May 11, 2007

Dear Mayor Eisenberger and City Councillors,
City of Hamilton
71 Main St. W.
Hamilton, Ontario
L8P 4Y5

Electricity is the lifeblood of business to all members of the Hamilton Chamber of Commerce. At our recent Provincial Annual General Meeting, Chambers from across Ontario adopted a number of policy resolutions relating to electricity; agreeing that a reliable and affordable electricity system is key to Ontario’s economic prosperity and the competitiveness of Ontario businesses.

We do not intend to speak to the merits of one fuel source over another. The main point that Ontario Chambers want to make is that in ensuring adequate electricity supply to meet the needs of business, Ontario should adopt a diverse electricity supply mix. All energy options have strengths and weaknesses. A portfolio of energy supply choices provides the best insurance toward a reliable and affordable electricity system.

Chambers also recognize that sound environmental policy should be a key component of electricity policy, resulting in an environmentally sustainable system. All economic energy efficiency and conservation investments should be encouraged.

In the Ontario Power Authority’s (OPA) draft plan - titled Ontario’s Integrated Power System Plan - the Ontario Power Authority states that over the period 2007 to 2015 about 15,000 MW of new and refurbished supply and conservation resources are planned and another 15,000 MW are planned for the period 2016 to 2027. [NOTE: The Ontario Power Authority (OPA) is Ontario’s expert electricity planning authority. It has an independent Board and is at arms length from government. It is doing ongoing consultations on its draft Integrated Power System Plan now and is expected to submit its plan in the summer, or fall, to the Ontario Energy Board, a quasi-judicial regulatory body, for public hearings and approval.]

Meeting the plan’s objectives will require a significant investment in the electricity system. The government directed that the OPA’s plan meet a number of goals. The following are two key goals:

- Plan for nuclear capacity to meet base-load electricity requirements but limit the installed in-service capacity of nuclear power over the life of the plan to 14,000 MW.

- Plan for coal-fired generation in Ontario to be replaced by cleaner sources in the earliest practical period that ensures adequate generating capacity and electricity system reliability in Ontario.
Further, the Ontario Power Authority has recommended that all future gas additions in Ontario be either high efficiency applications (such as combined heat and power, cogeneration, or fuel cells). Gas-fired generation is not recommended for base-load generation because in that role it presents risks across all three dimensions of cost, environmental impact and financial risk. In addition, the OPA's draft plan incorporates targets for conservation and demand management that it says "will be a challenge for Ontario to deliver".

Given that the OPA's draft plan already incorporates the above noted limits on nuclear, coal and gas-fired generation, in combination with challenging targets for conservation and demand management, the Chamber questions the wisdom of Council recommending further limiting electricity supply options.

The Ontario Power Authority summarizes our views nicely and we quote from its 2005 Supply Mix Advice report:

- Planning supply mix would be simple if a single resource were superior to others in all areas - environmental impact, reliability and costs - and could meet equally well the needs of base, intermediate and peak load. The reality is that no such single resource exists - a combination of resources and technologies is needed, and tradeoffs and synergies among them must be considered. (P.3)

- Ways to protect against significant changes include creating a diversified portfolio of supply sources and ensuring that a significant share of electricity comes from supply sources with low and stable operating costs. (p. 36)

- The analysis of the five scenarios, and sensitivities around them, confirmed the merits of a diversified portfolio of nuclear generation for base load, natural gas-fired generation for peaking, and renewables for energy production. (p. 50)

The bottom line is that Hamilton's economy depends on a reliable and reasonably priced electricity supply. Electricity planning is a complex matter and the OPA process provides for open consultation with respect to the proposed supply mix. The Council's job should be to support a strong and healthy economic growth for our great City, not recommending limiting our electricity supply options.

Sincerely,

(Signature)

Sophia Aggelonitis
President
Hamilton Chamber of Commerce