newscast

news from the Society of Energy Professionals

Society Newscast 2004:01

This is the Society Newscast for Tuesday, April 13, 2004

Board Highlights: April 6, 2004

The new, smaller Society Executive Board met for the first time on Tuesday, April 6th.

Society President **Andrew Müller** welcomed the new Board, including several who were attending *their* first meeting, including **Rick Coates** (IMO), **Geetha Daniell** (Toronto Hydro), **Camber Muir** (Nuclear Safety Solutions), and **Joe Sarick** (New Horizon).

President Müller reported on the following significant events:

- A variety of reports had been issued on the state of OPG and the future of the electricity industry: a KPMG audit of OPG performance in respect of their 1999 Business Plan (see article, below), the OPG Review Committee's report (see article, below), the IMO's latest 18-month outlook, and the joint Canada-U.S. report on the blackout of last August
- The OPG bargaining units had been awarded an arbitrated agreement (see article, below), a "reasonably solid award which gets the OPG team in a good position to negotiate in the next round"
- The Society participated in the George Brown College Labour Fair, giving a workshop on privatization and deregulation, and another on technological change; President Müller thanked then-BGVPs **Rod Sheppard** and **Lanny Totton**, Inergi UD **Jack Neil**, and Society and IFPTE staffers **Michelle Duncan**, **Stacey Papernick**, and **Susan Sutherland** for their participation

After the April 6 Board meeting, the Society held an event to honour the contributions of unit directors who were no longer on the Board. Here, Duncan Barber (NSS) and Dennis Minello (OPGN), receive gift bags.

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- The provincial government had announced that they would be applying the "Sunshine" Law—requiring disclosure of the salaries of those making more than $100,000 per year—to OPG and Hydro One
- Mr. Müller continues to meet with political figures who may be helpful (or not) to the Society's goals; recently he met with federal NDP leader Jack Layton, and will also meet with provincial leader Howard Hampton
- The Society had met with officials at the Ministry of Labour on a number of issues, including Hydro One's abrogation of the mediation/arbitration agreement, information technology exemptions under the *Employment Standards Act*, and bringing supervisors into the *Ontario Labour Relations Act*
- Mr. Müller had toured the ABB plant in Guelph with IFPTE Local 164 president Bill Duncan
- The PWU's settlement at Bruce Power is "quite rich," presenting the Society's team there with some real challenges
- New Horizon VP Joe Sarick reported that the employer had restricted the Society's e-mailing privileges over a communiqué it didn't approve of; a grievance will be filed

Budget, 2004-5: Vice President Finance **Chris Cragg** presented the Executive Committee's preliminary financial report for Fiscal Year 2003-4 and a budget for 2004-5, for enactment by the Board. He reported a positive result for the 2003-4 year end. However, revenues were down $53,000 from the budget's projection due to the loss of a number of OPG employees whose voluntary severance option (from the 2002 VSP) came into effect. For FY2004-5 Mr. Cragg projects a break-even year.

The Board approved the budget as presented. Members can examine a copy of it on the Society's website ("resources," "governing documents").

Management Control Framework: Mr. Cragg presented a revised Management Control Framework (MCF)—the policy document that sets out the Society's financial control protocols—to the Board for their approval. The revision reduces the MCF from 50 pages to 10, and "clarifies responsibilities, simplifies process, revises signing limits, updates expense claim limits, and revises authorities to match the new structure for the Society, " Cragg said. The revised MCF was approved.

Society Account: Mr. Cragg outlined for the Board a proposal to transfer $1 million from the Society Account ("training fund") to the Collective Agreement Renewal ("defence") Fund. Doing so would put the CAR Fund over $5 million, at which point a $3 per week dues decrease is triggered. The Society Account—originally funded with $6 million from Ontario Hydro—has been drawn from over the years for training for Society-represented employees "at risk" of being declared surplus, but has still grown to $6.7 million.

The Board members decided to table the proposal to the next meeting, to give them time to consult with their delegates.

Appointments: The Board appointed President Müller, Vice President Finance Chris Cragg, and Executive Vice Presidents **Leslie Forge** and Rod Sheppard the signing authorities for the Society. Nuclear Safety Solutions VP Camber Muir was appointed to the Audit Committee, replacing Hydro One's **John Cameron**, who is no longer a Board member, and therefore no longer eligible to serve.

The Board passed a motion thanking Mr. Cameron for his long service on the Audit Committee.

Breath of Hope: Each year OPG, in association with the Lung Association (Ontario), sponsors a "Breath of Hope" relay to raise money for those suffering from lung diseases. This year's non-competitive walk-a-thon will take place on June 4th at three locations: Toronto's Skydome, in Ottawa at Carleton University, and in Sarnia at St. Patrick High School and Hanna Memorial School. The Board authorized the expenditure of $500 to register a Society team for the Skydome relay.

Minister to announce new electricity policy April 15th

The Minister of Energy, Hon. Dwight Duncan, will outline his government's vision for the electricity industry on April 15th.

He will speak at the Empire Club, in the Royal York Hotel in Toronto. According to a Ministry release, he will outline "positive reforms to Ontario's electricity sector … [and he] will describe how the government's policy will lead to the creation of a conservation culture and a cleaner Ontario, while ensuring a reliable, sustainable, and diverse supply of competitively priced power for the province."

Society officials will be in attendance at the speech, and are expected to issue comments shortly after.

Society responds to OPG Review

The Society has welcomed certain of the recommendations of the OPG Review Committee chaired by former Deputy Prime Minister John Manley.

In a media release, Society President Andrew Müller stated that many of the recommendations "support a reliable, viable, and environmentally responsible electricity system for the Province of Ontario." In particular, the Society supports:

- Keeping OPG intact and publicly owned, serving the public interest
- Ensuring energy self-sufficiency for the Province of Ontario
- Creating significant new generation supply and refurbishing existing assets
- Including nuclear generation as an important part of an adequate, cost-competitive and emission free supply of electricity
- Refurbishing the remaining Pickering A generating units on a unit-by-unit basis, demonstrating OPG's ability properly to manage large refurbishment projects, and reestablishing its credibility with the people of Ontario

Müller encouraged Energy Minister Dwight Duncan and the Government of Ontario to support these recommendations and incorporate them into their electricity industry policy, which will be announced on April 15th (see article, above).

Set up in December when OPG announced it was having cash-flow problems, the Committee released its report on March 18th. According to the terms of reference given the Committee by Energy Minister Dwight Duncan, the report is designed to serve as the foundation for the future of OPG, including the Pickering A refurbishment project. While spokespersons for the Minister's office have stressed that the Minister is not bound by the report, opinions vary on how much input he had in its recommendations.

Especially given certain recent statements by Mr. Manley, the Society is *troubled* by some of his recommendations, including:

- The report calls for increased private participation in the industry, especially in building new generating assets
- The report recommends that OPG *not* serve as an "instrument of public policy," a fundamental underpinning of the Society's own recommendations, but that it operate as a "commercial entity" under the *Business Corporations Act*
- That OPG should withdraw from so-called "non-core" businesses, including generation from renewable sources
- The report recommends that OPG enter into "partnerships" to run its *own* assets, when it would be to OPG's advantage

Mr. Manley made clear what he meant in the final recommendation above when he told the Canadian Club recently that he saw the successful Bruce Power lease as a "model" for how OPG could operate the rest of its nuclear assets. President Müller responded in a letter, saying the Bruce Power lease was *not* a demonstration of the superiority of private operation over public, but of good management over poor. Appointing qualified, experienced top management to run OPG, and giving them a mandate to succeed—rather than to decontrol or prepare the company for sale—would be a better way to go.

The Society has prepared a guide to the OPG review, which will be distributed with this *Newscast*, and posted to the Society website. The "guide" includes a synopsis of the review, and an outline of the Society's concerns.

OPG units awarded three per cent in one-year deal

The two OPG bargaining units have been awarded a one-year renewal collective agreement.

In an award issued on March 22nd as an arbitrated settlement to conclude a "challenging" round of negotiations, George W. Adams, Q.C., awarded Society-represented employees a three *per cent* across-the-board increase in base pay, effective January 1st, 2004. On a major issue for the Society—the relativity problems arising out of previous settlements with the Power Workers' Union—Mr. Adams declined to award, in effect transferring the problem to the next round of bargaining.

In the length of the settlement—the previous OPG agreement was for three years—Mr. Adams was undoubtedly influenced by the uncertain mandate and leadership situation in Ontario's largest power generator. Likewise his unwillingness to deal with relativity problems, which will undoubtedly be very expensive to repair.

Other highlights of Mr. Adams's award:

- Performance pay: a one *per cent* pot, to be administered as usual
- Employment continuity: The traditional Society "adverse impact" (layoffs, etc.) protocol—Article 64—is reinstituted for all but decontrol situations, while Article 102 is retained for decontrol
- Purchased services (contracting out): The current arrangement (see *News*FLASH 2002:08) is extended to December 31st, 2005; if nothing is negotiated to replace it, the contract will revert to Article 67, the default purchased services clauses
- On-call payments increased 25 *per cent*; employees to be paid at overtime rate for work arising from receiving a call, whether the employee is on-call or not
- Some improvements to benefits

Bargaining had been unusually difficult, even fractious, for both parties. At first, OPG refused to bargain until the Society had agreed to impose a communications "blackout." An agreement was negotiated to deal with *that* matter, but later OPG filed a complaint alleging that the Society had violated the communications protocols in a communiqué.

On April 6, the Society held an event to honour the contributions of unit directors who will no longer serve on the new, smaller Board. Honoured were (seated, l to r) Trevor Gibbs (OPGN), Dennis Minello (OPGN), Peter Tien (OPGN); (standing) John Cameron (Hydro One), Mike Lohse (OPGN), Duncan Barber (NSS), Bob Wells (Bruce Power), Pat Ramcharitar (OPG Fossil), and Keith Stiles (Bruce Power). Pictured with them is President Andrew Müller, who of course **does** *continue on the Board.*

While the difficulties were "readily apparent to anyone," Mr. Adams said, the Society and OPG "made every reasonable effort to resolve their differences." Unfortunately, no solution was arrived at in mediation, forcing Mr. Adams to issue his award.

The Society's bargaining team consisted of Bargaining Unit Committee Chair **Olaf Heilandt**; BGVPs Rod Sheppard (nuclear) and Lanny Totton (non-nuclear); unit directors **Joe Fierro** (hydroelectric), **Dennis Minello** (nuclear), and **Pat Ramcharitar** (fossil); and Society staff officers **Blaine Donais**, **André Kolompar**, and **Joe Lesperance**. In a communiqué sent after the award was received, the team thanked "all members for your ongoing support, cooperation and patience during this prolonged and difficult process."

Heilandt, Muir, Neil Local VP winners

The lineup for the new Board of Directors is almost complete with the election of Olaf Heilandt, Camber Muir, and Jack Neil as Vice Presidents of their locals.

As of April 1st, the new organizational structure of the Society came into full effect, with a much-reduced Board size. Now called the Society Executive Board, it consists of the Principal Officers (Müller, Forge, Cragg, Sheppard), the Vice Presidents of the Locals, a representative of the staff union, a representative of the to-be-created pensioners' chapter, and the Staff Manager. The final two positions are non-voting.

While many of the Local Vice Presidents ran unopposed and were acclaimed, there were elections in the Inergi, OPG Nuclear, and Nuclear Safety Solutions locals. The results were:

Inergi:

Jack Neil	57
Wolf Brandt	45
Doug LaFrambroise	22

Nuclear Safety Solutions:

Camber Muir	57
Marcello Oliverio	56

OPGN:

Olaf Heilandt	633
Jose Freire Canosa	380

Results were announced to members of those locals on April 1st.

President Andrew Müller said he was looking forward to greeting the winners at the first meeting of the Board on April 6th. "I also congratulate all those who participated in our first elections in the new locals, and helped make the Society strong."

Society: Audit shows OPG scapegoat for failed Harris-Eves policies

A five-year financial review shows starkly how OPG has been made to pay for the failed electricity policies of Mike Harris and Ernie Eves, says Society President Andrew Müller.

Shortly before the OPG Review Committee released its report (see article, above), auditing firm KPMG released an analysis of OPG's financial performance over the 1999 to 2003 period.

Overall, the usefulness of the analysis is suspect. OPG's performance over the five-year period is compared with its 1999 five-year business plan, even though dramatic changes in the basic assumptions had occurred in the intervening period. For example:

- In the 1999 plan OPG expected to have "transformed itself, by 2003, into a major market-driven North Eastern supplier of electricity," a privatized, "fully commercial entity in the North American electricity market"
- OPG expected to maintain yearly sales of 120 to 130TWh, increasing export sales to the U.S. midwest from 2.5TWh to 23TWh, while simultaneously "de-controlling" (at the time unspecified) generation assets

In the end, little of this happened, rendering the 1999 plan not terribly useful as a starting point for judging the last five years.

However, the inescapable conclusion to be drawn from the report, says Müller, is that "OPG would have made millions of dollars in profit last year if the government hadn't forced it to pay the price of keeping electricity prices artificially below cost." He pointed out that the report shows that while there is a $1 billion gap between 1999 projected revenues and 2003 performance, OPG has paid over $2.3 billion in "rebates" under the Market Power Mitigation Agreement. "No other market competitor had to carry this burden," he noted.

"If you examine OPG's actual recent performance, including at its nuclear stations, you will see that there have been significant improvements, particularly in the areas of safety and meeting production targets" said Müller. "The root cause of the financial underperformance lies in the nuclear recovery program, which was designed and overseen by the same overpriced U.S. consultants who mismanaged the Pickering A Restart."

AECL in partnership to build new CANDU reactor in U.S.

(excerpted from Nucleonics Week)

Atomic Energy of Canada Limited (AECL) is in a partnership with a U.S. utility to licence the construction of a new CANDU reactor, the ACR 700, in the United States.

In partnership with Dominion, AECL will pursue licencing of the new advanced CANDU reactor with the U.S. Nuclear Regulatory Commission. The partnership must apply for a combined construction and operating licence from NRC, and assistance may be provided by the United States Department of Energy to underwrite costs of the licencing process. If completed, this would be the only heavy water-moderated nuclear reactor in the United States.

The NRC has indicated it was anticipating a request for design certification for the ACR 700 this fall.

New website for Society

The Society is hard at work on the redesign and recreation of the Society's website.

In order to provide a better, more useful, and easier to manage site, the Society will be changing providers. After an extensive tendering process, the Society has reached agreement with NTS Internet Solutions, Inc. for the provision of a new design and content management system. "The new system will be much easier to update, and much easier for the average member to use," says Society Communications Officer **Brian Robinson**. "I've every expectation we'll be able to keep the site refreshed, and spend a great deal less money doing it."

The timeline calls for the new site to be launched June 1st.

UNI signs global deal with Scandinavian corporation

The Union Network International (UNI) has signed its fifth agreement with an employer.

In January, UNI General Secretary Philip Jennings and H&M CEO Rolf Eriksen signed an agreement committing H&M to good labour practices for all 40,000 of its employees in 18 countries.

UNI is a global organization of trade unions, with 15 million members in 140 countries. The Society became a member of UNI through its affiliation with the IFPTE.

UNI has placed a priority on responding internationally to the increasing globalization of business. "Together," says Jennings, "unions and employers can put into practice the conventions signed by governments at the International Labour Organisation and ensure global labour standards." The agreement with H&M sets out H&M's agreement with human rights, freedom of association, and the right to collective bargaining, as well as bans on child labour, forced labour, and discrimination at H&M's workplaces.

"At H&M we support and respect the principles in the agreement we are signing with UNI," said Eriksen.

Judge says union workers safer

In a recent judgement, Ontario's Mr. Justice Keast gave full marks to unionized environments for being safer for workers.

The judge found an individual worker guilty of having violated the *Occupational Health and Safety Act* in the tragic case of Lewis Wheelan. At the age of 19, and on his second day of work for Neat Site Vegetation Experts, Mr. Wheelan was severely burned when the accused—the most experienced worker on the site—felled a tree onto a transmission line, which fell in turn on Wheelan. Wheelan lost three limbs in the incident, and later died in last August's blackout when the air conditioning necessary for his survival went down.

Neat Site was operating under a contract with Great Lakes Power, clearing vegetation from a transmission corridor near Bruce Mines, east of Sault Ste. Marie.

Mr. Justice Keast found Great Lakes Power and Neat Site to have been the most at fault, due to their indifference to safety matters on the site, and the complete lack of adherence to the Internal Responsibility System (IRS) required by the Act, a system which charges both employers and workers with the responsibility for maintaining safe workplaces. The accused, who argued that he could not have been at fault, since there was no IRS in place, was also found guilty.

In closing his judgement, Mr. Justice Keast added a few paragraphs which outline, in common-sense terms, how much better off are those workers who organize themselves into unions. We repeat them here:

> *To make matters worse, workers in small local companies are usually not organized as part of a union structure. Unionized workers in larger industrial companies, because of a more formal and structured approach to safety, are better protected. In a company with an organized union struc-*

ture, [the Neat Site workers] would not have stepped onto the job site without an intensive training and safety program.

Unionized workers have representatives that can advocate safety on their behalf. The five workers from Neat Site that were on the job site, including [the accused], have no such resource. There may be subtle pressures that prevent such workers from complaining. They may fear loss of their jobs.

A statutory rule that says that a worker can refuse unsafe work may have little practical effect for workers in a company like Neat Site, compared to those workers who are protected by a collective bargaining agreement.

And that is the Society* Newscast *for Tuesday, April 13, 2004.

Members can* hear *the current* Newscast *by calling (416) 979-2709 x.2035.

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