

Ontario Suspends Bid Process For Darlington Reactors

Toronto (Reuters/DOB) - The province of Ontario said on Monday it is suspending a multibillion-dollar plan to build two new nuclear reactors because of concerns about the future of the favored bidder and cost overruns.

Ontario said a proposal from **Atomic Energy Canada Limited**, which is owned by the Canadian government, was the only one to meet its requirements for building two new reactors by 2018 at its Darlington nuclear power plant site, east of Toronto.

Other proposals to build the reactors came from French group **Areva SA** and **Westinghouse Electric Co.**, which is owned by **Toshiba Corp.** and **Shaw Group Inc.**

"Concern about pricing and uncertainty regarding (AECL's) future prevented Ontario from continuing with the procurement at this time," the provincial government said in a release.

Deputy Premier and Minister of Energy and Infrastructure **George Smitherman** indicated that the government remains committed to the modernization of Ontario's nuclear fleet.

"Emission-free nuclear power remains a crucial aspect of Ontario's supply mix," Smitherman said. "Unfortunately, the competitive bidding process has not provided Ontario with a suitable option at this time," he added.

In late May, Canada's federal government said it planned to seek buyers for AECL as part of an asset sale to wrestle down the government's record budget deficit.

A spokesman from AECL was not available for comment.

The Ontario government launched a procurement process in March 2008 to build a two-unit nuclear power plant at Darlington. Nuclear power now accounts for about 50% of Ontario's electricity supply.

Word that Ontario's provincial government suspended the competitive bid process at the Darlington nuclear site may or may not signal a shift in government nuclear policy, but it could delay nuclear development in the province, an industry executive said today.

"In all likelihood, it could mean that timelines slip further into the future," said **Michael Cleland**, president and chief executive of the Ontario-based **Canadian Gas Association** (CGA), noting the move could create opportunities for Canada's natural gas producers.

“We would argue that there are ways (the government) can fill some of Ontario’s (electricity needs) with gas, and they need to think more seriously about how much of future needs in the power sector will be based on gas,” he told the Bulletin.