

Alberta chooses 3 companies to build 4 wind power projects in auction



Projects capable of generating enough power for 255,000 homes

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Alberta Energy Minister Marg McCuaig-Boyd speaks in Calgary Wednesday, where the province announced the successful bidders in the first round of Alberta's Renewable Electricity Program. (CBC)

Bids in an auction to pick renewable energy projects were so attractive that the Alberta government decided to back proposals to build 600 megawatts of new generation, 50 per cent higher than its goal of 400 MW.

The government said Wednesday it had chosen three companies who are to spend about \$1 billion to build four wind power projects in southern Alberta capable of generating enough power for 255,000 homes.

The projects are to open in 2019.

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The winning bids came from Edmonton-based Capital Power with a 201-MW project, Lisbon, Portugal-based EDP Renewables with a 248-MW project and Enel Green Power Canada, a division of a Rome-based global power company, with projects of 115 MW and 31 MW.

Premier Rachel Notley said the average 3.7 cents per kilowatt-hour bid by the three companies is the lowest electricity price in Canada and bodes well for future similar auctions.

The province wants to add up to 5,000 megawatts of renewable energy through private sector investment of about \$10 billion by 2030.

"The naysayers predicted the price for this renewable energy would probably come in high, above eight cents a kilowatt-hour," she said.

"In fact, our process was so competitive and so many companies wanted to invest, we got a 20-year price of 3.7 cents a kilowatt-hour."

29 qualified projects

Under its agreement with the companies, the province will subsidize the plants using funds from its levy on heavy industrial emitters if the power price falls below the bid price — if it's higher, the companies are to pay the difference to the province.

Environment Minister Shannon Phillips refused to estimate how much those subsidies might be and said it depends on what future electricity prices are. She also cautioned against letting potential bidders know how much the government is prepared to spend ahead of future auctions.

The province selected the winning bids from a total of 29 qualified projects.



The government of Alberta announced the successful project bids Wednesday for the first competitive round of Alberta's Renewable Electricity Program. (Reuters)

Robert Hornung, president of the Canadian Wind Energy Association, confirmed that the auction set a record low wind power price and added it means they would be competitive with natural gas-fired generation facilities.

He said the cost of wind power has fallen two-thirds over the past eight years.

"That's a product of technological change, larger turbines, lighter materials," he said.

"It's also a product of improved financing. You have a lot more people who want to invest in wind now, who don't see it as risky... and in this particular case, Alberta does have a very good wind resource."

Profitability comparable to U.S. plants

Binnu Jeyakumar, program director for electricity at the environmental Pembina Institute, said in an email the low auction price has "blown old renewable energy myths out of the water."

Pascal Brun, president of Enel's Canadian branch, said profitability of the Alberta projects could match up well against its American plants if one takes into account the U.S. federal production tax credit (PTC) for renewable projects.

"When you factor in the PTC with the price of electricity, it's very comparable to here and the market in the States is extremely competitive," he said.

Brian Vaasjo, CEO of Capital Power, said he is "excited" about building the project and added he is confident it can be as profitable as other generation facilities in its portfolio.

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