising fuel prices," he said, "but we remain focused on this."

Betts added that the quarterly scorecard will keep New Brunswickers better informed. "We strongly believe that by publishing this quarterly scorecard, NB Power will be more accountable and more visible," he said.

Speaking specifically about executive compensation, board member Ed Barrett said the energy industry is extremely competitive. "We know the board is asking a lot of the executive," he said. "At NB Power, we have to be able to retain the skilled people we have and attract new talent we might need."

Barrett said the Board has looked at companies such as Nova Scotia Power, Fortis Inc., Hydro Quebec, Newfoundland and Labrador Hydro Electric Corporation and SaskPower. "The compensation we will offer will fall in the mid-range for those in comparable executive groups and it will include incentives," he said. "There will be a base salary plus performance pay tied to achievement of the key performance indicators."

There will be different salary ranges for the nine members of the executive. The range for the president and CEO will be between \$350,000 and \$400,000. The salary range for the other eight members of the executive will be between \$160,000 and \$230,000.

Board member Bernard Cyr said the indicators are a useful tool. "They are part of an effective organization focused on the future—NB Power's own future and that of our entire province."

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## Key Performance Indicators

1. Although fuel costs are rising, management will limit rate increases to three per cent each year over the next three fiscal years, 2008/09, 2009/10 and 2010/11.
2. NB Power, working with Efficiency NB, will help our customers get more for their electricity dollar by helping them maximize ways to conserve electricity.
3. The reliable and efficient delivery of electricity is fundamental to our service to New Brunswickers. To ensure the reliability of your electric power we will set and report on service targets for Fiscal 2008/09.
4. With the real possibility of a carbon tax and carbon credits becoming part of the energy market, NB Power will reduce the amount of CO<sub>2</sub> it generates from seven million tons to five million tons by 2012 to protect against a substantial increase in environmental costs.
5. Also looking to the future, it is important that NB Power maximize its “made in New Brunswick” energy options to guard against fluctuations in global energy prices. The first step will be to have NB Power integrate a minimum of 300 MW of wind energy into its grid by 2010.
6. NB Power has a tradition of industry leadership in providing effective energy solutions. The refurbishment of the Point Lepreau Generating Station is the first of its kind in the world and that being on time and on budget will save New Brunswickers hundreds of millions of dollars. Although AECL is the primary contractor for the project, NB Power will manage the project to ensure that it is delivered on time and on budget.
7. It is essential that NB Power understands and anticipates its future business climate. A special Strategic Planning Group will be re-instated with a mandate to source the least cost fuel alternative by, among others, working with neighbouring jurisdictions on transmission, generation, conservation, green energy alternatives and CO<sub>2</sub> reduction alternatives.
8. Building a strong economy is important to all New Brunswickers. Management will take an active role, working with business, labour and governments to foster economic opportunities in the Province.
9. In an effort to better serve our customers and New Brunswick, NB Power will issue quarterly reports detailing the status, opportunities and challenges of the electricity market globally and in New Brunswick. These reports will note NB Power’s quarterly progress in achieving its key performance indicators.

10. The energy industry is highly competitive and highly skilled. Successful utilities are more dependent on having the right people in the right jobs than they are on “wires”. To this end, the Board of Directors will set performance-based incentives for the executive and these will be set to industry standards. Specifically, salaries for the executive will target the mid-range when set against competitors. These salary ranges will neither be the highest, nor the lowest in the industry. The Board has set performance-pay envelopes for senior executives which can reach up to 25 per cent of their salaries. Performance management will ensure the greatest likelihood of success for New Brunswickers.