

# GROWING THUNDER BAY REGION BIOMASS CLUSTER IS AN “ONTARIO OPEN FOR BUSINESS” OPPORTUNITY

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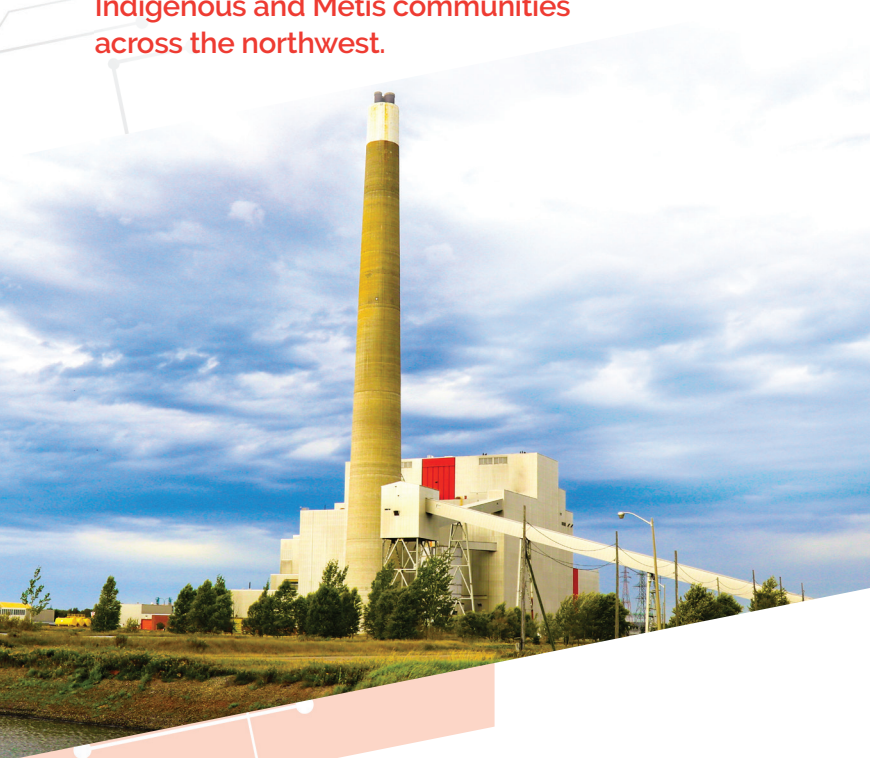


**T**he Thunder Bay Generating Station (GS), the **world's largest generating station to be converted from coal to advanced biomass**, is being closed.

In 2024, Atikokan GS, North America's largest generating station to be converted from a coal to 100% carbon-neutral white pellet biomass, could also close. Both stations underpin the region's biomass innovation cluster and associated economic, environmental and social benefits. These will disappear if the stations are closed.

Over the last decade, Ontario invested about \$200 million (M) in Thunder Bay Region's biomass cluster, most of it for the conversion of these two publicly owned stations to biomass. The 205 MW Atikokan plant was converted to 100% biomass in 2014 at a cost of \$170M. In 2015, one Thunder Bay unit was converted to advanced biomass pellets at a cost under \$5M. Millions of dollars were also invested to establish and support innovative biomass research at Confederation College, Lakehead University and the Centre for Research and Innovation in the Bio-Economy.

**This cluster supports about 230 jobs in local, Indigenous and Metis communities across the northwest.**



These include electricity production (124), wood pellet manufacturing (50) and forestry, transportation and research and development (R&D). Taxes paid to local communities for Atikokan GS approximate \$2M a year and about \$4M a year for Thunder Bay GS.

Power contracts with Ontario's Independent Electricity Operator (IESO) govern the operations of the two stations. While both are capable of providing a reliable base (24/7) and rapid response peak electricity, their production is underutilized. The capacity factors — actual energy output versus forecast — for the Atikokan and Thunder Bay Stations are 10% and 2% respectively. This, in turn, reduces the purchases of locally produced wood pellets. Further, the heat output from both stations is wasted.

Closing Thunder Bay GS is projected to save about \$40M annually. This does not consider the tens of millions it will cost to decommission the station, nor does it reflect the lost revenue from this ratepayer/taxpayer-owned asset.

**Closing Thunder Bay GS exacerbates a known peak capacity supply gap in the region.** An independent analysis suggests this peaking capacity will be supplied by import-dependent, natural gas generation in southern Ontario. This is estimated to cost \$7M to \$24M more a year.

**We and others in the northwest believe a strong business case can be made for strategic investments that will sustain and grow the region's biomass innovation cluster.** In the short term, the Atikokan and Thunder Bay stations should receive contracts from the IESO that more efficiently utilize their electricity and heat outputs. These local resources are well-suited to help meet forecast demand growth from residential demand in remote grid-connected communities, the Ring of Fire and other mining projects in the region.

In the short term, with a renewed power contract for base and peak production, the waste heat from Thunder Bay GS could be used in an adjacent greenhouse complex to supply fresh local produce year-round. Additionally, this waste heat could help make wood pellets and/or heat buildings. Similar investments could be made at the Atikokan station.

Over the long term, strategic investments could expand the innovation-focused biomass R&D at local academic institutions. Ontario's vast renewable, carbon-neutral forest and farm-sourced biomass resources represent significant economic opportunities. Our province can increase exports of wood pellets and high technology to the rapidly expanding global biomass marketplace. Like Europe and Asia, we can move towards the biorefining of cleaner fuels and materials.

Such investments are supportive of what local leaders want for the North and are consistent with Ontario's forestry strategy to create jobs and economic prosperity for the North and the federal government's Prosperity and Growth Strategy for Northern Ontario.

**It's time to reverse the closure decision and move forward with a business case that secures local energy security while growing this region's biomass cluster and more jobs in the North.**

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