



Economic Boom in Northwestern Ontario: Why It Won't Happen Without the Thunder Bay Generating Station

Overview

Northwestern Ontario, and the Province of Ontario as a whole, is on the verge of an economic boom driven by the development of the mineral wealth of the Northwest. However, major developments require an adequate and reliable supply of electricity. To meet this increased demand of electricity, the Thunder Bay Generating Station (TBGS) must remain fully in service and be immediately converted to run on natural gas.

The economic growth numbers associated with developing the mineral wealth of Northwestern Ontario are truly extraordinary:

- \$135.4 billion in mineral wealth
- 23,588 jobs (13,149 in northwestern Ontario)
- \$1.5 billion in employment income over 17.5 years
- \$16.0 billion in tax revenue over 17.5 years, consisting of
 - \$366 million per year in federal taxes
 - \$299 million per year in provincial taxes and
 - \$187 million per year in municipal taxes

Why the TBGS Must Remain in Service and Be Immediately Converted to Natural Gas

- To ensure the reliability of local supply to the northwest between the closure of the TBGS as a coal burning station (2014) and the completion of the reinforced east-west transmission tie line (EWT) planned by the Ontario Power Authority (OPA) for 2018.
- The amount of electricity needed for the full development of mineral wealth of Northwestern Ontario will exceed even recently upwardly revised OPA load forecasts.
- The OPA's planned in-service date of 2018 for the east-west transmission line is not realistic. Six transmitters have applied to the OEB for designation to develop a plan but this is simply the first of many steps before construction can begin which means that the line(s) are unlikely to be up and running in 2018.
- To facilitate the provision of electricity to remote First Nations communities currently supplied by diesel-powered generation.

- Spot market imports from Manitoba and/or Minnesota cannot be counted on and therefore should not be included for planning purposes.

Cost versus benefits:

- The economic benefits associated with a mining boom in Northwestern Ontario far outweigh the costs of insuring the adequate levels of electricity to make it happen.
- Development of the mineral wealth of the Northwest requires substantial investment by mining companies. For the nine projects closest to implementation, an estimated \$4.1 billion will be invested over the next ten years. These investments require an assured supply of electricity.
- Using natural gas, the TBGS would have a reliable and readily available capacity of approximately 300 MW
- The capital cost of the conversion is estimated at \$60 million plus \$80 million for a gas supply pipeline. The annual operating cost over 20 years is approximately \$47M for a total of approximately \$940M. The total cost would be \$1.08 billion, an annual average of \$54 million.
- The City of Thunder Bay is a willing and supportive host community.
- The ongoing operation of the TBGS and its conversion to natural gas would create or sustain highly skilled short and long term jobs.

Load and Supply Projections

The graphs below show supply and load projections for Northwestern Ontario. Shortfalls in supply are already evident for the next few years, and will only increase. Table 1 shows load projections from four sources. All except the OPA forecast show significant increases in load over time, and an increasing gap between supply and demand. Such a gap would prevent the unlocking of the vast mineral wealth of the Northwest.

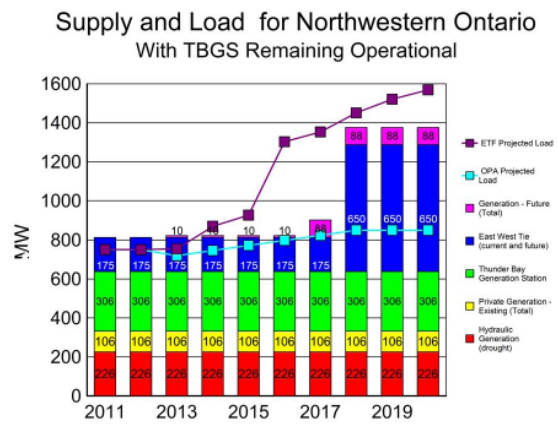
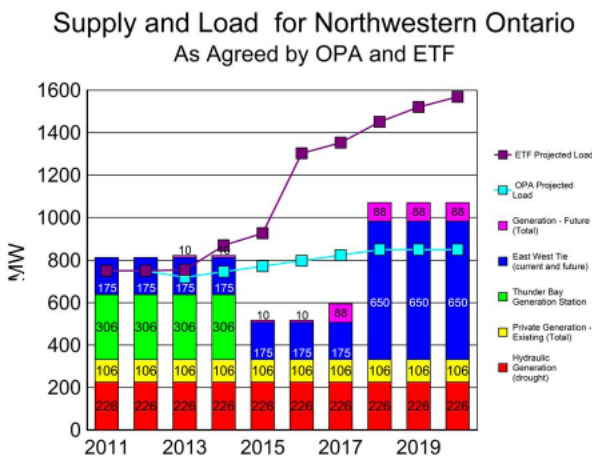


Table 1

Load Comparisons	2016	2020
ETF	1298	1564
SNC Lavalin	1350	1590
Ambassadors NW	1300	
OPA	760	790

Conclusion

The huge growth potential from the enormous mineral wealth of Northwestern Ontario would not only ignite the economy of the Northwest, but help the whole Ontario economy to flourish. The necessary adequacy and reliability of electricity can only be assured if the TBGS continues in full service and is immediately converted to use natural gas.

It is imperative that all MPPs support the continuation in full service of the TBGS and its immediate conversion to use natural gas.