

Power plants looking to quit coal

Gas price 'bodes well' for conversion: Atco

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DAVID FINLAYSON
Journal Business Writer
EDMONTON

Sustained "realistic" natural gas prices of \$6.50 to \$8 could persuade Atco Power to accelerate the conversion of its Alberta coal-fired power plants, the annual meeting of parent company Canadian Utilities heard Thursday.

The fundamental shift in prices caused by huge shale-gas reserves starting to hit the market "bodes well" for converting the Sheerness and Battle River plants to natural gas, Atco Power president Rick Brouwer said.

"It's not a viable option to shut them down early, and we're a ways away from making carbon capture viable."

The problem is getting gas suppliers to sign long-term contracts at lower prices, rather than keep it in the ground until the price goes up, chairman Ron Southern said.

Building a 1,000-megawatt gas-fired plant doesn't make sense if you can't be sure what your fuel costs will be, he said.

CEO Nancy Southern agreed the chances of getting long-term contracts is pretty slim, which is why the company is looking to acquire its own natural gas reserves.

"I see a role replacing older thermal plants, but it will be somewhere in the future before it happens," she said.

The Battle River Power Purchase Agreements (PPAs) expire in 2013, and the company would be looking at converting to gas or shutting those units down, she added.

However, the provincial government has said coal still has a role to play in Alberta's energy future, and is investing heavily in carbon capture, she added.

Meanwhile, Atco is steaming ahead



JOHN LUCAS, THE JOURNAL

CEO Nancy Southern speaks at the Canadian Utilities annual meeting at the Fairmont Hotel Macdonald on Thursday.

power prices that affected the company's bottom line last year, Southern said.

"We have excess supply and low demand right now. Long-term we believe the price for power will firm up, but Alberta's a deregulated environment and we'll see fluctuations."

The building of a series of run-of-river hydro plants in northwest Alberta and the southern Northwest Territories as part of the company's Green Energy Strategy are about 10 years away, she said.

A \$1.5-billion power line that will run 400 kilometres down the east side of the province, deemed critical infrastructure by the province, will start construction later this year.

The power lines planned by Atco Electric will double the division's size and add about 1,000 full-time jobs

tradespeople, Southern said.

While the global economy appears to have stabilized, and the risk of a double-dip recession is remote, Southern said the potential of a default situation in Greece could affect exports to Europe from North America. And the overhanging lack of business confidence due to continued uncertainties could cloud the next year and half, she said.

"The good news is that early last year the company took steps to prepare for difficult times, and we had a truly remarkable and unforgettable year."

Profits were down in the power sector, but the other divisions helped Canadian Utilities to record earnings of \$467 million, 13 per cent higher than in fiscal 2008, she said.

"While record years can't always be counted on, we will continue to