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Greenpeace petition questions Lepreau refit funding Energy:

Ottawa has until March to respond to environmental group's queries

OTTAWA - The federal government has until March to respond in writing to an argument that the hundreds of millions of dollars Ottawa is spending to refurbish Point Lepreau is a backdoor subsidy to New Brunswick.

The federal taxpayer is increasingly being exposed to financial risks for delayed and over-budget projects like Lepreau, says the argument.

It is contained in a petition filed this week with the Commissioner of the Environment and Sustainable Development.

"Because of the high cost and risks involved, Candu (reactor) operators have sought to increase the viability of such projects by "transferring financial risk for cost overruns, delays and even future performance" to Atomic Energy of Canada Ltd., a federal Crown corporation, says the petition.

It was filed by energy campaigner Shawn-Patrick Stensil of the anti-nuclear group Greenpeace Canada.

He said Lepreau is a case study in his petition because other jurisdictions facing decisions about building new reactors, or giving old ones mid-life overhauls, need to learn from it.

"Lepreau is a warning," Stensil said in an interview.

"Canadians are being put on the hook for these costs at Lepreau and New Brunswickers will be on the hook if Ontario rebuilds 16 reactors as planned."

The project to extend Lepreau's operating life by 25 years was supposed to take 18 months, have the plant back online this fall and cost \$1.4 billion on a fixed-price contract.

Delays mean the plant won't be online until February 2011 at best.

AECL is picking up the extra tab other than the cost of replacement power.

That's being paid by NB Power, and is expected to double from \$400 million to roughly \$800 million.

Perhaps surprisingly, Greenpeace draws on free-market economic principles in making the case against federal funding for nuclear power generation.

In fact, Greenpeace supports the privatization of AECL because it would have to account for its costs internally, which it believes would create a level playing field offering renewable energy fairer competition.

Federal Natural Resources Minister Lisa Raitt has launched a restructuring of AECL that is expected to include partial privatization.

"We didn't come at this as a left- or right-wing perspective," said Stensil.

"Our long-term principles are precaution and sustainability, which Canada has undertaken as part of its international obligations."

Raitt defended AECL and Canada's nuclear industry to the Commons natural resources committee this week.

She said the industry generates 30,000 jobs and 15 per cent of Canada's electricity worth roughly \$6 billion.

And, with nuclear set to play an increasing global role to address climate change, positioning AECL for growth is a key goal, she said.

So is maximizing the return on the investment already made in nuclear is a key goal.

Greenpeace's petition argues more public funding for nuclear is putting good money after bad.

The petition is not the sort filled with names.

With 12 pages of heavily footnoted research critical of public funding for the nuclear industry, it reads more like a position paper or legal brief - with pointed questions.

The commissioner runs a branch of the federal auditor general's office.

It has a little-used process that facilitates Canadians asking well-researched questions of any federal department about environmental issues.

The law obliges the government to reply within 120 days - and the commissioner monitors the answers based on their relevance and thoroughness.

Stensil asks about 30 questions of the Department of Natural Resources, which funds AECL.

On Lepreau, he asks Natural Resources to summarize the performance guarantees in the refurbishment contract AECL and NB Power signed in 2005.

It was never made public.

He also asks Natural Resources to provide a breakdown of the \$500 million AECL has on its books for off-balance sheet or contingency liabilities, which means potential future costs from things such as project overruns.

This week, federal government documents revealed AECL has been given an extra \$200 million to allow it to complete refurbishments at Lepreau and two reactors run by Bruce Power in Ontario that are also months behind schedule.

David Willey is the director for environmental petitions in the commissioner's office.

He said it can be hard to pinpoint a direct cause-and-effect between petitions and later government action.

But petitions have built momentum for issues, helped prompt government action and help the auditor general decide what programs and spending to audit.

"The process creates a dialogue between a petitioner and their government," said Willey.

Natural Resources is not obliged to make any policy or spending decisions based on the petition.

It can also get an extension beyond 120 days if it notifies Greenpeace.

An AECL spokesman did not respond to a request to comment Friday.

Also Friday, federal Green Party leader Elizabeth May issued a statement condemning Ottawa's decision to give \$200 million in extra funding to AECL.

"This amounts to more subsidies to a nuclear white elephant," she said in a release.

Lepreau was one of the world's top-performing nuclear plants before it started to show its age.

The 635-megawatt Candu 6 plant went into service in 1983.

It typically provides between 25 and 30 per cent of the province's power.