

Canada's renewables industry heads west

Companies are bidding to supply Alberta's deregulated electricity market with the cheapest power

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Canada's green energy industry has shifted from Ontario toward Alberta, where a province best known for oil and gas production is now rapidly inking contracts for the country's cheapest renewable electricity.

David Eva, the chief executive of Toronto-based Capstone Infrastructure, has seen his company's fortunes rise in Alberta. In mid-December, Capstone won a bid to build a 48-megawatt wind farm southeast of Calgary as part of a \$1.2-billion round of renewable projects approved for construction.

"Alberta is leading the current opportunities within the country," Mr. Eva said. "There is a chill over additional development opportunities in Ontario right now, largely as the industry waits for direction."

Premier Doug Ford has sent Ontario's renewable electricity industry into a tailspin since taking office in mid-2018 by tearing up the province's green-energy policies and cancelling hundreds of projects.

At the same time, Alberta has embarked on an aggressive campaign to source 30 per cent of the province's electricity from renewable sources by 2030.

Alberta has taken a different approach to growing its renewable industry from that adopted in Ontario, where a rapid increase in electricity rates led to significant public anger being directed against the former Liberal government.

Unlike in Ontario, where the government set the rates it would pay wind and solar producers under the now scrapped Green Energy Act, Alberta has held competitive auctions in which companies bid to supply the province's deregulated electricity



A ranch house sits below a wind farm near the Rocky Mountains in Pincher Creek, Alta. Experts say the heart of Canada's wind industry is near Crowsnest Pass, where hundreds of new turbines are being built to harness the wind coming off the mountains. TODD KOROL/THE GLOBE AND MAIL

market with the cheapest power.

In the latest round of bidding, won on Dec. 17 by Capstone, Toronto-based Potentia Renewables, Calgary's TransAlta and Électricité de France, the average winning bid was 3.9 cents a kilowatt hour for two decades of wind power.

That's near Alberta's current market price for electricity and nearly half the rate for electricity from Ontario's most recent renewable projects.

"This auction price was a lot lower than we had expected. What we are seeing in Alberta is record-low prices for renewable electricity in Canada. Which confirms that Alberta has really good wind resources and the expertise to execute on those projects and deliver low prices," said Nick Martin, a policy analyst with the Canada West Foundation.

Energy experts say the heart of Canada's wind industry is now near the Crowsnest Pass, where hundreds of new turbines are being built to harness the howling

wind coming off the Rocky Mountains.

According to Mr. Eva, other provinces will take note of Alberta's cheap prices: "It's a message that resonates across the country, not just in Ontario, but any province looking to add new electricity to the mix. They can't ignore that wind in Alberta is being done below 4 cents a kilowatt hour. It's clearly competitive with all other sources," he said.

The other bright spot for the renewable industry in Canada is neighbouring Saskatchewan, where the province has committed to buying 50 per cent of its power from renewable sources by 2030.

Ontario remains Canada's largest producer of renewable electricity, with Quebec a close second, but Ontario's green energy industry is in a holding pattern according to Sara Hastings-Simon, a senior fellow at the Pembina Institute, a clean energy think tank.

"In Ontario you've had a real

stalling on any forward movement," she said. "We've started talking about the different directions the two provinces are taking. Developers see the opportunity for wind development in Canada is focused in Alberta, and to a lesser extent in Saskatchewan, and they're shifting their focus there."

Earlier this year, the Ford government cancelled 758 renewable power projects across Ontario which had been approved. The province's government also scrapped a large wind-power installation and then passed legislation forbidding the German company behind the project from suing the government to recoup costs, earning Ontario a rebuke from Germany's ambassador to Canada.

Ontario's government says its moves will save ratepayers money at a time when the province is already awash in power. Ontario's new climate change plan, unveiled in late November, is largely quiet when it comes to new re-

newable power. The province isn't expected to require additional electricity generation until sometime in the next decade.

Ontario Power Generation has forecast that the price of power from refurbished nuclear plans in the province will be between 7 and 8 cents a kilowatt hour in the coming decades, twice the rate of Alberta's new wind power.

According to Mr. Martin, Alberta is enjoying the benefits of good timing. The cost of wind power has tumbled and turbines have grown larger and more efficient thanks to the use of better data. Canada's green-energy sector, after years of subsidized rates in Ontario, has also accessed cheap capital and has gotten better at building wind projects on the cheap.

"Alberta might want to thank Ontario for overpaying for those projects, because doing that helped with the learning needed to reduce prices for future wind and solar projects across Canada," he said.