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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Emera's Q1 2019 Analyst Conference Call. (Operator Instructions)

Please note that this call is being recorded today, Friday, May 10, 2019, at 8:30 a.m. Eastern Time.

I would now like to turn the meeting over to your host for today's call, Erin Power, Manager, Investor Relations for Emera. Please go ahead, Ms. Power.

Erin Power - *Emera Incorporated - Manager of IR*

Thank you, Melissa, and thank you all for joining us this morning for Emera's First Quarter 2019 Conference Call and Live Webcast. Emera's first quarter earnings release was distributed this morning via Newswire, and the financial statements, management's discussion and analysis and the presentation being referenced on this call are available on our website at emera.com.

Joining me for this morning's call are Scott Balfour, Emera's President and Chief Executive Officer; Greg Blunden, Emera's Chief Financial Officer; and other members of Emera's management team.

Before we begin, I will take a moment to advise you that this morning's discussion will include forward-looking information, which is subject to the cautionary statement contained in the supporting slideshow. Today's discussion and presentation will also include references to non-GAAP financial measures. You should refer to the supporting slides for definitional information and reconciliations of historical non-GAAP measures to the closest GAAP financial measure.

And now I will turn things over to Scott.

Scott Carlyle Balfour - *Emera Incorporated - CEO, President & Director*

Thanks, Erin, and good morning, everyone. Our businesses continued to perform very well during first quarter. As a result, this morning, Emera reported adjusted first quarter earnings per share of $0.95, an increase of 9% over the first quarter of 2018. Growth in the quarter was largely driven by strong results at Nova Scotia Power and our gas utilities. I'm also pleased with the operating cash flow being generated by our business.

Although cash flow was down modestly compared to the first quarter of 2018, I expect this trend to reverse over the course of the year. All to say, we're off to a strong start. And the results of the first quarter give us increased confidence that we will deliver adjusted EPS for the year that is consistent with 2018 levels when normalized for onetime impacts in both years, notwithstanding the sale of our gas plants and the resulting loss of those earning contributions for the balance of the year relative to 2018.

Our financial success is a direct result of how we've been consistently executing on our proven strategies. By continuing to focus on delivering clear, affordable, reliable energy to our customers, we've been able to create unique and innovative opportunities to invest and have provided value to customers and shareholders alike.

Ensuring that energy is affordable for our customers is always a focus when we're looking to invest. One way we've been able to successfully manage customer rates while growing rate base is by looking for opportunities to convert pull-through costs like fuel and O&M into rate-based investment opportunities. Our investments in expanding solar generation, modernizing Big Bend and deploying smart meters are great examples of this strategy in action.

Today, Tampa Electric has over 445 megawatts of solar capacity, and in 2019, solar energy will account for approximately 5% of Tampa Electric's total generation. And by 2021, those numbers will grow to be over 640 megawatts of capacity, which means approximately 7% of Tampa Electric's generation will come from the sun. That's a significant increase, especially when you consider that just 2 years ago, those numbers were effectively 0. Expanding our use of solar generation is the right thing to do for our customers and the environment, and we've been able to make these rate-based investments in a way that is affordable for customers by removing fuel costs. Our use of a solar-based rate adjustment ensures that our investment in solar is reflected in rates once the capacity is in service. Today, approximately 405 megawatts of our solar capacity is being paid through this mechanism, which is expected to generate approximately USD 70 million of revenue and USD 30 million of net earnings in 2019.

We also continue to make progress on the Big Bend modernization and anticipate breaking ground at this site this summer. Once complete, this USD 850 million will reduce GHG emissions from the facility by about 30% and will save customers USD 750 million over the life of the investment. In addition, a modernized Big Bend will help to improve system reliability and support future investments and even more renewals.

Our cross-utility smart meter program is in full swing. Smart meter installations have begun at Tampa Electric with approximately 170,000 meters now installed, and Nova Scotia Power expects to begin installing the first meters in its customers' homes this fall. Once the meters and supporting infrastructure are installed, our customers will enjoy greater access to their energy data, and the utilities will be able to manage their systems more effectively.

As we've been executing on our strategy, we've also been working to ensure that we're ready to meet the changing needs of our customers. We have launched a number of small, customer-focused projects throughout our utilities to increase options for customers to access clean, reliable energy in new ways. This will allow us to learn about new technologies, including smart grids and battery storage.

At Tampa Electric, the team is working through the final stages of regulatory approval to launch Sun Select, a new 17.5-megawatt community solar program for their residential and small commercial customers. Pending approval from the Florida Public Service Commission, Sun Select will enable our customers to purchase solar energy from our newly commissioned Lake Hancock site. With approximately 75% of Tampa Electric customers unable to install rooftop solar, this program will provide a cost-competitive alternative to customers who want to use solar. Given our customers' increasing interest in solar energy, we are optimistic that this program will be successful, and we will continue to look for opportunities to further expand Sun Select.

We're very optimistic about the continued expansion of solar generation in Florida. The intermittent nature of renewable energy does create challenges for the grid, however. The team in Tampa is excited to be investing in a 13-megawatt, 26-megawatt hour battery storage -- battery energy storage system that will be co-located at the existing Big Bend storage site -- solar site. By leveraging the existing Big Bend infrastructure, we are able to be efficient with the capital investment in the project.

Integrating grid scale battery storage into Tampa Electric system will allow the team to learn even more about managing intermittent generation and prepare them to deploy further battery storage as the technology becomes more cost effective. The team is well advanced on the project and is expected to be operational this fall.

The team at Nova Scotia Power has partnered with Siemens and New Brunswick Power to develop a smart grid platform that will be piloted in each of the 2 provinces. NSP is working with Town of Amherst to develop an energy controlled platform, build a 2-megawatt community solar firm and install 4 on-site, solar-generation and battery storage systems at commercial businesses within the town. It's an exciting projects that will help Nova Scotia Power learn how to best incorporate these technologies to better serve customers while adding enough renewable energy to the grid to serve over 200 customers.

The project has received $13 million in federal funds. Nova Scotia Power will seek regulatory support for the balance by demonstrating value creation for its customers to engage in this innovative work.

We're committed to our $6.5 billion capital program over the next 3 years, and we are on track to invest $2.5 billion in 2019. Over the next 3 years, approximately 75% of that capital will be deployed in our electric utilities where investments in solar generation, modernizing Big Bend and smart meters form the foundation of the capital program. The remaining 25% will be invested in our gas utilities where the focus is on system expansion, to support customer growth and enhanced reliability and opportunities to attract new types of commercial customers.

The vast majority of our investments are focused in Florida and Atlantic Canada, which together account for over 85% of our planned capital spend. With the majority of our capital being deployed in the state in Florida, a jurisdiction with healthy equity thickness in ROEs, we expect to achieve higher EPS growth and continue to improve our balance sheet to our target capital structure over the period. All to say, our capital investment program is expected to continue to drive healthy, rate-based growth of 6% through 2021 notably driven by very strong rate-based growth in our Florida utilities.

As we've noted in the past, the rate-based profile only includes projects that we are highly confident will proceed. Additional capital investment opportunities, including further investments in solar in Florida, will sustain or enhance our long-term rate-based growth.

As I look out beyond 2021, I'm confident that we will continue to deliver a competitive rate-based growth profile for our shareholders given the high quality of our businesses and the proven and sustainable nature of our strategy. Executing on this strategy for over a decade has enabled us to grow into a top 20 North American utility while delivering above-average total returns to our shareholders. Along the way, we've successfully transformed the energy landscape here in Nova Scotia, and we're well underway to a similar transformation in Florida.

I believe that the theme of cleaner generation, customer-focused technologies and infrastructure renewal that we are investing in today will continue to provide investment opportunities for Emera for years to come.

So far, in 2019, we've continued to make significant progress against our funding plan. One of the key objectives of our plan is to significantly reduce and potentially eliminate the need for any discrete, external common equity offerings. I'm pleased to say that upon closing of the announced sale of Emera Maine, we will have successfully achieved that objective. Upon closing, total proceeds from select asset sales will be approximately $2.1 billion, which fully meets our asset sale target.

Our equity needs in support of our $6.5 billion capital plan is now limited to funds raised in small increments to our DRIP, the hybrid capital markets and a possible introduction of at-the-market or ATM program. Together, these tools give us the flexibility to optimize how we raise our equity capital to maximize value for shareholders.

As part of this morning's earnings release, we announced that we have revised the discounting offered to shareholders choosing to participate in our dividend reinvestment plan from 5% to 2%. This change brings our discount in line with industry peers while still providing value to those elect to participate in the DRIP.

We're off to a strong start in 2019, and I'm pleased with the progress we've made so far this year. The business is continuing to deliver strong financial results for our shareholders while making measurable progress on our strategic initiatives. We've continued to execute on our asset sale program, which is on track to be completed by the end of the 2019.

I'm also pleased with the progress we've made on strengthening our balance sheet. As Greg will walk you through in a moment, the actions of management have firmly positioned Emera to focus on continuing to deliver growth and superior returns for our shareholders.

And with that, I'll turn it over to Greg to take you through our financial results.

Gregory W. Blunden - *Emera Incorporated - CFO*

Thank you, Scott, and thank you all for joining us this morning.

As Scott highlighted, we are off to a strong start in 2019. Our operating assets have performed exceptionally well, delivering continued EPS growth to our shareholders. For the first quarter of 2019, Emera reported adjusted net income, which excludes mark-to-market adjustments of $224 million or $0.95 per share compared with adjusted net income of $202 million and $0.87 per share in the first quarter of 2018. This represents a 9% increase in adjusted EPS. Growth in the quarter was driven by strong results in Nova Scotia Power and our gas utilities.

For the quarter, the business delivered operating cash flow before changes in net working capital of $418 million compared to $444 million in the first quarter of 2018. This modest decrease is primarily related to costs associated with asset sales, including taxes and advisory fees, whereas the gross proceeds are included in our investing cash flows. I expect that this decrease will reverse over the balance of the year, and our business will deliver annual cash flow which is consistent with 2018.

Operating cash flow is an important metric for our business and is the basis upon which our credit metrics are calculated. As I'll take you through in a few moments, our improved cash flow, combined with the results of our funding initiatives, is expected to drive continued improvement in our cash flow debt metrics in both 2019 and 2020.

Growth in first quarter EPS was primarily driven by strong results in our gas utilities and in Nova Scotia Power. In the quarter, New Mexico Gas Company contributed USD 23 million to net earnings, an increase of $7 million or 35% compared to the first quarter of 2018. These strong results were driven by favorable weather conditions, which provided the utility the opportunity to earn an incremental USD 6 million margin compared to the first quarter of last year and through the ongoing optimization of its pipeline capacity, which added a further USD 2 million of earnings in the quarter.

Activity in the Permian Basin is creating opportunities for New Mexico Gas to take advantage of the excess transmission pipeline capacity. In 2018, the utility entered into an asset management agreement, or AMA, that allows the counterparty to optimize the use of New Mexico's excess capacity. The AMA is benefiting both customers and shareholders, and both parties to the agreement are very happy with its performance to date. Earnings contribution from the agreement are seasonal and will be the highest in the first and fourth quarters of the year.

At Peoples Gas, customer growth was 3.1%, and lower depreciation and amortization costs offset the effects of less favorable weather conditions in the quarter. The change in amortization costs was driven by the timing of regulatory amortization associated with former manufactured gas plant sites, or MGP. As part of the 2017 settlement agreement, $11 million of MGP-related amortization was to be recorded on the 2018 and 2020 period.

In 2018, PGS accelerated the recognition of the remaining MGP-related amortization, including recording $3.5 million in the first quarter of 2018. And as a result of this acceleration, there are no MGP-related amortization costs in 2019.

In Nova Scotia, favorable weather conditions and less storm activity increased Nova Scotia Power's earnings contribution in the quarter. While I'm pleased with the results that the utility has delivered in the quarter, it's important to remember that Nova Scotia Power's annual earnings growth is largely driven by its rate-based growth and while the timing of the earnings contribution will be dependent on market conditions, including weather. All to say we continue to expect the full year results for Nova Scotia Power will reflect more modest growth. And although the earnings contribution from other was flat to Q1 of 2018, I'd like to spend a few minutes to walk through some of the individual pieces.

In Emera Energy, marketing and trading margin decreased by $15 million as a result of less favorable market conditions relative to Q1 2018 when the impact of colder weather resulted in higher market prices and volatility, that then led to higher margins. Although margin has decreased relative to Q1 2018, marketing and trading is still off to a strong start for the year, and I expect that they will earn within the USD 15 million to USD 30 million earnings guidance range for the year.

And in corporate, higher financing costs and a $2 million loss on the sale of Bayside and New England cash-generating facilities were partially offset by $10 million gain on the sale of some property in Florida.

As Scott highlighted in his remarks, we continue to make progress against our 3-year funding plan that we first outlined last fall. Notably, upon closing the announced sale of Emera Maine, we will have raised $2.1 billion of proceeds and met the asset sale target in our funding plan. By engaging in select asset sales, we will have successfully eliminated the need for discrete equity offering to fund our $6.5 billion baseline capital program and accelerate the transition of our balance sheet back to our targeted capital structure.

The Emera Maine sale is progressing as expected, and we are working closely with ENMAX through the regulatory process. The team has began to make filings with the various regulatory bodies required to improve the transaction, including FERC and the Maine Public Utilities Commission, and we anticipate the transaction will close later this year.

Turning to our funding plan. We continue to see the DRIP and preferred shares as helpful components to financing our growth. However, as Capital Markets change, we would be prudent to add another flexible proactive mechanism to our toolbox. In that regard, we have been assessing the potential for establishing an at-the-market, or ATM, program to round out our equity needs over the remainder of the 3-year forecast period. A necessary first step in this process is the following of a preliminary shelf prospectus, which was completed yesterday. Once final and provided we have all the necessary exempted relief in hand, the shelf will allow a common share offerings of up to $600 million in aggregate over a period of 25 months. An ATM program will allow us to raise modest levels of equity in a cost-effective and less dilutive manner on a just-in-time basis, providing us with increased funding flexibility and allowing us to match equity raises with normal course business requirements such as growth.

Our funding plan is designed to increase Emera's financial strength by delivering on 4 key objectives. With the sale of the NEGG portfolio and the Bayside plants, we have met our first objective of improving our business risk. Removing these assets from our portfolio has significantly reduced our exposure to merchant generation, stressing our overall business risk profile.

Our second objective is to increase our sustained cash flow debt metrics. We've been steadily improving these metrics since the TECO acquisition in 2016. Over the course of 2019, we would expect our cash flow debt metrics to gradually improve towards our 12% target, as we maintain consistent levels of cash flow and use proceeds through asset sales to repay holding company debt.

As we continue to execute on our funding plan throughout 2019 and look forward to 2020, we would expect these metrics to continue to strengthen to 12% by the end of next year with the objective of sustaining this level or higher over the longer term.

Third, we are focused on materially reducing our holding company debt as a percentage of our total debt. After the acquisition of TECO in 2016, our holding company leverage was over 50%. Today, approximately 44% of our debt is at the holdco level, and we would expect that to be below 40% with the closing of the sale of Emera Maine.

And finally, our funding plan is designed to decrease our consolidating leverage and accelerate our transition back to our targeted capital structure.

Achieving our targeted capital structure will enable us to meet our targeted credit metrics. Successfully executing our asset sale program has accelerated the transition. And we anticipate, upon closing of the Emera Maine transaction, we will achieve our targeted capital structure of 55% debt, 35% equity and 10% hybrid capital.

Overall, I'm pleased with our strong start to 2019. While 2019 will be a transition EPS year for Emera, solid first quarter results give me the confidence that we will deliver adjusted EPS that is consistent with 2018 when adjusting for the onetime tax benefits last year.

Our portfolio of regulated assets continues to perform exceptionally well, and we believe that our prudent and disciplined reallocation of capital in 2019 will result in a stronger Emera that is well positioned to continue to deliver long-term earnings and cash flow growth for our shareholders.

And with that, I'll turn the presentation back over to Erin.

Erin Power - *Emera Incorporated - Manager of IR*

Thank you, Greg. This concludes the presentation. We would now like to open up the call to take questions from analysts.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Rob Hope from Scotiabank.

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

Congrats on a good quarter. I want to start off down in Florida. Just want to get a sense of what quantum of opportunities do you think you can get out of battery storage as well as some of these community storage opportunities longer term? Or is it really the focus more on the larger-scale solar?

Scott Carlyle Balfour - *Emera Incorporated - CEO, President & Director*

Thanks, Rob. I know Nancy is on. Nancy, you want to take that question?

Nancy G. Tower - *Emera Incorporated - President & CEO of Tampa Electric Company*

I can start, Scott. I'll say a few things, you may want to finish. We're starting -- on the community solar, we're starting with 17.5 megawatts, and we'll see where that goes. I think we still believe that there is more utility scale solar. And we're pursuing land acquisition and continuing to assess the building of the next 300 or 600 megawatts of solar. So that's -- we still believe that's an opportunity. I think the battery storage will help us understand integration of batteries into solar and help us make that solar generation more efficient than it is today.

Scott Carlyle Balfour - *Emera Incorporated - CEO, President & Director*

Yes. Rob, thanks, it's fair to say. I mean obviously we've started with a robust program at the sort of large scale with the first 600 megawatts and planning to continue to build on that. As it relates to community solar and storage, it's still early days. We're excited about where it could go. We've got some meaningful projects that are underway now, but we haven't fully framed up what the opportunity is. And that opportunity set will continue to clarify itself and frankly, grow as the technology and the cost competitiveness of -- cost competitiveness of it continue to improve.

Robert Hope - *Scotiabank Global Banking and Markets, Research Division - Analyst*

All right. And then as a follow-up, Lakelands looking to shut down a coal unit. Is this an opportunity for you to potentially add some generation in your territory to serve that territory, which would be quite close?

Nancy G. Tower - *Emera Incorporated - President & CEO of Tampa Electric Company*

Rob, we haven't specifically looked at that. We obviously know Lakelands fairly well, and we've got a good relationship with them. But we haven't specifically looked at that opportunity.

Operator

Your next question comes from the line of Robert Kwan from RBC Capital Markets.

Robert Michael Kwan - *RBC Capital Markets, LLC, Research Division - Analyst*

I'm just looking at the funding waterfall and the residual $900 million number. I'm just wondering how do you thinking about that, like where is the priority. Is it in balance sheet strengthening, and therefore, DRIP and ATM being the full equity products would have the greatest impact? Or do you see it more minimizing dilution, i.e., minimizing share count?

Gregory W. Blunden - *Emera Incorporated - CFO*

I think -- Robert, it's Greg. I think the answer is both, and there's also a timing component in terms of when the capital gets spent. But we've been fairly disciplined through all this. We want to raise our capital in the most cost-effective way, that is more supportive of credit metrics, at the same time, not being dilutive to existing shareholders, and we'll continue to do that. I think when you look at that waterfall and the $900 million, that's over a 3-year period. And so the timing of each and every one of those components will vary based on other factors.

Robert Michael Kwan - *RBC Capital Markets, LLC, Research Division - Analyst*

Got it. And I guess just to clarify on the pace, it sounds like it's more about taking your time with it since most of the heavy lifting is done in pacing it with the capital plan versus just trying to get it out of the way upfront.

Gregory W. Blunden - *Emera Incorporated - CFO*

That is correct.

Robert Michael Kwan - *RBC Capital Markets, LLC, Research Division - Analyst*

Okay. If I can just ask one more question here. As you think about your long-term kind of funding and financial setup strategy, I'm just wondering what's on or off the table as you think about your payout and leverage, 70% to 75% long-term target and you've had your 4% to 5% dividend growth. I guess is there any contemplation of slowing the dividend growth or even going no growth to drive that payout ratio faster down to something in that 60% range like the U.S. peers?

Scott Carlyle Balfour - *Emera Incorporated - CEO, President & Director*

So I'd say that's not our contemplation at the current moment, Robert. I mean obviously dividend increases are purview of the Board. But obviously when we established the 4% to 5% dividend growth rate target, we did that with clarity and understanding and to the path that we were on, including the asset sales. And our view is to the capital investment program that's in front of us and the earnings growth that, that can drive and comfort that the dividend payout ratio will reduce itself over time, while our cash flow metrics continue to be strong. So we're comfortable with the path that we're on and frankly don't see a need to make any changes. But all that said, of course, highlighting the fact that dividend increases are ultimately determined by the Board on an annual basis.

Operator

(Operator Instructions) Your next question comes from the line of Ben Pham from BMO.

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

Just with the resegmentation and look at the Florida Electric Utilities, you saw earnings flat year-over-year, you provided some variances for that. But was it mostly the weather that was negatively impacting, just some of the positive AFUDC currency tailwinds that you saw?

Gregory W. Blunden - *Emera Incorporated - CFO*

Yes. Ben, it's Greg. It's virtually all weather. If you think of Q1 last year, Florida had unusually cold weather in the first 6 weeks or so, which is helpful to load, and then it immediately got extremely hot. And then you'll recall that it's kind of mitigated in the next couple of quarters and then kind of balanced over with the course of the year. We're probably seeing much more, I'd say, normalized weather in the first quarter of this year compared to what we saw last year. And of course, we're just getting into the second and third quarters where typically load picks up materially at Tampa Electric.

Benjamin Pham - *BMO Capital Markets Equity Research - Analyst*

Okay. And secondly, going back to some of the questions on the funding waterfall. You previously had the prep, hybrid in a separate bucket. Now you're adding it together on equity. And so is the thinking now that really the prep side, it's not definitive now on whether you could access that market and that's really just looking at all of the above and seeing what's the best cost of capital?

Gregory W. Blunden - *Emera Incorporated - CFO*

Yes. Ben, it's -- I mean certainly, when you compare the equity markets and the bond markets to the prep markets, the prep markets really haven't come back in balance the way the other markets have. Certainly, we would be able to issue preps if we wanted to, albeit unless we're sure we would necessarily like the pricing we'd see in this current market. And so our thinking is it's collectively that whether it's potential at-the-market program, whether it's our DRIP or whether it's the preps is -- as the funding requirement is there, we'll do what is the most cost effective for the business overall at that particular point in time.

Operator

Your next question comes from the line of Nicholas Campanella from Bank of America Merrill Lynch.

Nicholas Joseph Campanella - *BofA Merrill Lynch, Research Division - Research Analyst*

So I was just wondering, just to go back to the Florida opportunities. I think we all saw some recent legislation passed as it relates to undergrounding of the distribution network. I was wondering if you can kind of talk about what's in your CapEx budget currently or give us a sense of how much Tampa Electric's distribution network is above ground and whether this is an opportunity into your next CapEx update.

Gregory W. Blunden - *Emera Incorporated - CFO*

Well, I can start, Nick. It's Greg. And then, Nancy, you can add on. In our current capital forecast, it's still early days. So the legislation that you referenced still has to go to the PUC for rule-making, et cetera. So it's too early to speculate on the timing and what that could effectively mean. And as a result of that, our baseline $6.5 billion CapEx program doesn't include anything that would be the result of that legislation.

Nancy G. Tower - *Emera Incorporated - President & CEO of Tampa Electric Company*

Greg, I'll just add that about -- today, about 40% of our distribution is underground. So there certainly is a desire in Florida as a result of the hurricanes to get more of that underground, obviously, and this legislation sort of proves that out. So to Greg's point, we think this will be -- we will put together a plan as required by the legislation and be ready to file it once the rule-making is done.

Nicholas Joseph Campanella - *BofA Merrill Lynch, Research Division - Research Analyst*

I appreciate that. And then, Greg, I just wanted to clarify your comments. Is it 12% FFO to debt you're targeting by the end of 2020 now?

Gregory W. Blunden - *Emera Incorporated - CFO*

Yes. Over kind of the end of this year and through 2020, we would expect to enter that over that -- some time over that 12-month period.

Operator

(Operator Instructions) Your next question comes from the line of David Quezada from Raymond James.

David Quezada - *Raymond James Ltd., Research Division - Equity Analyst*

My first question, just on the sale of Emera Maine. It looks like you got a pretty attractive multiple there. I'm wondering if you can provide any color on what's the sale process was like there, degree of competition, et cetera.

Scott Carlyle Balfour - *Emera Incorporated - CEO, President & Director*

Yes. So I mean we did run a process. It was competitive. Ultimately, obviously, ENMAX was the successful bidder through that process, but it was highly competitive. But we're pleased with the results and working with focus towards the regulatory approval process that's in front of us that, as mentioned, we expect should be done by the end of the year.

David Quezada - *Raymond James Ltd., Research Division - Equity Analyst*

Okay. Great. And then maybe just a broader question. Just thinking about how much better the regulatory characteristics tend to be in the U.S., and obviously, your capital program is weighted there. I'm wondering what kind of catalyst you need to deploy more capital in Canada, I guess, if the projects were there. Is it a matter of opportunity or a matter of waiting for the regulators to maybe improve those characteristics in Canada?

Scott Carlyle Balfour - *Emera Incorporated - CEO, President & Director*

Look, I mean, I think at the end of the day, it's about balance. And we mentioned in my remarks, we -- as we continue to invest in equity in order to bring in new technology, in order to clean generation, in order to renew existing or aging infrastructure, all of that has to be done, obviously, with support of regulators and other important stakeholders in the process. And an important part of that is making sure that it remains affordable to customers.

And so then all the businesses all across Emera, but certainly here in Nova Scotia, it's working very hard in order to meet those needs of customers and invest in those technologies, but to do it in a way that isn't putting undue pressure on rates. And we're proud of what we've been able to accomplish there over the last few years with no increases in base rates for quite a number of years now. And focusing on things like deploying smart meters and AMI where it can not only provide benefit to customer but creates an efficiency within the business, helps to meet that affordability goal. So these are all things that we do, and we've done this for a long period of time. And the opportunity to continue to invest in the capital program that's in front of us that will continue to grow and roll out as we keep doing our 3-year refresh will always be done with that lens in mind.

Operator

Your next question comes from the line of Patrick Kenny from National Bank Financial.

Patrick Kenny - *National Bank Financial, Inc., Research Division - Research Analyst*

I just wanted to ask, from an ESG perspective, in light of your recent divestitures and continued focus on Florida solar and installing smart meters, where you guys might be at, roughly speaking, with respect to your GHG emission goals relative to a couple of years ago. Directionally, are you tracking above or below targets? Maybe you could touch on how these environmental targets outside of rate-based growth are influencing your capital allocation decisions over the next 3 years.

Scott Carlyle Balfour - *Emera Incorporated - CEO, President & Director*

Yes. So Patrick, it's Scott again. I think we're really proud of what we've been able to accomplish on ESG front and environmental and carbon emissions, GHG emissions among that. And we've achieved now 70% reduction in the amount of coal usage across the business. If you to turn to Nova Scotia where this journey began some time ago, we've already exceeded the COP21 goals the were established as it relates to reductions -- carbon reductions against the 2005 baseline and have a goal of further reductions that would actually see us doubling the -- or near doubling the COP21 goal by 2030.

So this is, I think, where Emera strategy has been so beneficial as it relates to that goal of cleaner energy with focus on reliability and affordability. But the investments that we've been making towards cleaner generation and transmission to bring that cleaner generation to market has helped us to achieve some pretty, I think, impressive goals and standards, certainly here in Nova Scotia and now with that same focus and same great progress also in Tampa.

Operator

There are no further questions at this time.

Erin Power - *Emera Incorporated - Manager of IR*

Okay. Well, thank you all for joining us for this morning's call, and we look forward to speaking with you again next quarter.

Operator

This concludes today's conference call. You may now disconnect.