

PRESIDENT'S BULLETIN

PWU Actions Get Results - Coal, Wage Issues Highlighted

Two recent newspaper articles show that PWU actions concerning members' wages and the Union's stance on coal generation are having an impact.

PWU Message on Sunshine Legislation Well Covered

The April 13th Globe and Mail carried an article "Power workers under siege" which extensively quotes a letter to the editor based on last week's President's Bulletin (on the PWU website) concerning the media flurry over OPG and Hydro One wage sunshine legislation. The key points are all there – "front line workers hit by significant staff reductions, few new hires and a dependence on aging workers having to work longer hours to get the job done."

Role of Coal Outreach Pays Off

During the last month I met with Buzz Hargrove, CAW President, and Lawrence McBrearty, National Director for Canada United Steelworkers of America to discuss PWU concerns about economic impacts of a coal generation phase-out. I have also discussed this issue extensively with other organizations such as the Association of Major Power Consumers of Ontario (AMPCO) to ensure the impacts to Ontario's industry are well understood.

Today's Financial Post contains a letter from these two Union leaders and the Presidents of three large Ontario steel companies (attached) detailing their views on the dangers of meeting the Ontario Liberal Government's 2007 coal generation shut down deadline. It's clear that the messages delivered by the PWU to union and industry leaders are making a difference.

The PWU will continue to press the issues concerning our members' expertise and value to the province's economic well-being.

Don MacKinnon
President



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Coal essential to Ontario's future

Financial Post, Apr. 14/04

SCOTT HAND, BUZZ
HARGROVE, LAWRENCE
MCBREARTY, DON PETHER
AND AARON REGENT

Ontario's energy future is at a crossroads as the province faces a defining choice: How to best manage its electricity supply to ensure it is available at competitive prices, interdependent with the need to become more efficient and protect the environment. We acknowledge the government's challenge in meeting these objectives, and believe it is proceeding carefully with wide stakeholder input.

Ontario's vibrant manufacturing and industrial sector has been the backbone of its strong economy. Historically, Ontario's abundant and affordable electricity supply has been a competitive advantage. That is not the case today.

The Manley report confirmed Ontario's power-generating capacity is already severely strained. At peak demand times, Ontario electricity consumption routinely comes close to, and too often exceeds, the maximum that the system can provide. The challenge affecting all Ontarians, both business and residential consumers, is to find new, effective ways of generating electricity or reducing consumption to help sustain economic prosperity and a good quality of life.

Colouring this choice is the fact that plans are in place to decommission all of Ontario's coal-fired generating stations by 2007. This aggressive timetable will drive energy prices to a level that could damage the economy. Ontario has no new generating facilities ready to replace the supply of electricity that will be lost once the existing coal-fired plants have closed.

Those coal plants currently supply about one-quarter of the province's energy supply. Is it realistic to eliminate them so quickly? If we constrain electricity supply even further, can households and businesses afford to pay the resulting higher price of power, without significant adverse effects on the economy? Have we exhausted all the potential remedies to improve the plants' envi-

ronmental performance?

As representatives of workers, employers and industrial users of electricity, we have three serious concerns about the government's "fast-track" plan:

First, to fill the gap in Ontario's power supply, electricity will have to be imported, most likely from the United States. That power is generated by coal-fired plants, which means that coal plants south of the border will increase their production and the added emissions will make their way north to Ontario. Nothing will be gained for the environment, yet electricity will cost Ontarians a lot more.

Second, Ontario already has a critical shortage of generating capacity. Taking supply offline too quickly could impair the ability to operate, hurt the economy and even result in blackouts.

Third, scarce supply will further drive up the cost of electricity for households and businesses. Ontario businesses will

DECOMMISSIONING COAL PLANTS COULD DAMAGE THE ECONOMY

find it harder to compete, and businesses looking for the best place to build and invest may choose to put their money elsewhere, affecting jobs and the prosperity of everyone in the province — permanently.

The transition from existing coal plants needs to be accomplished in a carefully planned manner that ensures reliable supply, minimizes price impacts and actually achieves the intended environmental benefits.

All electricity customers must become more efficient and learn to conserve. Our companies are leaders in this respect, and we applaud the government's environmental vision as it concerns electricity.

But electricity is important to our prosperity too. Electricity is one of the few commodities for which the price is not set globally, but influenced by how supply and demand are managed in Ontario. For

that reason, keeping electricity affordable is a major factor in addressing the competitive gap with fierce rivals in China, India and the United States. We must not load the electricity system with new costs that could do enduring damage to Ontarians' way of life.

Some argue that the decommissioned plants could be converted to natural gas-burning plants. This is not a sustainable solution. Canada's natural gas reserves are already dwindling rapidly even as demand grows, especially in the U.S. Fueling large generating plants with natural gas will further strain those reserves, driving gas prices higher and making it more expensive to keep homes warm in winter. The mining and metals sector would be doubly hit, since we also use natural gas in our industrial processes; with gas-reliant electricity generation, we would pay more for both electricity and for natural gas, while these costs could not be passed on to customers. So alternatives must be considered — for example, clean coal technology could provide lower-cost electricity than conversion to natural gas.

Another major concern is the impact on Ontario Power Generation, the company that generates and sells electricity to Ontarians. OPG clearly faces daunting challenges in building an efficient and financially viable business model. Until those challenges are met, it seems mistaken to remove 25% of Ontario's generating capacity. OPG's main focus should be to work in every way possible to deliver reliable and low-cost electricity in an environmentally proper way.

Working to create a clean environment, vibrant economy and robust power grid is in the interest of all Ontarians. Moving too hastily, even with the best intentions, could derail the progress already made in building a healthy province, in every sense of the word.

Scott Hand is chairman and CEO, Inco; Buzz Hargrove is president, Canadian Auto Workers; Lawrence McBrearty is national director for Canada, United Steelworkers of America; Don Pether is CEO, Dofasco; and Aaron Regent is president and CEO, Falconbridge.