

Notes for Remarks by

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to

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CHECK AGAINST DELIVERY

Good afternoon, everyone.

I'm definitely experiencing a feeling of déjà vu.

At the beginning of this month I was in this same room at a breakfast featuring the Honourable Brad Duguid, Minister of Energy and Infrastructure. He was here to give one of his first speeches since being appointed to his position weeks earlier. I'll come back to that speech in a moment.

I was also here last May, speaking at the OCI's Annual Nuclear Symposium/Suppliers Day. I see a lot of familiar faces from that event here today. And I'm delighted to have been invited back. I would like to thank both organizations – OCI and OPG – for including me in your program.

If there's one message I'd like to leave you with today, it's that nuclear energy's role in the province's supply mix is here to stay.

I want to refer back to the Minister's speech on March first – because if you didn't hear it first hand or didn't read or hear about it afterwards, you'll want to know that he was clear in confirming a very positive outlook for the role of nuclear power in Ontario.

He said, and I quote: “We are absolutely committed to this emission-free source of power as an important part of our supply mix today and well into the future.”

In the year since I last spoke to you, there have been some important developments in Ontario's energy industry, including some in the nuclear sector. And in my remarks today, I'll take you through these developments.

But first, for those of you who aren't familiar with the Ontario Power Authority, let me give you an overview of the organization and our role in nuclear power.

The Power Authority has been around since 2005. Our mandate is to ensure a sustainable, cost effective, reliable supply of electricity for Ontario. We do this by coordinating conservation, planning the power system for the long term, and ensuring investment in needed electricity supply resources. That last point is where our involvement in nuclear generation comes in.

Nuclear power is an important source of base load electricity supply. It currently provides about half of Ontario's electricity supply. The government has asked the Power Authority to plan for nuclear power to meet base load requirements of up to 14,000 megawatts. So as our units age, we will need refurbishments and new builds to maintain that capacity.

The Power Authority has 3,000 megawatts of nuclear supply under contract – 1,500 megawatts will come from the restart of Bruce units 1 and 2, which are currently under

construction. We expect that unit 2 will be operating by mid 2011. And unit 1 should follow about four months afterwards.

Another 1,500 megawatts will come from the refurbishment of Bruce units 3 and 4. These units are still operating, and the schedule to take them off line for refurbishment is being reviewed.

The 3,000 megawatts of nuclear capacity we have under contract is part of the total 13,409 megawatts of supply under contract to the Power Authority. The remainder of our supply contracts are for renewable energy, natural gas-fired generation and combined heat and power facilities. By the end of this year, we expect to have signed for another 4,500 megawatts of electricity supply. This will raise the value of our contracts to nearly \$22.3 billion.

Ontario's comprehensive mix of power generation sources ensures reliability and enables the elimination of coal from our supply mix. Phasing out coal in Ontario will be Canada's single largest climate-change initiative – and it quite simply can't be done without a comprehensive mix of other power sources that includes nuclear generation.

Nuclear power is also compatible with our enhanced renewable energy future. The Green Energy Act has set the course for a cleaner, greener electricity future and a stronger economy. We expect that more renewable generating facilities fuelled by all types of energy sources – wind, water, solar, biomass and biogas – will be built. And it is the combination of renewable energy with nuclear that will result in a reliable, clean supply of electricity for our children and their children. And having a base load source of power like nuclear allows the government to move more aggressively on renewable energy sources.

We hear a lot about the cost of nuclear power. People say it's too expensive when compared with other types of generation. Yes, it does have high construction and start-up costs, but these are offset by its low operating costs over the 60-year life of a plant. And in fact, on a dollar per megawatt basis, nuclear power is one of the cheapest power sources in our contract portfolio.

All infrastructure renewal has a cost. The cost of doing nothing is that the lights go out. The lifetime cost of nuclear power is estimated to be in line with other forms of base load electricity. That's not to say that costs shouldn't be controlled and managed. You will all have a role to play – managing risks, managing cost estimates and schedules, using innovation to reduce costs and shorten times and for flawless execution of projects.

Now let me move on to what's new since I spoke to you last May.

And quite frankly – a lot is new in Ontario's electricity sector.

I mentioned the Green Energy Act earlier. It passed into law on May 14, 2009 and laid the groundwork for Ontario's feed-in tariff for renewable energy. After months of

consultation and program design, we launched the Feed-in Tariff – or FIT – Program in October. It's the first and most comprehensive program of its kind in North America. And the response has been tremendous.

We have received more than 7,300 applications for microFIT projects – these are the small projects, 10 kilowatts or less in size. In total, these applications represent 66 megawatts. And more than 2,200 applicants have received conditional offers.

On March 10, we announced contracts for 510 projects ranging in size from 11 to 500 kilowatts. The total generating capacity of these projects is 112 megawatts – enough energy to power more than 13,000 homes. These will be built in 120 communities across Ontario by farmers, municipalities, local distribution companies, commercial businesses, industrial customers and public institutions, like schools and hospitals. About 95 percent of these projects are for solar generation.

And we expect to be making further announcements, including contracts for larger facilities, next month.

The GEA also introduced changes to promote conservation across the province. We've been working closely with the local electricity distribution companies to develop a comprehensive conservation program portfolio for 2011 and to facilitate their increased responsibilities in delivering conservation. And, of course, we have been updating the long-term electricity system plan.

I'm happy to report that after a period of serious supply issues – where we were literally crossing our fingers – Ontario's electricity supply situation is solid out to 2014. That's when coal will be eliminated and our nuclear fleet will be nearing the end of their service lives.

And this brings me back to the nuclear sector, where a lot has been happening as well.

Together with Bruce Power, we are looking at the feasibility of refurbishing units 5 to 8. Combined with the work we're planning on units 3 and 4, these projects and the anticipated output of units 1 and 2, could add another 6,300 megawatts of nuclear capacity under contract to the Power Authority. They would represent a multi-billion dollar investment over the next 10 years and create new jobs in the sector – up to 3,000 construction jobs and 4,000 long term positions to run and maintain these units over their extended lives.

Last month, Ontario Power Generation made some big announcements. It's investing \$300 million to extend the safe and reliable performance of the Pickering B station to around 2020. After that, the decommissioning process will begin

OPG is also moving forward with planning for the mid-life refurbishment of the Darlington nuclear station. Construction is expected to start in about 2016.

As you probably know, there are also plans for new build at Darlington. Last summer, the procurement process for the two new reactors was suspended, mainly because of concerns about pricing.

You're probably wondering about the status of that project. The Minister addressed this as well in his speech earlier this month. He said that the Province is "still very much committed to building two new nuclear units at Darlington." And he stressed that the goal is to ensure the best deal possible for Ontarians. The Province is still in discussions with AECL and the Federal Government about next steps.

So there's a lot going on. Some important decisions need to be made. And a lot more work lies ahead.

Nuclear refurbishments and new builds will maintain and create jobs and represent a huge investment in Ontario's infrastructure. Having this reliable, clean supply of electricity is critical to attracting future business and new jobs to Ontario and to the province's economic prosperity. And that's especially important in today's economic climate. It will be a challenge, though, to coordinate and execute all of this nuclear work well, and we will be relying on you to help out.

Working together, along with our partners and sister agencies, we are committed to delivering on our mandate for a reliable electricity system that is cleaner and greener. Nuclear power will continue to play a key part in Ontario's electricity supply mix. And new electricity infrastructure will make an important contribution to Ontario's economic recovery and growth.

Thank you for your attention, and I'm happy to take questions now if we have time.