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APPRO
ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

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For Immediate Release:

Ontario's independent power producers urge government to back away from "sole-source" deals with Quebec

Reported Hydro Quebec deal could cost ratepayers more

The Association of Power Producers of Ontario (APPRO) which represents Ontario's independent power producers said today that the provincial government is right to reject a reported sole-source energy offer from Hydro Québec that has questionable benefits and could push up power bills. But APPRO has serious concerns that the government is even considering such deals as they threaten to undercut a competitive marketplace and long term planning—and could disadvantage Ontario-based generators.

APPRO believes that open and transparent procurement processes which leverage competitive tensions to get the optimal prices for customers where feasible are the best way to source new electricity supply.

La Presse reports that Quebec has proposed a massive, 20-year energy deal, worth almost \$10 billion—an agreement that has a "take or pay" provision, meaning that Ontario would pay for 8 terawatt hours (TWh) per year, whether the electricity is used or not.

APPRO welcomes Energy Minister Glenn Thibeault's statement that Ontario has rejected the offer, but is troubled that the provincial government is even considering sole-source deals.

"Ontario already has a surplus of energy, so it's very difficult to see how this deal or any other sole-source deal with Quebec could benefit the province and its ratepayers," said David Butters, President and CEO of the Association of Power Producers of Ontario (APPRO).

Mr. Butters pointed out that the agreement would mean that there would be times when Ontario generators would be taken offline in favour of electricity from Quebec. Given that Ontario ratepayers are already paying for the in-province generators, it would likely push up power bills.

"Our generators are perfectly capable of meeting our energy needs, but would not be running. Simply put, it would be a wealth transfer to Quebec at the expense both of Ontario customers and Ontario-based companies and their employees," added Mr. Butters. APPRO has already voiced concerns about the existing deal with Hydro Quebec which is aimed at displacing gas-fired generators.

Butters said that out-of-market arrangements seriously undermine the purpose of, and confidence in, the current IESO market renewal process, which will use competitive processes to reduce costs to customers when new capacity is required, or Ontario's cap and trade program

which aims to reduce carbon emissions by employing market mechanisms to put a price on carbon emissions.

APPrO urges the government to wait until the forthcoming Long Term Energy Plan (LTEP) is made public, and then, if Ontario needs new energy or capacity, require the IESO to use open, transparent and competitive market processes where feasible.

APPrO is a non-profit trade organization representing Ontario's independent power producers and related businesses. Its membership is made up of more than 100 companies involved in the generation of electricity in Ontario, including generators and suppliers of equipment as well as legal and consulting services.

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