



Saskatchewan

Community

Wind

**Global media backgrounder to accompany;
Boundary Dam Carbon Capture and Sequestration (CCS) press release and report.**

Saskatchewan, Canada: March 26, 2015

Key findings;

- Boundary Dam CCS only possible because of a \$1.467-billion public-sector subsidy
- Boundary Dam CCS is profiting the oil industry by about \$1-billion over 30 years
- CCS is deeply uneconomic for electricity consumers due to parasitic load
- Even with zero capital costs, CCS is a loss-making proposition
- Policy makers should focus on more cost effective carbon mitigation options
- CCS policy should focus on R&D until parasitic load economic failings addressed
- The discipline of a carbon price would have assisted in preventing these losses
- Canadian federal coal plant regulations look increasingly like an oil industry subsidy

SaskPower has spent \$1.467-billion retrofitting Unit #3 at the Boundary Dam coal-fired power station in Saskatchewan with Carbon Capture and Sequestration (CCS). The facility was commissioned in October 2014.

Today's release of our report and financial analysis (download from link at end of this document) demonstrates that the CCS project was only possible because 100% of the capital requirements were met with funds raised from taxpayers and from customers of a monopoly utility.

Analysis of the cash flows indicates that Boundary Dam CCS constitutes a \$1-billion subsidy to the oil industry and that it will generate a \$1-billion loss for Saskatchewan electricity consumers.

One of the inherent flaws of CCS is the very large amount and consequently the high cost, of the parasitic electrical load required to run the carbon dioxide (CO₂)

capture and compression facility. Approximately a quarter of the total electricity generated by the Boundary Dam coal-fired power station is used to meet CCS parasitic load.

This high parasitic load, together with the low market price of CO₂, results in the project generating an operating loss and a negative Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA). In other words and even if the capital cost of the facility was zero, it would be loss making.

This report confirms that retro-fitting CCS to existing coal-fired power stations is one of the most expensive ways possible to reduce carbon emissions. Given the cost of the parasitic load it is not clear that this will change for some time and as a result policy-makers should focus their efforts on carbon mitigation technologies which are cheaper, proven and which have lower technology risk.

Western Canada's aging, conventional, oil fields are going to need increasing volumes of CO₂ for Enhanced Oil Recovery. Couple this fact with the demonstrably poor economics of post-combustion CCS, and the new (Canadian) Federal coal plant regulations discussed in our report (see link below) might appear to some as an poorly-disguised attempt to use public funds to subsidise the oil industry.

Our report and backgrounder: <http://www.saskwind.ca/boundary-ccs>

Bloomberg news article:
<http://www.bloomberg.com/news/articles/2015-03-26/saskatchewan-should-repay-costs-of-co2-project-wind-group-says>

Saskatchewan Community Wind exists to ensure that our world-class wind resource is developed in a manner that optimises the economic advantages for Saskatchewan individuals and communities.

Contact @ Saskatchewan Community Wind

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