

February 13, 2008
Telegraph Journal

Make nuclear study public

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Oh, what a tangled web we weave when first we practise to deceive." Sir Walter Scott's immortal warning is an apt characterization of the nuclear web being spun in New Brunswick. Neither the media nor the opposition Conservatives seems to be trying to understand what's going on. Yet the very public release of what everyone expected to be the long-awaited Lepreau-2 feasibility study last week should have prompted some very pointed questions.

AECL's feasibility study wasn't released that day. Instead, Minister Keir unveiled a surprise "viability study" prepared by a third-party consultant, MZ Consulting. At best, the report reads like a cautionary tale, citing several very thorny conditions to be met before a so-called business case could be made for a second reactor. But what it says appears to be beside the point.

Minister Keir's over-the-moon response - "I couldn't be happier after reviewing the positive results brought forward by our third party consultants-" stands in stark contrast to the report's contents, belying a dangerous bias in favour of building AECL's new reactor that could blind the government to cold, hard facts.

Having announced last year that it would undertake a feasibility study into a second reactor, the government then accepted the generous offer from AECL - which has the new ACR-1000 reactor to sell - to do the study for free. The public impression was that we would get to see the study on which the government would base its decision on Lepreau 2.

Team CANDU - AECL and its corporate partners - had other plans. Its feasibility study is a business proposal, which - no surprise - cannot be made public because it is proprietary. To save face, the government hired ex-NB Power nuclear executive Terry Thompson to write a "viability study" for public release.

So now we have a public viability study and a private feasibility study. The first outlines serious hurdles a nuclear developer would have to clear to be viable, or if you prefer, feasible; the second presumably answers these concerns, but we will never know how credible it is because it is confidential.

We do know from the viability study, that Team CANDU would build a so-called 'merchant' nuke - first in the world to market nuclear kilowatt-hours to anyone who wants them - as a profit-making venture for its investors. Claiming to need no money or backing from New Brunswick, it is purported to be risk-free. All we have to provide is the existing Lepreau site.

One would expect that a merchant plant would be owned by the private investors; and that the owners would hold the license for the plant, hire its own management team to run it according to its specifications, and ultimately assume any and all liabilities arising from its operation.

Yet the 'viability study' says Team CANDU wants NB Power to run the plant and to hold the licence. As a public utility, NB Power's mandate does not include power plant operator-for-hire. A licence-holder-for-hire is an even stranger concept. If they can get away with it, such arrangement would absolve the owners from all liability for the plant, since the licence holder would be the accountable party before the Canadian Nuclear Safety Commission. Recent history has demonstrated this is not a minor responsibility.

While the 'viability study' suggests that NB Power should be well paid for its troubles, past experience with AECL at Point Lepreau proves that group's adeptness at dodging liability for poor performance. But a

pay-off still doesn't turn NB Power into a nuke operator and licence holder-for-hire.

Private owners are going to protect their investment first and foremost; a public utility has to protect the public interest. Who does a public utility answer to when it is operating a merchant plant built to deliver profits to investors - us or them?

Then there is the matter of the few hundred megawatts NB Power is expected to buy from the plant, according to the 'viability study.'

The Electricity Act requires NB Power to issue a 'request for proposals' to fill any anticipated power needs. It would be illegal for NB Power to buy any power from Team CANDU outside of a competitive bidding process. (This requirement has already triggered a lawsuit by a wind company and unveiled an embarrassing tussle between the utility and the energy minister).

There is no guarantee a for-profit nuke would out-bid a combined cycle natural gas turbine or a wind project. Is Minister Keir prepared to change the rules to avoid a pesky requirement for Lepreau 2 to be competitive?

More next week.