

European wind power company eyes Maritimes

North American market rules conspire against company's approach to proposal submissions

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A European wind power company sees such potential in the Maritimes that it has just set up a Canadian head office in Moncton.

Preneal Canada Inc. is a full subsidiary of Spain-based Preneal Internacional. The company already has 330 megawatts of wind power in operation in Spain and is in the process of building 500 megawatts more. All together it has sites under contract for 4,000 megawatts of power.

It also has a presence in Greece, Hungary, Bulgaria, and in Mexico, where it is currently developing 700 megawatts of power.

Preneal Canada president Christian Monod says there is huge potential for wind power in the Maritimes.

"The Maritimes will be, whether you like it or not, the real renewable energy hub of the East," he says, including Quebec in the equation.

Monod sees a real desire among people to learn more about wind energy, which makes the timing of his company's move perfect.

"It's like on the stock exchange. You don't invest when the whole market goes up, you invest when everybody is desperate," he says. "What I find is there are a lot of people (who are) desperate. So many people in the regions are calling for help and have been calling forever... Wind energy will be the development and the self-sufficiency of the rest of the province. This is the ideal (industry) for that. It has been in all of Europe, why not here?"

Although wind power is just starting to get off the ground in New Brunswick, Monod says it has been growing in Europe for the past 15 to 20 years.

"It started when it became obvious worldwide that the cost of manufacturing electricity with wind was by far much lower than the cost of manufacturing with thermal, fuel, gas, and nuclear," he says. "The reason the Maritimes are now coming into the game is because the public is demanding it."

But Monod feels wind power will continue to lag behind here because of the market rules.

"Presently the market rules in New Brunswick and the Maritimes in general and in Quebec are totally detrimental to the development of this energy," he says.

Monod's objections are with a system in which the lowest bid wins, instead of a process that rewards the proposal with the greatest positive community impact.

Community impact is something integral to Preneal's business model.

"Our best financial return and our maximum financial return will be achieved when there are the highest regional spin-offs," Monod says. "For anybody not involved in this thing, this is the antithesis (of good business practice) but that is not true."

By regional spin-offs, Monod is clear he does not mean royalties per machine, how much a company pays a municipality to set up shop there, or the temporary jobs created by the construction of windmills.

"These are peanuts," he says. "The real spin-off, the real value for the community comes from the capital ownership of the wind farm... No development in the future for us will come from just giving royalties to landowners and a few peanuts to town hall. We're not interested. This is not how we built our business."

Instead, Monod says Preneal, which is run by four families, sets up partnerships with communities, making the community a co-owner in the wind farm project.

"The value of that ownership, what it represents in terms of dividends, flow, potential to raise money for other matters, and the real value if they want to sell it, you are at a totally different level," he says. "That is really local wealth."

Monod says the problem that arises with best price wins is that some companies choose to operate a project at a loss in order to benefit operations based elsewhere, making it difficult for others to compete.

Monod says Preneal already has several sites lined up for projects, but says it won't go forward with any in New Brunswick under the current system.

"As long as this continues, if it continues, we will not do anything," he says. "The timing (for beginning projects here) depends on how fast the authorities will introduce the right market rules. If they introduce it within six months, I think within a year we will be at serious work, in a year-and-a-half we will start construction."