



## Canada – New Gas-Fired Power Plant Contract Awarded In Ontario

Stefan Popescu  
Lan An  
December 08

On December 11, 2008, the [Ontario Power Authority](#) (OPA) awarded a contract to build and operate a CD\$ 365 million natural gas-fired power plant in York Region to York Energy Centre LP, a limited partnership between [York Energy Centre Inc.](#) and [Pristine Power Inc.](#) The 350-400 MW natural gas-fired electricity generating facility will provide power during peak demand periods in the northern York Region.

Currently, the region receives its electricity via a 230 kV line from the Clairville Transformer Station (TS) in Vaughan. The new generation facility will provide a continuous load supply, if there is a loss from the Clairville TS. At the same time, this project will contribute to the Provincial commitment to shut down coal-fired generation by 2014.

The new plant is expected to provide 150 jobs during the construction process and is scheduled to be in service by the end of 2011. It is part of a North York Region Electricity Plan that also includes other components: contracting for 30 MW of peak demand reduction; upgrades to the Armitage TS in Newmarket; and a new TS at Holland Junction.

Details of the news release are available at [Contract Awarded for Northern York Region Power Plant](#). Project information is available at [Northern York Region Contract Announcement - Fact Sheet](#).

### Sector Insight

In Canada, electricity consumption continues to rise, requiring both additional installed capacity and the replacement of existing equipment with more efficient equipment that meets higher environmental standards. Annual growth rates of one to three percent are forecasted for increased consumption. However, the need to replace existing equipment due either to the completion of its life cycle or to the need for more efficient operation is expected to accelerate over the medium and long term.

The strong Canadian economy and its dependence on electricity are driving the **demand for electricity**. From manufacturing to mining to agricultural processing, nearly all sectors of the economy rely essentially on electric energy. Canada's population is projected to grow by 20 percent (from 32 million inhabitants) in the next 12 years, also increasing electricity demand.

York Region population increased five times in the past 30 years and, according to OPA, its electricity demand will grow three times the provincial average.

The consistent increase in electricity demand driving the growth rate of the electrical power systems sector is steady over the long term. The national electric system is designed to have reserve installed power capacity in order to cope with possible unexpected situations of spike demands or shutdown of some generating capacity, as well as with the normal increase in demand, until additional generating capacities are developed.

Another fundamental factor in determining opportunities for the electrical power systems equipment is the **need to replace existing facilities**. According to the OPA, Ontario power generation facilities were built about 30 years ago and 80 percent of them have to be replaced within a period of 10 to 15 years from now. OPA estimates that over US \$ 60 billion of investment is necessary over that period. Thus OPA is working

on programs to secure the required power facilities. The aging situation is similar across Canada, which means that more than US\$ 100 billion will be invested over the next 10 to 15 years.

### **Opportunities for US Companies**

The Canadian electrical equipment industry is highly integrated globally, with about 80 percent of Canadian manufacturing sales going into exports. At the same time, about 85 percent of the Canadian electrical equipment-industry market is supplied from imports. U.S. equipment has a dominant share of this import-market with a total value of US\$ 8.2 billion in 2007.

In the gas-fired power plant project York Energy Centre LP will proceed to the second stage of securing subcontractors to supply the necessary equipment and works. This provides great opportunities for U.S. contractors and manufacturers in the energy sector to submit proposals and bid on contracts. The other phases of the North York Region Electricity Plan will provide further opportunities for U.S. companies and we will report on these opportunities in future IMLs.

The U.S. Commercial Service provides U.S. firms with a wide range of cost effective business development services in Canada, including market research, corporate matchmaking and assistance with finding agents and distributors. With professionally staffed offices throughout Canada, we help U.S. firms promote their products and services and realize their full export potential.

*To obtain similar reports on a variety of industry sectors/topics – Send us an e-mail/give us a call! The U.S. Commercial Service in Canada, with six offices and numerous Sector Specialists, regularly publishes similar reports on business opportunities, product analysis, regulatory requirements, industry market analysis and research on a variety of industry sectors and topics that highlight/identify export opportunities for U.S. companies. Call us for an updated list of our pre-packaged analysis on your industry sector or let us know your needs. We will be happy to customize reports for your products and services based on your goals and objectives.*

*To access CS Canada's list of industry specialist with responsibility for other major sectors, visit <http://www.buyusa.gov/canada/en/3.html>.*

### **Canada First – Building Bridges to Prosperity**

Visit our website at [www.BuyUSA.gov/Canada](http://www.BuyUSA.gov/Canada)

### **For More Information**

The U.S. Commercial Service in Toronto, Canada can be contacted via e-mail at: [Stefan.Popescu@mail.doc.gov](mailto:Stefan.Popescu@mail.doc.gov); Phone: +1 416 - 595 5412 ext 223; Fax: +1 416 - 595 5419; or visit our website: [www.BuyUSA.gov/Canada](http://www.BuyUSA.gov/Canada)

### **The U.S. Commercial Service — Your Global Business Partner**

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting <http://www.export.gov/eac>.

**Comments and Suggestions:** We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: [Customer.Care@mail.doc.gov](mailto:Customer.Care@mail.doc.gov). Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

*Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.*

*International copyright, U.S. Department of Commerce, 2008. All rights reserved outside of the United States.*