

Whatever happened to 'power at cost'?

MORE THAN A CENTURY has passed since Adam Beck (later Sir Adam) began his successful campaign for 'power at cost,' a campaign that ultimately led to Ontario consumers enjoying the cheapest electricity in Canada.

In fact, the Beck-led Hydro-Electric Power Commission (HEPC) became the inspiration for similar, publicly owned utilities in British Columbia and Quebec, which today give residents of their provinces the country's cheapest power.

Initially, Beck's HEPC was involved merely in transmitting electricity from privately owned power companies at Niagara Falls, but 100 years ago (in 1915) work was nearing completion on the first HEPC-owned generating site at Eugenia, which for years was the sole source of power for Dufferin and Grey counties.

In the first half of the 20th century, what became known as Ontario Hydro spent enormous amounts of money at Niagara Falls and on the Ottawa and St. Lawrence rivers on projects that were too costly for private entrepreneurs but still turned out low-cost electricity, and after the Second World War Hydro and Atomic Energy of Canada collaborated in building the most successful fleet of nuclear power plants in the world. Again, the capital outlays were huge but the electrical energy they produced was cheaper than that from coal-fired generating stations.

That all started to change in the 1970s, when the demand for electricity failed to meet Hydro's expectations and it was discovered that the pressure tubes in the Candu reactors were stretching and would have to be replaced at enormous cost.

The combination of circumstances led to a decision to abandon plans for several conventional and nuclear projects and to stretch out construction of the Darlington Generating Station, the latter consequence making the overall cost of Darlington far above initial projections.

However, it wasn't until the arrival of the Harris government in 1995 that Beck's power-at-cost mandate gave way to ideology favouring privatization, and the decision was made to break up Ontario Hydro and eventually sell off some or all of the pieces, the main ones being the generating and transmission wings of the utility, Ontario Power Generation and Hydro One, respectively.

But it wasn't until the Liberals took over in October 2003 that the future of Ontario's electricity system became fully politicized, the new government pledging to shut down all the Hydro coal-fired plants and replace the lost generating capacity with privately produced 'green' energy and electricity from new, privately owned natural gas plants.

The result, of course, was huge increases in costs that have moved Ontario from 'best' to 'worst' in terms of consumer pricing.

And as if that wasn't bad enough, the current government under Premier Kathleen Wynne has set the stage for even costlier electricity by selling off 60 per cent of Hydro One - undoubtedly the worst political decision of any provincial government in the last 100 years.

The excuse offered is that the money from the sale will be spent on needed infrastructure, primarily in the transportation sector.

But lost in the process will be the spectre of job losses in the manufacturing sector as energy-intensive industries leave the province for places like B.C., Manitoba and Quebec where electricity is so relatively cheap and new hydro-electric projects are planned.

Without a doubt, had the philosophy of Sir Adam Beck, so firmly embraced by another conservative in B.C. premier W. A. C. Bennett, not been abandoned, Ontario Hydro would still be in existence, wind farms would be publicly owned and the power they produce cost much less, and we would not be abandoning nuclear power as an option that in the long run will be cost-competitive.

It strikes us as ironic that at a time when we have a new government in Ottawa promising major outlays on infrastructure and improvements in the Canada Pension Plan, there seems no hope that the Ontario government will abandon plans to have its own

pension scheme and to shut down the Pickering Generating Station shortly without having any reasonable option available to replace the lost generating capacity.