

daily. Dr. Nicholls added that the total maintenance cost (including membrane replacements for the reverse osmosis) would be 2.25% of capital cost per annum. He concluded that “the PBMR is very well suited to combined desalination and electrical production, without impacting the fundamental design.”

A PBMR unit is comprised of two essential elements: the reactor—where thermal energy is generated by a nuclear reaction—and the energy-conversion unit, where thermal energy is converted into mechanical work, and then into electric energy, by a thermodynamic cycle and a generator. The PBMR reactor is a gigantic hollow steel cylinder, six meters in diameter and 20 meters high. Its cooling system is helium-based. For reaction control, a graphite cylindrical rod occupies the central axis of the steel tube, and moderates the chain reactions. The reactor’s core (3.7 meters in diameter, 9 meters high), is located within the graphite rod itself.

The core’s central part contains about 185,000 graphite spheres. The outer shell contains roughly 370,000 fuel spheres. Each such sphere, which resembles a billiard ball, is made up of uranium enriched with 8% U-235, surrounded by carbon or graphite. Gaseous helium filters through the central graphite rod and cools down the reactor core.

The second part of the PBMR is the energy-conversion unit. The heated helium which has recovered the reactor core’s caloric energy is compressed during the so-called Brayton thermodynamic cycle.

The question is often posed as to why one should adopt this novel line in high-temperature reactors (HTRs), when there are already perfectly good standard reactors. It so happens that the PBMR is the standard-bearer for a new generation of advanced nuclear reactors. Seen from the vantage point of a developing country, these HTRs present several advantages relative to standard reactors.

First is the Pebble Bed’s passive security system: helium is a remarkably stable and chemically inert cooling gas. The graphite used for the fuel spheres remains stable at temperatures of up to 2,800°C. This preserves the fuel elements’ initial configuration throughout the chain reaction, and protects the reactor core from meltdown. Lastly, thanks to the carbon envelope surrounding the fuel particles, which serves to isolate radioactive radiation, radioactive waste can be stored far more easily, than in pressurized-water reactors, and it can be done on-site.

The second advantage is quick proliferation of power, with non-proliferation of the materials used in manufacturing atomic weapons; e.g., by extracting plutonium from the waste. The Western world is thus more likely to look favorably on the spread of nuclear power throughout the developing countries, with the HTR. Where a standard thermal, hydro-electric or nuclear power station takes at least eight years to build, leading to a risk of over-capacity, such HTRs can be built in two short years.

High-temperature reactors such as the PBMR also have

greater operating flexibility: The modular concept allows mass-production, and new modules can be added on to the primary unit, so as to fine-tune supply to demand within the briefest of time-spans. This can be important during a cold spell for example, when demand soars.

The PBMR allows one to generate, free of charge, surplus thermal energy, which can be used to supply seawater desalinating plants. Compared to other energy generators, the PBMR is relatively cost-efficient: It works out at something like \$1.3 million per megawatt, whereas, in South Africa, a thermal reactor costs \$900,000. Although the gap would seem to be substantial, it dwindles in the long term, owing to the high cost of mining and moving coal. Lastly, use of PBMRs, relative to coal-burning reactors, would significantly reduce the greenhouse effect.

In addition to shareholder approval, approval to continue with the construction of a demonstration PBMR module is subject to a series of milestone reviews by the South African government, the successful completion of the environmental impact assessment process, and the issuing of a construction license by the National Nuclear Regulator. Assuming a favorable outcome of all these approval processes by March 2003, preliminary construction activities could commence by late 2004.

## Energy Deregulation Has Failed in Ontario

by Richard Sanders

The credit ratings of Ontario’s electrical distribution companies—formerly parts of Ontario Hydro—were downgraded on Jan. 31, 2002 by Dominion Bond Rating Service, “because,” said Dominion analyst Nigel Heath, “of the restrictions put on them as a result of Bill 210, in particular the cap on the distribution rates that’s been put in place.” Canada’s energy “privateers” had been hoping for an annual return of 9.88%, but because of the provincial government spending freeze, they will now earn 6.6%. In November 2002, following a growing consumer revolt over soaring electricity prices after the generating market was deregulated, Ontario Premier Ernie Eves capped retail hydro-electricity rates and distribution rates.

The downgrading will make it more difficult for the utility to raise badly needed funds, and threatens rate increases to the consumers, losses to the distributors, and/or bankruptcy.

How did what used to be the third-largest nuclear utility in the world—with about 15,000 MW installed capacity—end up in this dilemma? Ontario Hydro used to be Canada’s largest crown corporation (essentially publicly owned), with

a revenue in 1990 of just under 6 billion Canadian dollars, and 32,000 employees (General Motors Canada has 43,000 employees). This represented an enormous potential. If combined with aggressive industrial exports, as proposed by LaRouche associates in Canada decades ago—building floating CANDU nuclear reactors for export to the rest of the world—Ontario Hydro could be of immense benefit to the entire world. Cheap energy from nuclear could make a bid to reduce poverty in the world—or even eliminate it. So we thought.

## Enter the Mad Utopians

But Zbigniew Brzezinski's crowd, who got President Jimmy Carter to go for a policy of "controlled disintegration of the Western economies," did not intend to allow such productive capacity to continue to exist. "Out of the blue," in 1992, Maurice Strong was appointed to head Ontario Hydro. Strong was a bona fide utopian kook, but also cloaked as a diplomat, a financial speculator, and a billionaire. He is today the second in command at the UN, a top advisor to James Wolfensohn of the World Bank, an associate of Britain's Prince Philip in the Worldwide Fund for Nature—and perhaps worst of all, a close friend and advisor of Al Gore, with whom he partnered an "environmental" scam called Molten Metal, Inc., which was exposed during the 2000 American Presidential election. Strong is the perfect match for Prince Philip, who once said that he would like to be reincarnated as a deadly virus to help with the world over-population problem.

Strong immediately set out to wreck Ontario Hydro. Toronto's daily *Globe & Mail*, on May 24, 1994 listed some of Strong's "accomplishments" as head of that great utility. "He deserves praise for his performance to date. . . . Hydro's work force is one-third smaller than in 1992, having shed 10,000 full- and part-time employees. The utility cancelled \$24 billion in capital spending which had been planned for the next decade."

Strong told *National Review* on Sept. 1, 1997, "Frankly, we may get to the point where the only way of saving the world will be for industrial civilization to collapse." As head of the 1992 Earth Summit in Rio de Janeiro, he pronounced, "The concept of national sovereignty . . . is a principle which will yield only slowly and reluctantly to the new imperatives of global environmental cooperation. It is simply not feasible for sovereignty to be exercised unilaterally by individual nation-states, however powerful."

By 1995, Strong had softened up Hydro for the picking by the privateers, especially since the "Common Sense" (Thatcherite) Conservatives had just won Ontario's provincial election. Now that Hydro was trimmed down to about two-thirds of its former employees, with its capital budget eliminated, the privateers could come in and get their booty.

In August 1997, Ontario Hydro announced it would shut down seven of its nuclear reactors within the next year, the biggest nuclear shutdown in world history. This would in-

clude four reactors each of 515 MWe at the Pickering "A" nuclear station, just east of Toronto, and three 848 MWe reactors at the Bruce "A" nuclear station on the shore of Lake Huron near the town of Kincardine. Ontario Hydro had previously shut down one reactor at the Bruce "A" station in 1995, and was at the time also planning to shut down Canada's last remaining heavy water plant at the Bruce site.

## Privatization and Breakup

On Oct. 29, 1998, Ontario's Conservative government passed a law to split up Ontario Hydro and "open the electricity market to competition," in the phrase now made notorious by Enron et al., in 2000. By 2000, the Hydro was split into five parts, in preparation for the sell-off—Enron was said to be one of the prospective bidders. And on Dec. 12, 2001, outgoing Provincial Premier Harris announced plans to sell the province's electricity distribution grid as of May 1, 2002.

On April 19, 2002, Justice Arthur Gans of the Ontario Superior Court ruled the "Hydro One" privatization illegal, in response to a lawsuit against by two unions: the Canadian Union of Power Engineers and the Communications, Energy and Paperworkers. Subsequently, on June 12, Provincial Premier Ernie Eves cancelled the sell-off of Hydro One (the electricity transmission grid), which had been scheduled for that month. But on May 1, in spite of the ruling, the electricity generation market was "opened to competition." In a month, prices fell below the pre-open market price of 4.3¢ per kilowatt-hour.

But during the Summer of 2002, demand for power reached record levels amid unusually hot weather, as Ontario Hydro was shutting its nuclear units. Bills jumped up 25%, with 100% "spikes." On Sept. 9, the "market supply regulator" of Ontario's deregulated grid implemented a 3% voltage cut. In October, the legislative opposition began almost daily attacks on Eves' government over personal hardship caused by high prices. Eves proposed measures in November to protect consumers from rising Hydro bills: a freeze on rates (until 2006), and rebates (totalling about \$700 million Canadian) to residents and small businesses who were paying more than the government rate cap.

The gullible public might heave a sigh of relief at these caps, but the problem will not go away. Because of the ruthless stripping down of the Hydro by Maurice Strong, its once-abundant capacity—on whose surplus the New England states of the United States relied decades ago—is no longer enough for peak power usage in the province. Capital will have to be invested. The energy "pirates" who bought the distribution networks to cash in on big rate increases, Enron style, may go bankrupt—but does that mean Ontario will no longer need electricity?

What is now the provincially-owned generating utility, OPG, plans to reopen the four Pickering nuclear units, and the British company which now owns the Bruce generating complex expects to re-start two of its four idled reactors.