

In 1962, Canada produced 117 billion kilowatt hours, including 11.4 per cent from thermoelectric plants. Of the total production, only 0.47 per cent was exported as firm energy and 2.8 per cent as interruptible energy. Of the latter, 86 per cent was interchanged with United States utilities, having been returned to Canada at the same time over other circuits, or over the same circuits at other times.

In the light of the circumstances I have outlined, the Government has decided to develop and carry forward effective policies embracing two essential concepts:

first, encouraging development of large low-cost power sources and the distribution of the benefits thereof as widely as possible through interconnection between power system within Canada;

second, encouraging power exports and interconnections between Canadian and United States power systems where such induce early development of Canadian power resources.

More specifically, our policy is as follows:

The Government, having due regard to the rights of the provinces with respect to the development and distribution of power and keeping in mind its own responsibilities in this field, desires to encourage interconnection agreements and maximum utilization of inter-tie facilities between electrical systems, both publicly and privately owned.

INTERCONNECTING POWER SYSTEMS

The Government, in co-operation with the provinces, has already undertaken studies to investigate the possibility of interconnecting power systems across the country. It realizes that the complete interconnection may not be economically feasible for some years to come. Nevertheless, it would appear that, by establishment of interconnection facilities between utilities in adjacent regions wherever practical, a national system might be developed by a succession of stages, each valuable in itself.

The Government believes that it would be beneficial to Canada and to the United States, and not prejudicial to the national interest to encourage interconnection agreements and inter-ties between utilities in the respective countries in cases where the interconnection agreements suitably protect the Canadian interest.

In cases in which Canadian utilities enter into appropriate interconnection agreements with United States utilities, the Government will be prepared, upon recommendation of the National Energy Board, to give favourable consideration to the authorization of export of power to United States utilities for purposes including the following:

- (i) to provide standby service in the case of emergencies, thus making possible the reduction of reserve generating capacity otherwise required by the utilities;
- (ii) to provide for economy flows between plants or systems;
- (iii) to provide for sales of surplus interruptible energy;
- (iv) to provide for exchange of power and energy to take advantage of load, watershed or other diversities;

- (v) to provide for exports of firm power for limited periods to make possible the step-by-step construction of the most economical generating facilities on either side of the boundary.

The Government also believes that it would be in the national interest, in suitable cases, to license the export of large blocks of firm power to United States utilities to permit the development of large-scale remote hydro or other power projects which would not be viable unless supported by the export for long periods of a significant proportion of the power generated. The National Energy Board Act permits such exports for periods of up to 25 years. Provision would have to be made for the recapture of such exported power over a period of years, in stages commensurate with the need or ability of the Canadian market to absorb it, and upon notice adequate to enable the importing utility to arrange for replacements. The provisions of the National Energy Board Act would, of course, apply to any case of this nature, as to any export of power.

The Government will, upon recommendation of the National Energy Board, continue to authorize the export of relatively small amounts of power and energy to border areas in the United States where, for geographical reasons, Canada is the economic source of supply.

TRADE PACT WITH BULGARIA

The signing of a three-year trade agreement between Canada and Bulgaria was announced on October 8 in the House of Commons by the Minister of Trade and Commerce, Mr. Mitchell Sharp. The agreement provides for an exchange of most-favoured-nation treatment between the two countries and a commitment by Bulgaria to purchase a minimum of 100,000 metric tons of wheat in each of the three years involved. However, Bulgaria will buy an additional 150,000 metric tons of Canadian wheat subject to the Canadian supply position during the current crop year, and the way is open for both parties to negotiate for even greater quantities in the future. At buyer's option, all or part of the above-mentioned quantities of wheat may be taken in flour equivalent.

The agreement provides for consultation between representatives of the two governments respecting its implementation, should this be required.

It has likewise been agreed that trade offices may be opened both in Canada and Bulgaria for the purposes of market exploration and trade promotion.

THE "ALOUETTE" AFTER ONE YEAR

(Continued from P. 2)

and construction of a series of four additional satellites. Ionospheric research will constitute their major experiments and Canadian industry is preparing to participate actively in their design and construction.