

## Society Newscast 2004:08

This is the Society Newscast for Monday, December 6, 2004



### **Minister: Maybe we won't shut down all the coal after all**

The Minister of Energy has begun to recognize the value of Ontario's coal-fired generators.

To howls of outrage from the NDP and PC Party, Dwight Duncan has revealed that the Government now thinks it will *not* shut down all five of OPG's coal plants indefinitely. In an interview with the *Ottawa Citizen* editorial board, Mr. Duncan said Ontario would have to keep at least some of them available for "back-up," in case of shutdowns of other generators.

In order to be available for emergency back-up, they would have to be staffed and kept operational. Though they can be started cold, in the best circumstances it would take at least 16 hours to reach full load. Since they tend to deteriorate when not running, there would likely be reliability problems at start-up, like trying to start a car after not running it for several months.

"The biggest question," says Society Lambton delegate **Dale Lane**, "is what they'd do with the staff. If they're not here and working, where are they going to get them from?"

The Society is "very encouraged" by the Minister's statements, said Society President **Andrew Müller** in a letter to the Minister. It indicates the Government is flexible on the subject, and moving closer to the position the Society has advocated for—a reasonable transition away from the way Ontario currently burns coal.

Mr. Duncan also said the Government was still looking into clean coal technologies. "That's news to us as well," said Müller, "especially that they're *still* looking into it. Before, the government's been about as unapproachable as they could have been—it just wasn't a fit subject."



*Fredda Olivier, former Society health and safety "Warrior Queen," died October 29<sup>th</sup>. See remembrance, p. 12*

According to the Society, a responsible transition away from the way Ontario currently burns coal would involve:

- ♦ Using coal as little as possible for baseload generation, replacing it with nuclear and/or hydro-electric, and using the fossil stations for peaking
- ♦ Investing in the kinds of pollution-reduction equipment we currently have in place in Nanticoke and Lambton units, reducing emissions even further
- ♦ Investing in alternatives such as the emerging clean coal technologies

In his letter to the Minister, Müller invited him to work more closely with the Society. "It has always been our view that the Society and the government should work more closely together on these issues, and we very much remain committed to doing so," he said.

## Forge, Jones re-elected

**Leslie Forge** and **Bill Jones** will continue in their Principal Officer positions for two years.

When the dust settled, and the votes were counted, each emerged the winner of spirited challenges to their incumbencies. The results:

### Executive Vice-President - Finance

Adam Habayeb	839
Bill Jones	1066

### Executive Vice-President - Policy

Leslie Forge	1295
Keith Rattai	660

Their terms of office will be April 1<sup>st</sup>, 2005 to March 31<sup>st</sup>, 2007. Forge is the *current* EVP Policy, while Jones is the *Acting* EVP Finance, having succeeded Chris Cragg, who vacated the position through retirement.

Jones was thrilled to be elected, but noted he had big shoes to fill. "Previous incumbents established a good record of making sure we had the resources to keep on top of evolving situations," he said. "I'll try to build on that record."

Forge said she very much appreciated the "strong mandate." She added, "There is a lot of work to be done in the Society policy portfolio, including bargaining objectives, external relations, internal policy and pensions. Among other things, I look forward to launching a series of pension education communications, to be delivered both in writing and in member information sessions."

Society President Andrew Müller congratulated all involved for another fine Society election. "We always have more qualified, accomplished candidates than we have positions for. I'm thankful we have so many willing to contribute."

## **Board highlights, November 2, 2004**

**Finances, mid-year report:** VP Finance Bill Jones reported that revenue during the first six months of the fiscal year had been greater than forecast, while expenditures are running at seven *per cent* less than forecast.

**Pension modelling:** The Board authorized the expenditure of \$30,000 for the purchase of a pension actuarial accounting model for bargaining. The model is a sophisticated costing mechanism that will plot pension costs over time. It will be a valuable adjunct to Society bargaining teams in making judgements about the accuracy of management predictions of the costing of their proposals.

**Defined benefit/defined contribution pensions:** At the request of EVP Leslie Forge, the Board approved \$30,000 for actuarial assistance in the preparation of information and communications comparing the relative benefits of defined contribution and defined benefit pension plans.

**Principal Officer accountability:** EVP Finance Bill Jones introduced the Board to the new process for Principal Officer accountability under the Society's new governance model. Produced in response to an Audit Committee request, the process sets out reporting procedures, work program accountabilities, and rules for documentation of personal expenses.

## **Society visits Ontario legislature, pans lack of Bill 100 amendments**

Over 40 Society members visited the Ontario Legislature on Tuesday, November 23<sup>rd</sup> to show support for the Society's proposed changes to *Bill 100: the Electricity Restructuring Act*.

Having passed Second Reading, the bill had been referred to the Legislature's Finance and Economic Affairs Committee, for the consideration of amendments. All 80 amendments proposed by the PC Party's energy critic John O'Toole and the NDP's Michael Prue were voted down. Many of the amend-



*Society visitors to the Legislature on Legislature staircase (not all Society reps posed for photo).*

ments were in line with principles the Society has advanced. Among the principles the government voted against were:

- ◆ That Ontario should be self-sufficient in electricity supply
- ◆ That clean coal technologies should be pursued
- ◆ Ensuring access to electricity and protection against high prices for low-income customers

Lambton delegate **Dale Lane** was in attendance. "The NDP tried to have public power mentioned in the Bill as the most economic method to produce power, but was turned down by both the Liberals and the Conservatives" he said. "So much for the Liberals' election position of not privatizing power in the province."

IMO Local VP **Rick Coates** was also not impressed. "Despite some very good suggestions from the opposition parties, and others during the Social Committee Hearings, I found that the Liberals to be as



*Society President Andrew Müller and Unit Director Dennis Minello with the Society's petitions, delivered to the Premier's office on the day of the Society's visit to the Legislature.*

arrogant as the Conservatives were [when they were in power]."

The Society members present were not surprised, though. They'd been briefed by President Andrew Müller that the Committee meeting would be more of a rubber-stamp than a real debate. Afterward, though little of substance was produced in the meeting, Müller said it had been quite a demonstration of support for the Society. "Both opposition parties were moving amendments that we've suggested. I believe our campaign to amend Bill 100 has been noticed, and has been effective."

## **Citizens' Task Force on Electricity begins work**

A task force set up by the Society to look into the financing of future electricity projects in Ontario has begun its work. Its first meeting took place on December 1<sup>st</sup>.

The Task Force set as its focus an examination of the various ways of financing new electricity assets in Ontario, as well as the impact of higher electricity prices on low income Ontarians and the province's industries. Its final report will make recommendations on the most sound and effective ways of financing new building, maintaining existing plant, and pursuing renewable and conservation options.

"The Citizens' Task Force won't suffer from the biases of last year's Government-sponsored Electricity Conservation and Supply Task Force," said Society President Andrew Müller. "It was dominated by representatives of the private sector, looking for private-sector solutions, and it's no surprise they found them. As energy professionals, and experts, we believe our electricity problems must be dealt with in a rational and professional light, free of bias and preconceptions."

In a full-page advertisement in the *Globe and Mail* run October 12<sup>th</sup>, Citizens for Reliable and Affordable Electricity, which included Society President Andrew Müller and a dozen other concerned citizens, announced that the Task Force would be created. They also invited Energy Minister Dwight Duncan to participate.

Six individuals of disparate backgrounds and skill sets have agreed to sit on the task force. They are:

- ◆ Rod Anderson, FCA, former National Director of Auditing and Managing Partner, Clarkson Gordon (now Ernst & Young), Toronto Office,
- ◆ Tom Campbell, BA (Chair): Former Ontario Deputy Minister of Treasury and Economics, and former CEO, Ontario Hydro
- ◆ Joseph Fierro, Society Unit Director, with special expertise in project planning and control
- ◆ Tam Goossen, Research Associate, Munk Centre for International Studies, University of Toronto, and past president, Urban Alliance on Race Relations in Toronto
- ◆ Michael C. McCracken, CEO, Informetrica Limited, and Past President, Canadian Association for Business Economics
- ◆ Armine Yalnizyan, economist, former program director of the Social Planning Council of Metropolitan Toronto, and first recipient of the Atkinson Foundation Award for Economic Justice

The Society, with the assistance of the IFPTE, has retained Ms. Hope Crifo, of Middlesex, Vermont as a research assistant for the Task Force. Crifo, an expert in North American utility financing and regulation, will have as her first task an analysis of the various forms of financing the \$25 to 40 billion in infrastructure improvements needed by 2020, and putting some real numbers to the costs of financing that work.

The Task Force will next meet on December 14<sup>th</sup>.

## **Society, OPG ink new agreement in two-party negotiations**

The Society and OPG have settled on a new, one-year collective agreement.

Achieving two-party agreement on October 26<sup>th</sup>, the Society bargaining team was "very pleased" to recommend it to the membership of the OPG locals. "Although neither side was able to resolve all of its respective issues ... [we are] very pleased with the agreement reached as it represents major improvements in many areas that have been identified as concerns in the past," the team said in a communiqué to members.

Negotiations took place in a high-pressure context, including:

- ◆ OPG's being under a political microscope
- ◆ Continuing uncertainty about OPG's purpose and mission
- ◆ The Government's determination to hold all increases for public sector employees to two *per cent*

- ◆ The government's determination to privatize new generation building
- ◆ The continuing operation of the Market Power Mitigation Agreement

While the bargaining team determined that the situation presented an opportunity to make gains on non-monetary items that had been troublesome for some years, they also wanted a reasonable wage increase, to resolve relativity and employment security issues, and pension gains.

"We met a number of our goals," said Society OPGN Vice President **Olaf Heilandt**. The settlement includes:

- ◆ Three *per cent* salary increase, and one *per cent* performance pay pot
- ◆ Benefit improvements (eyeglasses to \$500, orthotics to \$450, and orthodontic to \$5,000)
- ◆ Improved priority selection between bargaining units for surplus employees and employees with recall rights
- ◆ Very significant improvements to the discipline procedure, including two days' notice to the employee and Society of discipline meetings, and, in the case of suspensions without pay, no loss of pay until an arbitrator has ruled on the case

There are many other improvements as well. A copy of the Memorandum of Settlement can be found on the Society web-site.

"There was a marked difference in the atmosphere of negotiations over our last round of bargaining," said OPGI VP **Lanny Totton**. "Discussions with Management were much more productive, and there were no petty arguments over whether we could communicate with our members. It made agreement much more likely."

The Society's bargaining team consisted of **Joseph Fierro** (CIO), **Adam Habayeb** (Pickering), Heilandt, **Michael Lohse** (Darlington), **Pat Ramcharitar** (Fossil), and Totton. Staff support was provided by Staff Officers **Blaine Donais**, **André Kolompar**, and **Joseph Lesperance**.

Voting on ratification has been underway since early November, and votes will be counted on December 15<sup>th</sup>.

## **New Horizon bargaining: Management walks away**

Two-party bargaining is over at New Horizon System Solutions.

In a bizarre move, New Horizon management stated that the Society's agreement to one of its proposals was a "pre-condition" to further bargaining. When the Society's bargaining team expressed disagree-

ment with the proposal, on November 24<sup>th</sup> New Horizon management walked away from the bargaining table, and checked out of the hotel where bargaining was taking place.

"This was pretty disappointing to us," said New Horizon Local VP **Joe Sarick**. "We'd given them many demonstrations of our flexibility, and our desire to reach a two-party solution."

The proposal in question was that New Horizon would have the unilateral right to assign employees to the New Horizon or Inergi bargaining units. Agreement would have entailed the Society's loss of control and involvement in staff movement, and member's rights related to such movement within the respective bargaining units.

Society experts agree it is exceedingly unlikely that New Horizon would be awarded such an unusual right by an arbitrator, though arbitration is the next step now that they've walked away from two-party negotiations.

"We'd much rather they'd come back to the table," said Sarick. "We're inclined to work out our differences without a third party if at all possible."

Arbitration hearings are scheduled to take place next February. The Society has written to New Horizon management, offering to continue bargaining at any time.

## **Conway: OPG should be split**

OPG should be split in two, says former Ontario cabinet minister Sean Conway, and should consider divesting its "non-core" assets.

"The problems in nuclear are getting worse and worse," he said, so the thermal and hydroelectric parts should be split into a company separate from nuclear. "They should be commercial entities, subject to performance-based regulations by the Ontario Energy Board, operated transparently, and accountable."

"OPG shouldn't be getting into new generation unless it's absolutely necessary... There's a clear public acceptance that the vast majority of new generation will come from the private sector."

"Meanwhile, some assets should be available for leases and other arrangements."

Conway was speaking at the PowerON Conference in October, sponsored by the Canadian Institute. He served in the Ontario Legislative Assembly from 1975 to 2003, retiring just before the provincial election. At that time, he was the Liberal Party's energy critic. He served under David Peterson as Minister of Education, Minister of Colleges and Universities, Minister of Mines, and Government House Leader.



He's currently a public policy advisor with Gowlings, a Toronto law firm, "working with clients in the energy and natural resources sector."

He added that he didn't believe the government would be able fully to implement its coal policy as announced (closing the coal-fired stations by 2007).

In a subsequent interview, Mr. Conway said his views were along the lines of those of the Manley report—the government-directed review of OPG's operations released in March, 2004. "I want OPG to do well," he said, "but there can't be any sacred cows—we have to overcome a hundred years of old-time religion."

He said, though, that he wasn't relating government policy, but his own views. "I'm not an insider."

Challenged on his views regarding the public acceptance of private investment, he said he was stating his own understanding of what would happen. A Society poll, conducted by Ipsos-Reid earlier this year, showed that *75 per cent* of Ontarians clearly preferred electricity assets to be publicly owned. "That wouldn't surprise me," he said.

### **Closing the coal-fired stations: \$2 billion per year?**

The president of an international engineering firm has warned that closing down Ontario's coal-fired generating stations will cost \$2 billion per year, but do little to clean the air.

George Davies, President of Acres Management Consulting, Ltd., a firm involved in the recent Bruce A restarts, addressed October's PowerON conference, sponsored by the Canadian Institute.

"It can't be done," he said. "It amounts to a \$2 billion per year penalty to taxpayers, and for what? Not to get clean air!" He noted that the pollution savings achievable—at most about six per cent of pollutants will be suppressed—will be overwhelmed by the current boom in coal-fired generation building in the U.S.

Davies says certain clean-coal alternatives are more realistic, and can be implemented more cheaply than the Ontario government's planned foray into reliance on natural gas. Nanticoke and Lambton could be outfitted with Selective Catalytic Reduction for around \$600 million, and SO<sub>x</sub> scrubbers for around \$300 million per unit. Over time, he said, this would be much cheaper than closing the stations down, and would remove 90 per cent of NO<sub>x</sub> emissions and 95 per cent of SO<sub>x</sub> emissions from these stations. (Two of the Lambton units are already outfitted with SCRs and scrubbers, and are among the cleanest

units in North America.) In addition, 60 to 80 *per cent* of mercury emissions could be removed through retro-fitting.

New coal-fired plant could be built with the best new integrated plant technologies, he said, producing electricity at under four cents per kWh—under three cents by 2020.

The high price of natural gas, he said, will force the government to re-think its coal options. Instead, he called for:

- ◆ A clean air strategy for Ontario that pursues all economic options for reducing emissions across all sectors, with the transportation sector making a very important contribution to reductions
- ◆ New investments in the latest and best technology for emission reduction in Ontario's coal fired stations
- ◆ Ontario should participate with the federal government to negotiate a North American agreement on clean air with meaningful targets, and enforcement mechanisms with teeth
- ◆ Canada should participate in current U.S. efforts to develop clean coal technologies leading to zero emission plants by 2025

The Society would surely endorse the Davies proposals, said Society President Andrew Müller. "We've called on the Ontario Government to join our task force," he said, "set up to look into an overall policy that will work. Closing down the coal plants achieves very little, with a great deal of disruption, dislocation, and electricity prices we can only imagine."

## Hydropower conference: Water, wind go together

Wind and water go together like birds of a feather, say some.

Canada's hydropower resources provide a "comparative advantage" in the effort to increase the amount of electricity generated by wind turbines, says Robert Hornung, President of the Canadian Wind Energy Association. He spoke at late October's Forum on Hydropower, sponsored by the Canadian Hydropower Association. "Hydropower is an ideal complement to wind energy," but Canada is behind other countries in taking advantage of the possible combination.

Hornung says wind and water should work in tandem, water being stored when the wind is blowing, and being used when it is not.

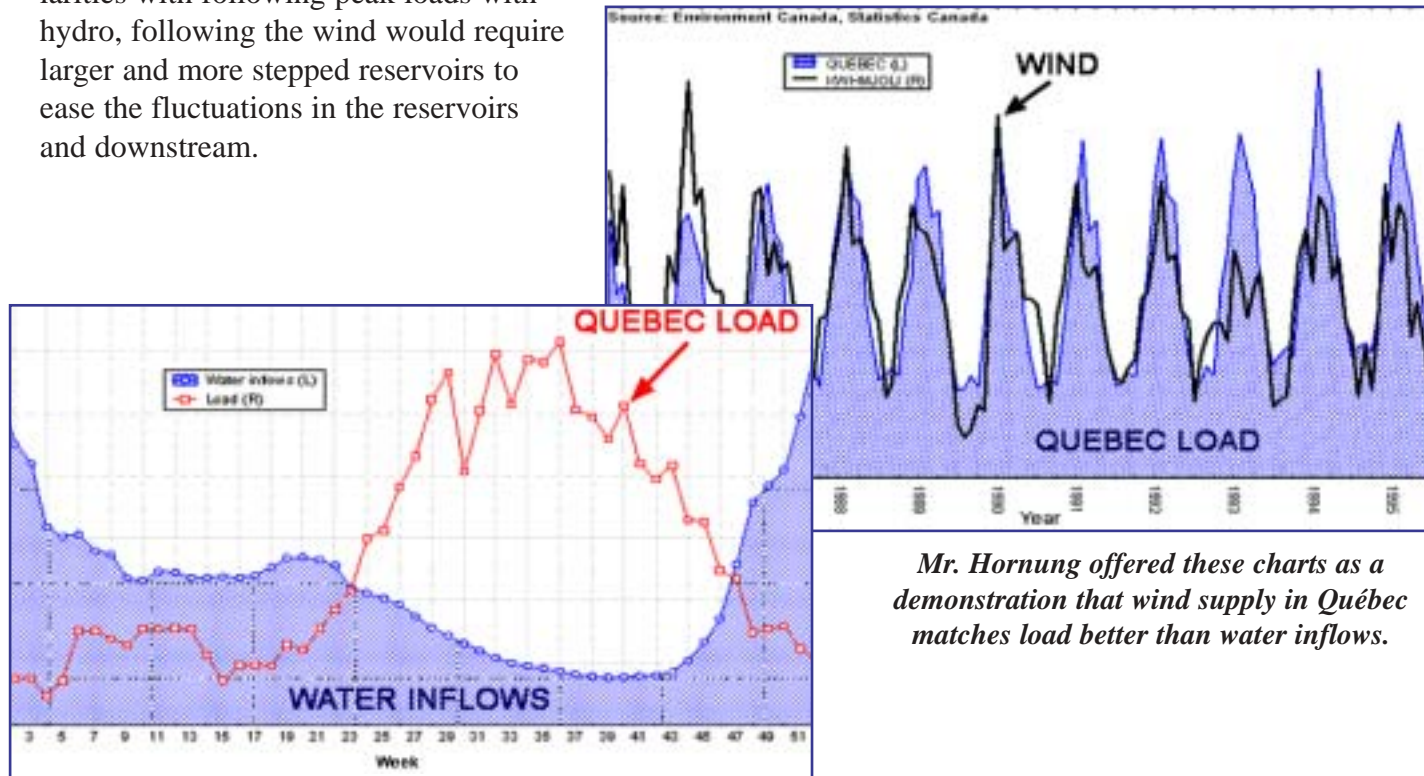
But it's incorrect just to say that hydropower supports wind power, he says. "Wind also helps hydro."

- ♦ Wind energy is strongest in winter, when demand is greatest and hydro inflows are least
- ♦ Wind energy is less variable on a year-to-year basis
- ♦ Using wind energy to allow water storage helps to maximize export strategies

Wind-supply curves are also closer to load-demand curves than hydro inflow curves.

Hornung called for a federal commitment to quadruple the incentives for building wind turbines, to increase production from the current 439MW to more than 4000.

Yves Guérard, a Senior Advisor on environmental issues at Hydro Québec, agreed with Hornung that wind and water could be mutually supportive. He added that, while the process would have some similarities with following peak loads with hydro, following the wind would require larger and more stepped reservoirs to ease the fluctuations in the reservoirs and downstream.



*Mr. Hornung offered these charts as a demonstration that wind supply in Québec matches load better than water inflows.*

## Young Generation Nuclear launches Bruce Power branch

*by James Scongack*

*(reprinted in edited form from the November 25<sup>th</sup> issue of The Point—Bruce Power's internal newsmagazine)*

The founding meeting of the Bruce branch of North American Young Generation Nuclear (NA-YGN) held November 2<sup>nd</sup> attracted over sixty Bruce Power and Canadian Nuclear Safety Commission (CNSC) employees.

The purpose of the meeting was to establish a foundation for the group, while gathering feedback from potential participants about the direction and focus of the organization.

Brent Williams, who spearheaded the initiative on the Bruce Power site says, "Gathering feedback from members about their ideas for the group is essential to establishing an effective organization."

The YGN advisory council is developing an action plan to implement suggestions from attendees at the first meeting. The suggestions range from professional development opportunities, to seminars and information sessions about different parts of the nuclear industry, to social activities.

Presentations at the meeting were designed to communicate that Bruce Power has an important role to play in Ontario's energy market and that young employees will play a central role in that long term strategy.

## In Remembrance: "Warrior Queen" of health and safety

*by Lynda Crichton*

On October 29<sup>th</sup>, 2004, **Fredda Olivier** lost a battle with cancer.

With her untimely death, the Society lost a great friend and champion who will long be remembered for her generosity of spirit, her honesty and forthrightness, her cheerful optimism, and the ease with which she assumed the challenges of leadership.

Dynamic. Confident. Outspoken. Unafraid.

For most of her long tenure at the Society Fredda was the champion of all things Health and Safety. She fought tirelessly to make the Society a credible, equal player in the tripartite world of workplace safety. She gathered around her a loyal group of activists-the Society's Health and Safety Steering Committee-to assist her in advancing the cause. An excellent negotiator and a true believer, Fredda

earned the respect of Ontario Hydro's close-knit health and safety community and the devotion of her Committee.

Fredda's outstanding performance in Health and Safety and her excellence in representing her Unit resulted in demands for her to assume other high-profile Society roles, among them: Chair of the joint telework team; member of the negotiating team for contract renewal; Society Step 2 Committee member; and employment security negotiator.

Fredda "retired" from Ontario Hydro to take charge of her husband's company following his unexpected death. Assuming the role of employer, Fredda was proud to be able to practice what she had preached in her Society role. Not surprisingly, her staff were devoted to her and her business thrived.

Fredda was truly one of a kind. If it were possible to sum her up in a single sentence, it would be this: Fredda Olivier always did what others could only dream.

Fredda will be sorely missed and fondly remembered by all those Society people who were privileged to work with her.

*And that is the Society Newscast for Monday, December 6, 2004.*

*This issue of the Newscast was delayed due to illness and workload. We apologize, both for the tardiness, and the length.*

---

---

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

---

---

*Society Newscast No. 2004:08*

*Copyright © 2004 [Society of Energy Professionals]. All rights reserved.*