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Deal with OPA cements \$4.25 billion Bruce A investment

Bruce Power will invest \$4.25 billion in the refurbishment of the Bruce A units, extending their lives to as late as 2035.

"I'm very pleased to be here today to tell you that we're at the end of a very long road to get to a transaction that actually transforms Bruce Power," said CEO Duncan Hawthorne, speaking at a media conference earlier today in the Bruce Power Information Centre. "We are transformed from an organization facing the spectre of shutting down units to one that will instead return our two remaining laid-up reactors to service by the end of the decade."

Society Vice President **Bill Jones** added the Society's endorsement to the deal. "It's a great day for Bruce Power, and a great day for the nuclear industry."

Society President **Andrew Müller** applauded the agreement as a clear signal that nuclear energy will play a vital role in Ontario's energy mix for years to come. "This deal demonstrates the support of the provincial government for the nuclear power industry in Ontario, and the crucial role Bruce Power plays," he said. "It's very good news for our members and their careers and for the Bruce community."

As well, the deal includes the refurbishment of Bruce A Unit 3, with new steam generators and fuel channels, and the replacement of Unit 4's steam generators when these units reach the end of their current expected service lives.

Work to restart Units 1 and 2 will begin immediately upon closing, with the first unit expected to be online in 2009.

"We're a company that's here for the long term," said Hawthorne. "This contract not only delivers a very solid overall performance for this site for the long term, but also conditions us for future growth."

The cement for the investment comes from a deal with the Ontario Power Authority that Bruce Power will get \$63 for each megawatt-hour of power generated by Bruce A units, to commence on closure of the deal. While Bruce A's watts will be sold on the spot market, Bruce Power will return to the OPA

earnings above the Hourly Ontario Electricity Price (HOEP), as determined by the Independent Electricity System Operator. When Bruce A watts are sold at below the HOEP, the OPA will top up payments to the \$63 "reference price," with what is called "ratepayer support."

The \$63 "reference price" is protected against inflation.

In a media release announcing the deal, recently-appointed Energy Minister Donna Cansfield said, "This agreement transfers much of the risk associated with the project to the private sector and away from hard working Ontarians, while ensuring fair prices and the capacity to meet Ontario's future energy needs" At the conference, Huron-Bruce MPP Carol Mitchell said, "This announcement demonstrates the McGuinty government's long-term commitment to nuclear power."

On top of the guaranteed prices, the OPA has also agreed to share the risks of cost overruns with the Bruce Power partnership:

- ◆ If refurbishment costs are over the expected \$4.25 billion by up to \$618 million, the OPA will share responsibility equally
- ◆ Bruce Power will be 75 per cent responsible for overruns above \$618 million, with the OPA picking up the rest
- ◆ If refurbishment comes in at below cost, the OPA will share in the benefit: 50 per cent of any cost under-runs for the first \$240 million below \$4.25 billion, and 25 per cent on the next \$150 million

It is estimated that at its peak the refurbishment projects will provide in the neighbourhood of 1,500 construction jobs in the Bruce and other areas. The provincial government's commitment to Bruce Power also means thousands of good, well-paying jobs will remain in the Bruce area for many years, providing much-needed stability for Bruce families and the Bruce economy.

The Bruce Power partnership will also undergo some restructuring, as Cameco has decided to sell its share of the "A" part of the Bruce plant, while still remaining a partner in the "B" side. Cameco will also not invest in the Bruce A refurbishment. TransCanada and BPC Generation Infrastructure Trust (an investment arm of the Ontario Municipal Employees Retirement System) each take half the Cameco holdings. The end result will be two Bruce Power partnerships-Bruce Power Limited Partnership (BPLP), which holds Bruce B, and Bruce A Limited Partnership (BALP). The above details about the dealings between Bruce A and the OPA apply only to BALP.

Interestingly, one element of the deal is that Bruce Power will now receive a floor price of \$45 per MWh for the **Bruce B** electricity it sells on the spot market.

The Society and the PWU continue to own 1.2 per cent and four per cent of both BPLP and BALP respectively.

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