

Province's nuclear deal strangling spread of wind power

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It's common that hard-to-digest news is released just before a holiday weekend, and this past Easter was no exception. Three developments made public on Good Friday -- one global, one provincial, and one local -- give an unwelcome education into the costly impact of time and risk assessment.

On the global scale, more bad news was expressed with greater certainty from the Intergovernmental Panel on Climate Change. IPCC scientists and policy-makers stressed that immediate action to reduce greenhouse gas emissions will mitigate -- but not eliminate -- the extreme risk and high cost of adapting to climate change, the effects of which are already being observed. Do nothing and we risk total disaster; act immediately and some of the risks will be reduced.

The provincial Liberal government faced a similarly unpalatable choice two years ago. Their successful election bid had been premised upon a campaign promise to shut down polluting coal-fired generating stations.

Once elected, the Liberals became convinced they had to choose between shutting down dirty coal power, which carried a high risk of more shortages and blackouts, or securing more expensive nuclear electricity, with a high risk of cost overruns and lengthy lead-times. They chose the latter, and this week we received the unusual opportunity of examining the resulting Bruce Power deal from the provincial auditor general's viewpoint.



RECORD PHOTO

Fields of windmill generators churn out electricity in the rural area north of Toronto, near Shelburne.



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As the auditor general pointed out, negotiating a deal when you believe you have no choice is not a position of strength. The Liberal government, finely attuned to political risk, was eager to minimize both the initial electricity purchase price and the risk of expensive cost overruns. These goals were largely achieved. So even though the auditor general found that the negotiated cost was higher than it needed to be, the political fallout from this report is likely to be minimal.

That's the assessment from the viewpoint of financial risk. What wasn't dealt with is the risk from a climate change perspective, and this is where the provincial giveaways in the Bruce negotiation are already biting local renewable energy proponents, years in advance of any electricity supply or price increase.

Six months ago, Milverton-based Countryside Energy Cooperative was buoyed with excellent wind resource data, clean environmental and connection impact assessments, and the prospect of selling 10 megawatts of wind power under the terms of the provincial standard offer program announced last spring.

Countryside's project exemplified all that the Liberals hoped for with the new policy: a community-supported wind project that would produce emission-free electricity at a reasonable price, help ease supply constraint and spread jobs and economic benefits in a rural area. Potential funders included the Ministry of Agriculture and Rural Affairs and a host of local businesses and individuals.

Then the first shoe dropped. Back when they negotiated the Bruce Power deal, the Liberals guaranteed full payment for production from all eight reactors, whether or not the transmission capacity existed to transport that power. To accommodate this increase, plus new renewable energy generation and the phase-out of the coal plants, the government directed the Ontario Power Authority to make necessary upgrades to the transmission and distribution system.

In response, the OPA conducted a full review of the network and concluded that "there is inadequate transmission out of the Bruce area to accommodate both the expected wind developments... and the expanded capacity of the Bruce nuclear station." A "transmission restriction zone" was immediately dropped over a large portion of southwest Ontario extending from Waterloo Region over to Lake Huron, encompassing the Countryside wind project area and many others.

A range of short-, medium-, and long-term solutions was proposed to fix the problem. The accepted proposal was the recently announced \$600 million, 500 kilo-volt transmission line from Bruce down to the GTA. That's the long-term solution necessary only for additional nuclear power, and it won't be completed for several years, perhaps not even in time for the refurbished Bruce A reactors.

This month, the second shoe dropped for wind projects "in progress" in the transmission restricted zone. The would-be generators received letters from Hydro

One revoking previously awarded connection impact agreements due to lack of capacity in the distribution grid. It appears that all wind projects in the prime southwest Ontario wind regime are blocked because funds for the necessary upgrades have already been committed to that expensive, lengthy transmission line project.

The impact of the Bruce deal is now clear. The choice of prioritizing nuclear electricity supply has iced the government's renewable energy and coal shutdown goals indefinitely -- a delay risk that the small renewable energy players will likely not be able to swallow. The real and pressing need to make immediate, deep cuts to emissions is being held hostage to the nuclear timetable.

What can be done?

In spite of the financial risk, the Bruce Power agreement is a done deal and the province has little choice but to get moving on the new 500 kV transmission line.

But there's no need to tie our climate change plans to this project. The Minister of Energy should insist that the short term system upgrades that will accommodate wind projects be done first. It's an extra cost, but a cheaper and quicker way to avoid the bigger, more urgent risk of climate change.

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