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NB Media Coop

What's in the AECL-NB Power Lepreau refurbishment contract?

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It's time for the contract between NB Power and AECL for the refurbishment of Point Lepreau to be made public. Even though this contract was made between two Crown corporations, for some reason it has eluded public scrutiny, protected by some bogus claim that commercial interests would be harmed if it were made public. Yet it is at the heart of the most high profile public policy debates of the decade and New Brunswickers need to know the truth about our financial exposure and how this relates to the contract negotiations with Quebec.

Premier Graham is threatening to sue the federal government for the cost of replacement power at Lepreau over the estimated 16-month delay in the reactor overhaul. One can't help but wonder if this latest saber-rattling is another Hill and Knowlton tactic to position the Premier as the great defender of New Brunswick ratepayers in the midst of the NB Power sale public relations disaster.

If Mr. Graham wants to be taken seriously in his gambit to strong arm the feds into underwriting provincial losses on Lepreau, then he should put the actual contract on the table for all to see. What exactly did NB Power agree to? How was the risk of cost-overruns to be shared? What happens if the reactor doesn't work, or work well, with its new facelift? Is there an end point at which the cost overruns become so enormous whole enterprise is abandoned?

These questions are important, not just because of the cost of replacement power, but also because Lepreau is the lynchpin of the deal with Hydro-Quebec. According to the MOU, HQ will stop charging NB Power for replacement power this April, once the deal is signed. If that's the case, then the rising cost of replacement power is HQ's problem, not New Brunswick's. Shouldn't HQ be the party knocking on the federal government's door for a bail-out?

One can only speculate on this without seeing the terms of the AECL contract, and without knowing the behind-closed-doors discussions with HQ on Lepreau. We know, however, that if there are problems with Lepreau, the second cheque from HQ doesn't materialize and the purported benefits of the NB Power sale evaporate. And while all the nuclear enthusiasts are positive that Lepreau will live again, presumably there is a limit to HQ's willingness to wait around for the resurrection.

The MOU deadline is March 31, 2011 for the transfer of ownership of Lepreau. What if it isn't ready by then? The retubing is already behind schedule. How long is HQ willing to provide free replacement power to New Brunswick while waiting for this job to be done? The worst case scenario is that HQ pulls the plug on the Lepreau portion of the deal, taking all our profitable infrastructure and ending the provision of free replacement power. We would be left with a limping nuclear white elephant and no way to pay for it.

The only hedge Mr. Graham would have against such eventuality would be to extract a commitment from the federal government to cover Lepreau replacement power costs in order to limit HQ's financial exposure. That might keep HQ at the table awhile longer. The other factor is liability for a poorly running reactor after it is relicensed and transferred to HQ. Is HQ looking for some protection there? Are they expecting New Brunswick to extract from the feds some kind of guarantee to expedite the final hand-over? What does the NB Power - AECL contract say about that?

Based on expert testimony, the Public Utilities Board recommended against the Lepreau refurbishment because of the high likelihood of financial disaster. Yet the Conservative government of the day, cheered

on by the Graham-led opposition Liberals, went ahead anyway. With this history, it is hard to imagine a judge ruling that an unknowing New Brunswick was blindsided by an incompetent AECL. The evidence to the contrary is all there in the PUB transcripts. What isn't on the record is the actual NB Power - AECL contract on which much more hinges than just a retrofit project over-time and over-budget.

Because the government refuses to release the AECL contract, we have no idea how credible the Premier's threatened legal action is, or how it will influence the New Brunswick-Quebec contract. Without the AECL contract, the Ganong committee studying the deal is in the dark. Such secrecy does not bode well for the bigger deal now being negotiated. Without full disclosure, politicians can say anything for political advantage while dodging accountability for the actual terms of the deal.

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