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Ontario 'scratching its head' over nuclear plan

One high-profile project on hold, another scrapped

Presented by



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The fate of nuclear energy in Ontario, once assured, appears more ambiguous than ever after one high-profile project was recently put on hold and another scrapped altogether.

On July 23, Ontario's Bruce Power -- a private generator company that produces a fifth of the province's electricity -- said that because of declining energy demand, it will focus on refurbishing its two remaining units rather than going ahead with an application to build new reactors. The decision came less than a month after the province announced it was suspending a reported \$26-billion proposal to build two new reactors at its Darlington site, a project that would consume the province's entire 20-year budget to ramp up its 40-year-old fleet.

Premier Dalton McGuinty asked Ottawa to help with the cost of the Darlington proposal, which Ontario Energy Minister George Smitherman said must come down by "billions of dollars."

Infrastructure Ontario recently called the \$26-billion price tag "hypothetical," but would not provide a more accurate number. The project was initially expected to cost roughly \$7-billion, according to published reports.

The province also urged the federal government to clarify whether it plans to privatize the commercial holdings of Atomic Energy of Canada Ltd., the company which designs the CANDU reactors proposed for Darlington.

Although nuclear energy in Canada is very much an Ontario industry -- the only stations outside the province are in Quebec and New Brunswick -- CANDU technology is ingrained in Canada's identity, a source of pride that symbolizes the country's engineering achievements. The technology can be found across the globe, from Romania to Argentina to South Korea, and it was a CANDU reactor that in 1994 broke the world record for continuous days in operation.

Today, CANDU reactors supply 50% of Ontario's energy grid. Coal and hydro comprise roughly 20% each, while natural gas accounts for 8% of the mix. By 2014, the province plans to phase out coal and replace it with more environmentally friendly renewables.

Amy Tang, spokeswoman for the province's Energy Ministry, reiterated Ontario's commitment to nuclear power and called any discussion to the contrary "premature." Still, some question Ontario's 2007 plan, which they argue is based on two false assumptions: a decrease in cost and an increase in demand.

"The government is scratching its head trying to figure out the numbers right now," said Cherise Burda, director of the Pembina Institute's Ontario program.

According to the Ontario Power Authority's 2007 Integrated Power System Plan, a 20-year blueprint currently under review, 8% of the 2025 grid is slated for green energy -- not including hydro -- while nuclear generation will grow to 14,000 megawatts from its current level of roughly 12,000.

For this to occur, all of the province's 16 reactors will have to be refurbished or replaced, beginning with the oldest reactor at Pickering-B before its slated retirement in 2014. But on the heels of the Darlington delay, some wonder whether this is still economically feasible. In fact, even before the Darlington and Bruce Power announcements, the province's long-term nuclear ambitions were already under fire.

Last fall, Mr. Smitherman asked the OPA to revisit its plan with a "view to establishing new targets" and "further enhancing its current emphasis" on areas including the amount of renewable energy sources in the supply mix.

Months later, the Green Energy Act came into effect, a totally separate directive whose targets conflicted with those laid out in the 2007 plan: While the 2007 blueprint devotes 15,700 megawatts of the 2025 supply-grid to renewables, the May 2009 Green Energy Act set a target of "25,000 megawatts of new installed new renewable energy by 2025."

"The Green Energy Act and the Minister's directive have essentially sent us back to the drawing board with a view to increasing renewables," said Tim Taylor, spokesman for the OPA.

Environmental factors aside, Ms. Burda said the sheer economics of nuclear power are difficult to deny. The provincial government has actually paid companies on both sides of the border to consume surplus energy -- which could otherwise cause a blackout -- partly because nuclear reactors are inflexible and cannot simply be turned down.

But Ian Howcroft, president of the Ontario branch of the Canadian Manufacturers and Exporters, said the government should move forward with its nuclear ambitions and take today's setbacks in stride.

"This is about the long-term," he said, adding that the Premier's staff recently assured him that the Darlington proposal "is not a dead issue."

However, with the project in limbo, the Ontario industry -- which employs roughly 30,000 workers

across the country -- faces real-time consequences.

Rosemary Yeremian, president of Strategic Insights, a market-research firm that specializes in Canada's nuclear industry, said she has no choice but to advise her energy-sector clients to consider opportunities outside Ontario.

"Based on the suspension of the nuclear procurement program and because neither government has committed to this \$5-billion-a-year industry, I'm recommending my clients to consider opportunities in New Brunswick and the U. S., for example," said Ms. Yeremian, whose July 16 letter to Mr. Smitherman warns that electricity demand spiked after the past two recessions in Ontario.

"The nuclear renaissance is coming whether people like it or not."

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