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Ontario-Samsung green energy deal dubbed 'colossal failure'

By Keith Leslie The Canadian Press



Samsung is one of the best known South Korean companies and a powerful force in the country's economy.

THE CANADIAN PRESS/AP, Lee Jin-man

TORONTO – Ontario's signature green energy deal with Samsung was a "colossal failure," the opposition parties charged Thursday after the Liberal government slashed the \$9.7-billion agreement by more than one third.

The province will now buy \$6 billion worth of electricity produced by Samsung's wind farms and solar projects over the next 20 years, which is \$3.7 billion less than the original 2010 agreement, said Energy Minister Bob Chiarelli.

"This was the most significant step our province could take ... to bend the cost curve for ratepayers," Chiarelli told reporters.

The Progressive Conservatives pounced on Chiarelli's cost-saving claim as proof of their long-standing charge that the Liberals' green energy policies are responsible for soaring electricity rates.

"The fact that they're suggesting that cancelling a portion of it is going to save the taxpayer money is proof that subsidized renewable energy is what caused your hydro rates to double under the Liberals in the last nine years," said PC energy critic Vic Fedeli.

Samsung missed some deadlines, so the province was able to reopen negotiations and reduce the amount of electricity it will buy from 2,500 megawatts to 1,369 MW, said Chiarelli. That power may never be generated if it's not needed, he added.

At the same time, Samsung's original commitment to invest \$7 billion in new manufacturing plants for green energy components, and to build new wind and solar power projects, has been reduced to \$5 billion under the renegotiated deal.

The NDP said the Liberals' green energy policies are driving up electricity prices but not creating the thousands of jobs the government had promised.

"I think what we've heard is an admission that the Liberal government's energy project has been a colossal failure," said New Democrat Jonah Schein.

"We've clearly seen that sweetheart deals with private companies have not delivered good jobs, and they've created increased costs."

Chiarelli dismissed suggestions the province wanted out of the Samsung deal because of public anger over rising electricity prices and the backlash in rural areas against industrial wind turbines that cost the Liberals several seats in the 2011 election.

However, he said the South Korean company will now have to obtain a resolution of support from the local municipal council for any new renewable energy projects in Ontario.

Unlike the original announcement, there were no Samsung officials on hand when Chiarelli announced the renegotiated deal, but the company put out a release.

"Changing economic conditions in the province and our vital work to engage our communities have impacted our original timelines," said Samsung vice president Ki-Jung Kim.

Samsung agreed to build plants to manufacture components for wind and solar projects in Toronto, Tilsonburg and Windsor, and said Thursday it would have its fourth plant up and running in London by the end of this year. The four manufacturing plants will create about 900 jobs, which Chiarelli said are guaranteed until 2016.

In exchange, Ontario agreed to buy heavily-subsidized power from Samsung and guarantee the

company space on the province's crowded electricity transmission grid.

Ontario will pay Samsung 13.5 cents a kilowatt hour for wind power and 44.3 cents a kilowatt hour for solar power, which drops to 10.5 cents for wind, and 29.5 cents for solar in the later phase of the contract.