

Canadian Hydro plans offshore wind farm

Wind-energy developer to acquire Lake Erie site, erect enough turbines to power 2 million homes

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Ontario's green-energy Klondike is spreading offshore, and in a big way.

Canadian Hydro Developers Inc., the country's largest independent developer of wind-energy projects, said on Monday it plans to erect enough wind turbines in Lake Erie to power two million homes.

That works out to about 880 offshore wind turbines scattered across the shallowest of the Great Lakes.

The Calgary-based company said it has an agreement to acquire the rights to a 4,400-megawatt "offshore wind prospect" from Utah-based Wasatch Wind Inc.

It said that by the end of 2014 the first 400- to 500-megawatt stage of its project would start churning out power.

"It's very large," said Canadian Hydro chief executive Kent Brown, adding that the winds along this stretch of Lake Erie are strong and consistent, making them ideal for energy generation.

The announcement comes just days after the Ontario government launched its feed-in tariff program, which pays generators of green electricity a guaranteed premium for the power they produce.

It's also the first program in North America to pay a fixed rate, in this case a rich 19 cents per kilowatt-hour, for power that comes from offshore wind farms.

The area Canadian Hydro has targeted starts about five kilometres off the shore of Long Point Provincial Park and stretches roughly 80 kilometres west to a spot that's 30 kilometres south of Port Stanley.

Canadian Hydro, which is currently the subject of a hostile takeover bid by Calgary-based TransAlta Corp., isn't the only company looking to the Great Lakes for offshore development.

Toronto Hydro is exploring development in Lake Ontario and Lake Erie, while Leamington-based SouthPoint Wind wants to put up 15 wind turbines just off Pigeon Bay, Lake Erie.

Both have faced community opposition because of how close their projects are to the shoreline.

Trillium Power, a developer based in Toronto, was first out of the gates a few years ago with its plans to build about 1,500 megawatts of wind in Lake Ontario, a project that will be completed in two phases.

It has another 1,250 megawatts in early development elsewhere in the Great Lakes.

Trillium CEO John Kourtoff said Canadian Hydro's move into offshore sends a signal to investors and potential manufacturers that Ontario is serious about developing these energy projects in the Great Lakes.

"For a long time there was talk, and now that talk is turning into reality," he said, adding that it's encouraging to see Canadian Hydro follow Trillium's lead.

Ontario's green-energy policies and programs are gaining traction in the market.

On Sunday, the *Toronto Star* reported that South Korean industrial giant Samsung Group is in advanced talks with the province about investing billions of dollars in green-energy projects and manufacturing operations to support them. Several local groups are also considering investments in manufacturing.

But MacMurray Whale, an alternative energy analyst with Cormark Securities in Toronto, said there are still many unanswered questions related to offshore development, which has never been done in the Great Lakes or even off the coasts of North America.

"Who knows how it's going to get financed and what the returns will be, because we really don't even know how much it will cost," said Whale.

Several U.S. states, such as New Jersey, Massachusetts and Rhode Island, are pursuing offshore wind projects in the Atlantic Ocean, but the process has been slow, said Denise Heckbert, an energy analyst with research firm New Energy Finance.

She added that Ohio, Michigan, New York State and Wisconsin, are laying the groundwork for development in the Great Lakes, but they are far behind Ontario.

"Ontario is definitely the leader, and will be one of the leaders in offshore wind in North America, period," she said.

But for consumers the electricity won't come cheap.

Assuming turbines in the Great Lakes produce electricity 40 per cent of the time, the electricity from a 1,000-megawatt offshore wind farm would cost \$665 million a year, or \$13.3 billion over the course of a 20-year contract with the government.