

MEDIA RELEASE

Liberal Government Pricing Scheme Won't Stop Huge Price Increases

Toronto February 23, 2005 "The Liberal Government's decision to set the price of generation from Ontario Power Generation will not stop the significant electricity prices that will happen when the province's coal generation is shut down as scheduled in 2007," Don MacKinnon, President of the Power Workers' Union said today in response to announcements that OPG generation rates would be set by the Government.

"While the recent announcement provides price stability for Ontario industry, other customer groups in Ontario - residential consumers, commercial, small business and agriculture - will have to pay for the Government's plans to shut down reasonably-priced coal generation and replace it with higher-priced renewable and gas fired-generation. Coal generation costs about half of the 8 cents per kilowatt hour that the Government has agreed to pay for new wind and water power."

"Studies continue to show that the best way to keep electricity prices low in Ontario is to invest in coal station upgrades to dramatically improve emissions, just like other jurisdictions are doing. The shut down of coal stations will only lead to higher prices and compromised reliability."

The PWU disagrees with the Government policy to shut Ontario's coal-fired stations down. These coal stations provide 25% of the province's power and are particularly important for meeting peak electricity demands.

The Government should ensure existing generation stations operated by Ontario Power Generation are fully utilized. That means investments in existing nuclear, hydroelectric and coal generation for maintenance, rehabilitation and research into new technologies.

For the coal stations specifically, investments should be made to install proven emissions control technology on existing stations at a price considerably less than building replacement generation, an approach that will prevent electricity prices from increasing for residential, commercial, business and agricultural customers.

At the same time, research into the implementation of clean coal technology should be accelerated to provide opportunities for continued use of coal as a fuel for new plants built at existing Ontario Power Generation sites.

