



POWER WORKERS' UNION

March 23, 2005

Secretary, Canadian Section
International Joint Commission
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IJC / CMI OTTAWA
ACTION COB
INFO Grey/Wh/Clamen
Weiner/Bevacqua
MAR 29 2005

FILE / DOSSIER
3-26-5

Re: Air Quality Agreement – Progress Report 2004

The Power Worker's Union, representing the majority of unionized workers in Ontario's electricity sector, welcomes the opportunity to comment on the International Joint Committee (IJC) Air Quality Agreement Progress Report 2004.

We support the notion that air quality improvements should not come at the cost of significant economic hardship to the public and industry. It is our hope that when decision makers are using information such as that contained in this report that a balance between a strong economy and a clean environment is maintained.

This report is an example of how these two facts (strong economy and environmental concern) are being successfully managed in the Pollution Emission Management Area (PEMA). Improvements are noted all through the report, indicating that a cooperative approach that is sensitive to economic need is a workable approach to air quality issues.

The PWU would like to comment on one specific area of the report – Stationary Sources of NO_x, page 11. It notes that these emissions from power plants in Ontario are essentially unchanged since 1990.

There are specific reasons for this. Ontario's nuclear electricity generation was reduced substantially during the 1990s due to the inability of the company to provide adequate managerial expertise for required rehabilitation activities. As a result, coal-fired generation in Ontario became critical for the delivery of reliable, reasonably priced electricity.

Since then, successive Ontario governments have continued, through policy uncertainty, to promote turbulence in Ontario's electricity sector, leading until recently to little investment in nuclear generation rehabilitation. As a result, coal-fired generation has continued to play a prominent and necessary role in ensuring reliable electricity supply in Ontario.

While there is some indication that investment in existing nuclear generation units is being viewed as advisable, the turbulent nature of Ontario's electricity sector has prevented proper investment in the province's coal-fired generation stations to improve their emissions and continue their value as providers of reliable, low cost electricity.

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This reality has worsened with the current Ontario Liberal government's position that Ontario's coal stations must be closed down, rather than rehabilitated with cleaner coal technology.

Experts agree that the coal stations will not be shut down by 2007 since the effect of this would be significant price increases and severely reduced reliability due to extremely low reserve margins. However, because the Ontario Liberal government refuses to invest in emissions control technology for coal-fired generation units not currently equipped with such, these stations will run 'dirty' even though emissions control technology such as that installed at Lambton GS, is cleaner than recent new build in Alberta.

This policy direction by Ontario's Liberals has the effect of substantially worsening air quality in Ontario than what it would otherwise be with rehabilitation programs to install best available emissions control technology.

The Ontario Liberal government coal shut down policy is flawed from the perspective of undue economic hardship and therefore not compliant with the intent of the IJC. Replacement generation sources are unreliable and expensive. When wind power is available (as little as 11% of the time, a German utility notes) it is priced at more than double the cost of coal. Natural gas fuelled generation is more reliable than wind power but significantly more expensive than coal due to the need for the costs of new construction and higher fuel prices to be recouped through rates. The resulting rate increase due to the coal shut down will not be avoided by Ontario's customer classes with the least options – residential (particularly low income, elderly and rural), agriculture and small business/commercial. This is the opposite result of what is sought through the Air Quality Agreement, which is the need to keep balance between strong economy and clean environment in mind.

There is also the issue of the real 'low hanging fruit' in this air quality action option discussion, namely the automobile. It is estimated there are 55 million automobiles upwind of Ontario and accordingly there ought to be programs that would provide better results per cost of implementation than shutting down coal stations in Ontario whose acid rain emissions could be reduced to almost zero with comparatively inexpensive emissions control technology.

In summary, it is implicit in work done by the IJC that extensive consultation is key, as is a comprehensive review of science and best available technology. This leads to better decisions resulting in improved environment and a strong economy. Unfortunately this is absent in the policy decision by the Ontario government to shut down coal stations.

Yours truly,



Don MacKinnon
President