

Society Newscast 2004:05

This is the Society Newscast for Thursday, September 2, 2004



Lavish attention paid to Society-commissioned paper

The Society has been prominent in the Ontario government's consultations with the public over the electricity industry legislation it introduced in June—especially in the last week.

On Monday, August 23rd the Society garnered a great deal of notice when it released a study it commissioned from the Public Services International Research Unit of the University of Greenwich, U.K. That day, the author of the paper, Stephen Thomas, appeared at hearings into Bill 100 to present his results. He drew attention to the following conclusions, among others:

- ◆ The need for investment in new plant and refurbishment of current plant is great over the next five years or so. That being the case, it seems "a very risky proposal to move to an untested solution requiring the investment by private investors who it's not clear will be interested in investing in Ontario."
- ◆ Attempts to create wholesale competition have not been terribly successful, even in countries whose efforts to do so have been hailed, such as in the U.K. and the Nordic countries.
- ◆ Ontario should be careful if it intends to rely on natural gas to fuel new generation, as North America's supplies of gas are not as plentiful as Europe's.
- ◆ Ontario should be very careful about adopting this risky new reliance on private investment when international agreements such as NAFTA (North American Free Trade Agreement) and GATS (General Agreement on Trade in



Stephen Thomas, University of Greenwich, authored Bill 100 paper

Services). "[B]oth these agreements mean that once a reform is undertaken it will effectively be irreversible."

- ◆ Attempts to create retail competition should be abandoned, as small consumers inevitably end up subsidizing the larger ones.

Mr. Thomas pointed to the long record of Ontario Hydro and Ontario Power Generation in building reliable supply, and suggested reliance on public investment would be less risky than what the government had proposed. (His paper recognizes that there have been management problems at OPG, but he concludes that they can be dealt with.)

Details of Mr. Thomas's study were covered in an article by Richard Mackie of the *Globe and Mail* in its Monday edition. That article, and Mr. Thomas's appearance at the hearings, sparked a great deal of media interest. His conclusions were covered in more than 45 radio and television stories, mostly in Ontario, including personal interviews on CBC Radio's "As it happens," Report on Business Television, and Bill Carroll's show on CFRB in Toronto, among others.

The views of Mr. Thomas are not necessarily the views of the Society. His paper is an independent study *commissioned* by the Society, not a Society study. (For instance, Mr. Thomas places Bruce Power outside the public system, while the Society does not. The paper also calls for an end to the wholesale market while the Society has made no such recommendation.)

Transition task force needed, Society says

The Society has proposed that the government set up a task force to develop a "responsible transition" away from the current ways coal is burned to produce electricity.

Society President **Andrew Müller** outlined the proposal to the Ontario Legislature's Committee on Social Policy, which has been given the responsibility of hearing the public's views on *Bill 100: The Electricity Restructuring Act*. It was one of six recommendations the Society has made for improvements to the *Act*.

President Müller addressed the committee on its first day of hearings—August 9th. He began by stressing the importance of electricity to the economy of Ontario, and endorsing the government's attempts to address the problems in the system and its good intentions.

[W]e firmly support the goals of the Act. We're in complete agreement with the stated intentions, especially with the emphasis on long-term planning and management of supply and demand, the creation of a conservation culture, the promotion of cleaner sources of energy and electricity and

protecting consumers from volatile prices. These are the kinds of things that government should be doing with our electricity system. This is where government should step in when the system needs fixing and arrange for the kind of generation mix that is good for all people in Ontario and protects consumers from price swings.

Nevertheless, he said, the Society is concerned that the contracts let by the Ontario Power Authority (OPA) "will result in the progressive, although perhaps unintentional, privatization of our electricity system," and he warned that our obligations under NAFTA "can restrict the government's ability to retain control of the system and correct difficulties they find." He also said that too much was to be set out in Cabinet regulations, taking them "out of the public eye for debate and scrutiny." He said the Society would like to see several improvements made to the Bill:

- ◆ The Bill should set out meaningful roles for OPG and Hydro One, to "maximize the value of the assets that are owned by the people of Ontario."
- ◆ It should be set out in the *Act* that Ontario must be "self-sufficient in electricity supply to secure our future."
- ◆ All new generation built under OPA contracts should be publicly owned (like the Bruce station, currently operated by Bruce Power).
- ◆ The contracts let by the OPA must be transparent, with sufficient details made public, "so we can understand the effects of OPA contracts on the price of electricity."
- ◆ Electricity rates must be sufficient to provide OPG and Hydro One with the means to be able to maintain current assets and build new ones; the Market Power Mitigation Agreement, which causes OPG, a profitable company, to lose money, must go.
- ◆ Finally, rather than simply closing down the coal-fired generating stations, the government should set up "a multi-stakeholder task force to make recommendations on a responsible transition away from how we currently use coal for electricity generation and on alternatives for significantly reducing air pollution."

While the Society shares the government's objective of cleaner air for Ontario, he said, the Task Force would "ensure that all options have been considered and that the transition away from the current methods of burning coal doesn't jeopardize our system." President Müller pointed out a number of options to reduce pollution from our coal plants and even recommended exploring the possibility of converting the plants to burn natural gas as well as coal. The Society would very much like to participate in the Task Force, he said.

On Wednesday, August 25th, Vice President **Rod Sheppard** and OPG Local Vice President **Lanny Totton** appeared before the Committee, outlining suggested terms of reference for the task force.

Society members speak out on Bill 100

It wasn't just Society leaders who addressed the hearings into Bill 100. Several individual members also made an effort to influence the legislation.

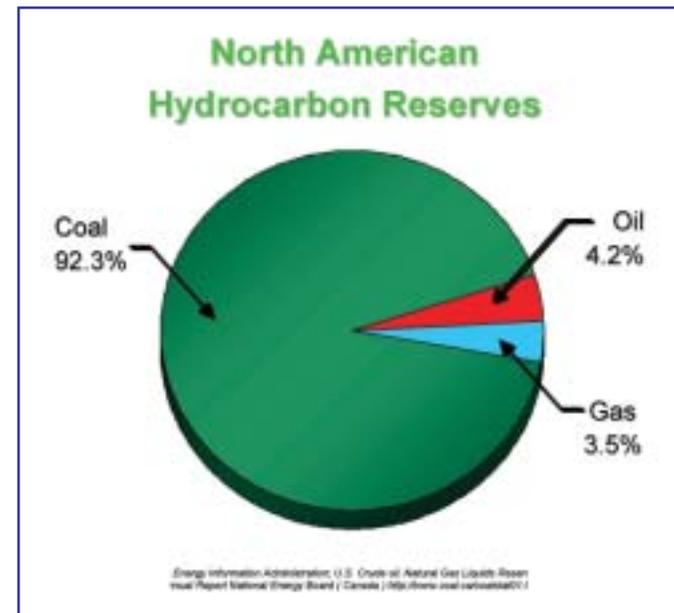
On Monday, August 23rd, Lambton engineer **Dale Lane** addressed the Committee in Windsor. Lane told the Committee that the Bill's concentration on "clean energy sources" misses an important point—that what is most important is the emissions released in the entire process, from production of fuel to production of electricity. The Bill, it would appear, might "exclude the use of synthetic substitutes for natural gas."

Lane noted that the energy content of U.S. coal reserves exceeds that of all the world's known recoverable oil. What with instability in the world, and organized efforts on the part of some countries to manipulate prices, "it is not a question of will it be used for future electricity production, but how will it be used." The technology to reduce emissions is there, he said, noting that the U.S. is sponsoring a \$1 billion project to "create the world's first coal-based, zero-emissions electricity and hydrogen power plant," based on coal gasification and liquefaction.

Lane said developed nations such as Canada and the U.S. should "take the moral high ground," and set examples for developing countries in using natural resources in environmentally responsible ways, and minimizing emissions.

On Tuesday, August 24th, IMO Technical Officer (and Local Society Vice President) **Rick Coates** told the Committee that phasing out coal-fired generation by 2007 is "not a feasible goal." Stating that the most likely fuel to replace coal is natural gas, he told the Committee that doing so would result in an extra \$1.6 billion per year in fuel costs. He also outlined for the committee the various load, voltage support, stability, and transmission difficulties that would be caused by shutting down the coal stations, and the expenses involved in coping with them.

Coates concluded that a much longer transition is needed for the Province to progress from a carbon-based economy, and phase out coal-based generation. During that transition, he said, we will need car-



bon-based generation to supply peak power and "fill in the gaps" when other sources, such as wind power, are insufficient. Shutting down the coal stations will require building too many new gas plants, which makes little economic sense.

Also on Tuesday, OPG Planning and Control Section Manager **Joe Fierro**, supported by engineer **Mike Bilaniuk**, outlined for the Committee the opportunities available in the near future for new hydroelectric facilities, and improvements to current ones. Fierro stated that he shared some of the concerns put forth by President Müller, such as that OPG's future role is undefined, and Bill 100 gives a great deal of authority to the Government for directing the power system without public debate. He added that there were no clear criteria in the *Act* for choosing between demand and supply alternatives.

Ontario's river systems are a public resource, he said, and should be managed for the public good. He also noted that OPG is an award-winning operator of river systems, with a strong record in project completion and subsequent management. The economics of the projects he was advocating, he said, make them a "slam-dunk."

Finally, on Thursday, President Müller told the Committee that nuclear power must be recognized as a "key part" of the supply mix. (This presentation was to have been delivered by **Olaf Heilandt**, OPGN Local Vice President, but for medical reasons he was unable to appear.) He re-emphasized the lack of a role for OPG in the *Act*, and noted that OPG must be given the mandate to "maintain, rehabilitate, and expand" its nuclear assets.

"We need a realistic 20-year plan to refurbish all the units in the Province," he said, involving cooperation among OPG, Bruce Power, and the Ontario government. Furthermore, both OPG and Bruce Power should be encouraged to pursue new generation projects.

Hansard is publishing *verbatim* transcripts of all presentations before the Committee. They can be found on the Ontario Legislature web-site.

Society campaign to improve Bill 100 heats up

The Society has launched a campaign to influence the provincial government to make positive changes to *Bill 100: the Electricity Restructuring Act*.

The Society has devised a six-point plan to improve the *Act* and protect Society members (see "Transition task force needed," above), and is putting considerable effort into bringing that plan to the attention of the government, the media, and the public.

In addition to commissioning an independent study of the implications of the bill, the Society:

- ◆ Sponsored a public-awareness event on August 12th on Dundas Square in Toronto, timed to take advantage of coverage of the anniversary of the August, 2003 blackout. Pocket flashlights were distributed with the slogan, "Together we'll keep the lights on."
- ◆ Media relations in conjunction with the Dundas Square event resulted in several calls from the media, and an appearance by Bill Jones, Vice President Finances, on CBC Newsworld and CITY Pulse Live at Noon
- ◆ An intensive media-relations campaign was conducted in conjunction with the release of the independent study.
- ◆ Society officials continue to meet with MPPs, labour unions and federations, and other stakeholders to better communicate our message.
- ◆ Membership meetings will be held in September to discuss the campaign and related strategies with Society members. The times and places for those meetings will be publicized in advance.

The legislature reconvenes in mid-October, and it's expected that Bill 100 will be prominent in the government's agenda. Among other things, the Society plans to do intensive lobbying leading up to that date.

Georgetti: Unions make a difference

Canadian Labour Congress president Ken Georgetti says unionized workers are far better off than their counterparts in non-union settings.

In extending his Labour Day greetings to Canadian working people, Georgetti says there are good reasons why so many Canadian workers—one in three—are unionized, and why many others are trying to join. Plainly put, he says, unions make a difference in the lives of their members, and so unions get high approval ratings from them.

For more than a century, unions have made a difference in people's lives because unions are people—working citizens—that get together to win something better for the lives that they invest in their work. Higher wages, safer working conditions, weekends, pensions, and other benefits gained at work helped them tend to the health and education of their loved ones and their communities.

In fact, he says, the "strongest economies" are in countries with strong labour movements, for those economies spring from the "fairer distribution of wealth and economic success that unions bring about."

The best workers in the world come from communities with good education and training opportunities, accessible and affordable health care, and the kind of economic security that comes from high wages and good pensions. The most productive workers in the world—not only for their employers, but for themselves—are unionized, because they know that from the shop floor to the floor of Parliament, unions make a difference in people's [lives].

Canadians are fortunate to live in just such communities. On Monday, September 5th, many working people will celebrate Labour Day in events sponsored by Canada's trade unions and labour federations.

Bruce Power employee spearheading youth branch

(based on an article by James Scongack in Bruce Power's The Point—August 12)

An assistant technical engineer at Bruce Power is involved in setting up a Young Generation Nuclear Branch at the site.

Like many other employers, Bruce Power faces a growing challenge. The average age of its employees currently stands at 45. The need to recruit more young employees into the nuclear industry is widely recognized.

Recently, Brent Williams, of the Bruce Learning Centre, represented Bruce Power at the third annual International Nuclear Youth Congress, held in Toronto. The Congress included discussions on issues critical to the future of the nuclear industry, and participants were given the chance to meet with other employees in the industry, ranging from the CNSC, AECL, graduate students, and many participants from overseas. He says he came to the conclusion that recruiting, retaining, and gaining the support of young people was critical to both the future of Bruce Power and the nuclear industry as a whole.

Brent then hosted a meeting on the Bruce site of employees interested in starting a young nuclear branch. Vice President Corporate Communications Susan Brissette, who will support the formation of a youth branch as a member of the Executive Team, said, "You're not just taking a leadership role but you're shaping the industry for the future".

Those present decided to set up a kick-off meeting for the Branch. Employees 35 years old or less, or who have been in the nuclear industry for less than ten years, are eligible for membership.

Study: Natural gas an "unattractive option" for baseload generation

Public financing cheaper

A Canadian study of various sources of generation says the price of natural gas makes it an "unattractive" fuel for generating baseload power.

The study, "Levelised Unit Electricity Cost Comparison of Alternate Technologies for Baseload Generation in Ontario," was released in Toronto today by the Canadian Energy Research Institute, an independent, non-profit energy research organization based in Calgary.

Commissioned by the Canadian Nuclear Association, the study considers the design-to-decommissioning costs of four potential baseload sources: coal-fired plants, natural gas plants, a twin CANDU-6 reactor station, and a twin ACR-700 reactor plant (AECL's next-generation reactor). Renewable sources such as wind and solar were *not* studied, as they cannot be used for baseload power. Also, hydroelectric was not included, because of "the limited number of potential sites for large hydro projects" in Ontario.

The study included time frames to build each plant, including environmental assessments, and assumed a 30-year period of operation. CERI looked at various scenarios, such as rising fossil fuel prices and different *methods* of financing—funding each plant through merchant or private-sector debt/equity financing, or through public financing.

It found that coal-fired plants remain the lowest-cost technology, so long as they escape being taxed with emissions penalties. When emissions costs are added, some nuclear plants—the ACR-700 in particular—become competitive. But natural gas-fired plants are "an unattractive option for new baseload generation capacity in Ontario if gas prices remain high," noting that gas prices are predicted to *increase*.

The study comes as the Ontario Government is about to embark on a \$40 billion infrastructure program. One of the study's "key results" is bad news for the government's intention to rely on private investment, however. It states that, "Merchant financed plants have higher levelised costs than public financed plants," with the largest difference being for nuclear plants, which are the most capital-intensive.

UNI web-bridge project completed, Ghanaian web-sites launched

A project begun by the Union Network International to assist unions in Africa to build their own web-sites has seen the launch of its first three.

The Communication Workers Union (CWU), the Health Services Workers Union (HSWU), and the Industrial and Commercial Workers Union (ICU), all in Ghana, launched their sites this summer. They began working on them last summer, with the assistance of Ashley Nealfuller of UNIFI (U.K.), whom UNI sent to Ghana. Two staff members from each union were trained as Web Coordinators, and Mr. Nealfuller helped them to create their sites.

The three websites are hosted on the UNIFI server but fully managed in Ghana. UNI reports that dozens of unions around the world have been equipped and trained for the use of IT since UNI was created in 2000.

The Society is affiliated to UNI through its affiliation with the International Federation of Professional and Technical Engineers.

And that is the Society Newscast for Thursday, September 2, 2004.

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

Society Newscast No. 2004:05

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