

August 10, 2010  
The Daily Gleaner

## Experts say NB Power knew refit was risky

Point Lepreau | Utilities board issued warning about the refurbishment

*Brent Bundale*

An energy analyst says it's becoming increasingly clear that the refurbishment of the Point Lepreau nuclear reactor was a "devastating decision" for the province.

Toby Couture said the delays and ballooning costs of the refit show that the risks were "systematically underestimated at every step of the process."

"In hindsight, this was a foolhardy and devastating decision for the province," he said Monday. "It would have been far better to cut our losses."

Energy Minister Jack Keir announced last week that the refurbishment has been delayed by at least another year, a setback that puts the refit 2½ years behind schedule and pushes cost overruns to nearly \$1 billion.

Keir has called for mediation with the federal government to settle the question of who should pay for the extra costs.

The province has argued that Ottawa should foot the bill for cost overruns because it had "contracted for success" with Atomic Energy Canada Ltd., a federal Crown corporation and the general contractor of the plant's overhaul.

"It's a catchy phrase," Couture said. "But it was well understood that this was a very risky project."

Shawn-Patrick Stensil, a nuclear specialist with Greenpeace, agreed the province was aware of the refit's uncertainties before the project began.

"It's a vindication of the PUB," he said recently, pointing to the then-Public Utilities Board's 2002 ruling that the Lepreau refurbishment was "too risky to be in the public interest."

Energy consultant Tom Adams said the province should have watched AECL's troubled track record more closely, including the decision to stop development of the Maple nuclear reactors at Chalk River and the problem-plagued refurbishment of the Pickering A reactor.

"When you look through information available at the time the deal was signed, there is no credible way to make the argument that NB Power did not know they were engaging in a severely risky project with an unreliable partner," he said.

In addition to cost overruns, New Brunswick ratepayers will also be on the hook for the future costs of mothballing the nuclear facility.

"The decommissioning is going to have to happen down the road and will require a further commitment of billions of dollars to make sure it's appropriately shut down," Couture said. "That's another hugely uncertain cost lurking over the reactor."

Point Lepreau came online in 1983 with a promise to run for 40 years at 90 per cent capacity, he said. After 25 years running at about 81 per cent capacity, however, the 635-megawatt reactor was taken offline to be refurbished.

"They had really ambitious projections and really ambitious hopes for the reactor," he said. "But the nuclear industry is always over promising and under delivering."

Meanwhile, electricity from Point Lepreau is the costliest electricity on the grid in New Brunswick, Couture said.

"In 2006 dollars, it was estimated that the average levelized production cost of electricity from Point Lepreau was 11 cents per kilowatt hour," Couture said.

"If you escalate that forward to 2010 that's about 12 cents. And if you add on the cost of the refurbishment and the delays, it makes the levelized costs of actual electricity production (depending on how long it operates) somewhere in the order of 18 to 20 cents a kilowatt hour."

The refurbishment was originally budgeted at \$1.4 billion, which included \$400 million for replacement power.

The overhaul was scheduled to take 18 months when it began in March 2008. In September, AECL said the nuclear plant wouldn't be back online until about February 2011, 18 months later than planned.

The most recent delay adds at least one more year to the revised schedule, which means NB Power won't be able to throw the switch on its revitalized Candu-6 until the beginning of 2012 at the earliest.

<http://dailygleaner.canadaeast.com/cityregion/article/1169657>