

MEDIA RELEASE

Coal Generating Stations Essential for Ontario

Toronto, February 21, 2005. *The Power Workers' Union, representing the majority of workers in Ontario's electricity sector, has made available to government and media contacts across Ontario a copy of the recent report **Ontario's Energy Crunch: Why Phasing Out Coal Is An Unwise Strategy**. Copies of the report are available by contacting the PWU Communications Department (416) 481 4491.*

Sent with the report to government and media contacts was the following statement by PWU President Don MacKinnon:

This report adds a much-needed pragmatic analysis of the current debate in Ontario over the Provincial Liberal Government's coal shut down policy:

- Elimination of coal-fired electricity generation in Ontario will have significant negative consequences that include: placing an excessive reliance on expensive natural gas and unproven renewable energy sources; and, significant rises in electricity prices causing hardship for the population in general, and industry in particular.
- Coal-fired plants operated by Ontario Power Generation (OPG) are a relatively minor source of sulfur dioxide, nitrogen oxides and mercury. Fresh investment in proven 'clean coal' technology can greatly improve those plants' performances at lesser cost.
- The debate has been skewed by "fanciful" epidemiological modeling, selective use of environmental data, dubious science and a general lack of realistic thought.

This aligns with the findings of several other recent reports that conclude coal generation is an absolute necessity for Ontario's electricity future and that retrofitting these plants with emission reducing technologies is the only sensible choice. Cleaning up OPG's existing coal-fuelled generation is cheaper than using other fuels/ technologies and achieves significant environmental benefits. Other jurisdictions think cleaning up coal is a good idea as evidenced by continuing investment in existing and new coal generation facilities.

Electricity is the life blood underpinning Ontario's economy and standard of living. Recognizing electricity's importance, successive Governments have historically embraced a mandate that protected these interests. **This Government's elimination of coal generation from the Province's electricity supply sells our economy and residents short.**

The average electricity consumer in Ontario has every right to be very concerned about the impact of Liberal Government policy on electricity

prices. Rates have already increased substantially. Smart meters will cost customers more while giving the Government the ability to shift responsibility for increasing costs to customers for not controlling use. Rate changes will allow local utilities to charge more. Building wind farms, new gas generators and hydro-electric plants at remote sites mean increases in transmission costs. A brand new agency, the Ontario Power Authority, is being created to carry out planning; the Ontario Energy Board is expanding by leaps and bounds – that means even more costs for planning and regulation that customers will see in their bills.

It is bad Government policy to scale down coal output capability permanently because of coal's ultimate value as the safety valve in Ontario's electricity system. Coal generation averts supply disasters, ensures reliability and mitigates the impact of outages and other challenges to Ontario's electricity system – **when the Ontario electricity system crashed, coal generators were the first back on.** Coal is the insurance that Ontario will have reliable, reasonably-priced electricity today and tomorrow – it can be easily and cheaply cleaned up, it's suited to flexible operation and it provides security of supply.

Coal is also inexpensive and easily dispatched, giving whoever runs it significant influence over market prices. The Liberal Government might feel that a coal shut down is necessary to attract new private sector generation investment (all of which comes at a much higher price to consumers). While the phase out policy sends a clear message to the private sector that the Government is committed to private capital investment in Ontario's energy sector, **the Government does not have a clear mandate to encourage private investment in new plants by removing coal-fired generation to create a supply crisis.**

The Government should not be able to retreat from its responsibility concerning electricity supply and price. Successive Ontario Governments have been able to affect price through the generation we owned. **With coal shut down, Ontario residents will have lost a key mechanism for ensuring reasonable electricity prices in Ontario.**

Ontario residents will lose much more with the expected negative impact that the coal shut down will have on the current skilled workforce. Since the Liberals were elected, the Power Workers' Union has attempted to get this Government to recognize what others have known to be the absolute necessity of providing a smooth transition for affected employees. The Minister of Energy recently confirmed that this will not be the case and workers at coal plants can expect their families and communities to face significant hardship.

In summary, the Government should step away from shutting down coal stations and adopt a reasoned electricity policy based on the inherent value of existing generation sources. This would be a more responsible approach than engaging in the promotion of a 'state of fear' based on dubious medical research, unwarranted attacks on OPG and its employees and the creation of a supply crisis through the coal station shut down.

For more information contact the PWU Communications Department (416) 481 4491.