



HALDIMAND COUNTY

**Report PED-ED-08-2007
of the General Manager of Planning And Economic
Development
For Consideration By Council in Committee**

**RE: Follow up Economic and Financial Impact Analysis of a Potential Nuclear
Power Generation Facility in the Nanticoke Area**

OBJECTIVE: To provide Council with suggested next steps concerning the Economic and Financial Impact Analysis of a Potential Nuclear Power Generation Facility in the Nanticoke Area

RECOMMENDATIONS:

1. THAT Report PED-ED-08-2007 Re: Follow up Economic and Financial Impact Analysis of a Potential Nuclear Power Generation Facility in the Nanticoke Area dated November 23, 2007 be received;
2. AND THAT the Economic and Financial Impact Analysis be forwarded to the Premier and the Minister of Energy in support of the County's position that an Environmental Assessment Process be undertaken for a proposed nuclear build facility in Haldimand County
3. AND THAT Haldimand County work with all proponents to explore the establishment of a new Nuclear Generation Facility in the Nanticoke area.

Prepared by:

Karl, Huyge
Manager, Economic Development
Date: November 23, 2007

Respectfully submitted:

Craig Manley, MCIP, RPP
General Manager
Planning & Economic Development
Department

Approved:

Donald G. Boyle
Chief Administrative Officer

BACKGROUND:

Following receipt of report PED-ED-06-2007 Council approved funding to complete an economic impact analysis for a potential for a nuclear new build project in the Nanticoke area. The report was produced by Dr. Harry Kitchen, Professor of Economic at Trent University, and received as information by Council on October 15th, 2007 (attachment #1 Executive Summary). Funding to a total of \$5,000.00 to conduct the analysis was approved out of the 2007 Economic Development Division budget. Staff was further directed to correspond with Norfolk County officials in an effort to seek their financial support of up to \$2,500.00 toward the cost of the study. Haldimand County has since received the requested financial support from Norfolk County.

ANALYSIS:

The study addresses two issues: an economic impact analysis and a financial impact analysis. The former measures the change in economic activity generated by a proposed new build nuclear facility. The latter measures the contribution to the local tax base. The study area comprises both Haldimand County and Norfolk County because due to the location and both County's would benefit from the economic impact. Only Haldimand County would benefit from the financial impact of the new assessment associated with the facility.

In reviewing the report, it is apparent that a proposed new build nuclear facility would have a tremendous economic impact for Haldimand and Norfolk County's as well as significant financial impact for Haldimand County. The site preparation and construction phase (estimated to be nine years) would result in a total economic impact of \$550 million dollars annually and create up to 940 new jobs for the base case scenario. This equates to 13% of the economic activity generated in Haldimand and Norfolk in 2006. The operation phase (expected to be 60 years) would have an economic impact of \$150 million annually and create between 1,120 to 1,680 new well paying jobs. This equates to an annual increase in economic activity of from 2.9% to 4.3% in Haldimand and Norfolk for each year in the operating phase. The financial impact to Haldimand County would result in an additional \$2.1 million in municipal property tax revenue and \$2.1 million in education taxes for the Province.

While the Economic and Financial Impact Analysis focuses on a proposed new build nuclear facility, it also makes reference to a real opportunity for Haldimand County to become a center of excellence for alternative clean energy generation projects given the distribution infrastructure that exists.

BUDGET/LEGAL IMPLICATIONS:

A new build nuclear power generation facility in the Nanticoke area would have a significant positive impact on the overall economic conditions for Haldimand County as well as the surrounding area.

INTERDEPARTMENTAL IMPACTS:

Not applicable.

LINKS TO STRATEGIC PLANS:

Recommendations in this report are linked to the Economic Development Strategic Plan goal 4.0 - Foster healthy and vibrant industrial activity in Haldimand County.

CONCLUSION:

The Economic and Financial Impact Analysis of a Proposed Nuclear Generation Facility in the Nanticoke area, as completed by Dr. Harry Kitchen, outlines the tremendous potential for economic growth for Haldimand County and surrounding areas. This study should be brought to the attention of senior Provincial officials as part of the County's continued efforts to increase our economic growth and have the Nanticoke area considered for a possible new nuclear generation facility.

ATTACHMENTS:

1. Executive Summary - Economic and Financial Impact Analysis of a Potential Nuclear Power Generation Facility in the Nanticoke Area

REQUIRED AND RECEIVED COMMENTS FROM: Yes or Not applicable	
Clerk's	Not applicable
Community Services Department	Not applicable
Finance	Not applicable
Health & Social Services Department	Not applicable
Human Resources	Not applicable
Information Systems	Not applicable
Legal	Not applicable
Physical Services Department	Not applicable
Planning & Economic Development Department	Not applicable
Support Services	Not applicable
Other	Not applicable

CLERK'S DIVISION REVIEW

Report: PED-ED-08-2007 - Follow up RE: Economic and Financial Impact Analysis of a Potential Nuclear Power Generation Facility in the Nanticoke Area

COUNCIL IN COMMITTEE: December 10, 2007
RECOMMENDATION NO: 4

- Approved
- Approved with Amendments
- Defeated
- Deferred
- Other

COUNCIL: December 17, 2007
RESOLUTION NO: 1012-07

- Approved
- Approved with Amendments (Noted below)
- Defeated
- Deferred
- Other

Amended Recommendation(s):

Council Direction:

Clerk's Division Action Taken:
Letter to be sent out by the Mayor's Office.

**Economic and Financial Impact Analysis of a Potential Nuclear Power Generation Facility
in the Nanticoke Area**

Executive Summary

This study addresses two issues: an economic impact analysis and a financial impact analysis of the construction and operation of two new nuclear reactors at the Nanticoke site for the generation of approximately 2,000 – 3,000 MW of electricity (“New Build”). The former measures the change in economic activity (additional spending and jobs) that could be created by the proposed Nanticoke New Build during the site preparation and construction phase, and the economic impact that the annual ongoing operations (following the construction phase) could be expected to have in Haldimand-Norfolk. The site preparation and construction phase is expected to last for nine years. The impact in this report represents an annual average for each of the nine years. The impact for ongoing operations, which would follow construction, is also represented annually for what is expected to be a sixty-year period.

The financial impact analysis estimates the net impact that the proposed nuclear facility would have on property tax revenues for both municipal and education purposes in Haldimand County once the New Build is fully operational.

Average annual economic impact during site preparation and construction phase

Results from the base case scenario for 2006 suggest that the average annual impact during the site preparation and construction phase would be as follows:

- direct local employment of about 470 persons would generate employment for an additional 470 persons in other sectors/areas, for a total impact of 940 persons per year;
- direct spending on wages and salaries of \$38 million would lead to additional spending of \$53 million for a total impact of \$91 million per year;
- direct spending on materials and supplies of \$220 million would lead to additional spending of \$242 million for a total impact of \$462 million per year; and
- the total impact (direct plus secondary) for the base case scenario from the proposed New Build in Nanticoke is estimated to be \$550 million annually (2006 dollars). This would be equivalent to 13.0% of the economic activity (measured by gross domestic product and reported in Table 1) generated in Haldimand-Norfolk in 2006.

A sensitivity analysis on the base case results suggests that the total impact (direct plus secondary) during the site preparation and construction phase from the proposed New Build in Nanticoke could range from \$440 million to \$660 million annually with the most probable impact likely in the upper half of the range – from \$550 million to \$660 million. On an annual basis, this would have amounted to an annual increase in economic activity of 13% to 16% in Haldimand-Norfolk during the site preparation and construction phase.

The sensitivity analysis also suggests that the impact on direct and secondary jobs could range from 750 to 1,130 new jobs with the most likely impact being in the range from 940 to 1,130 new jobs.

Annual economic impact during operational phase

For the operations phase, the base case scenario suggests that the total impact (direct plus secondary) from the proposed New Build in Nanticoke is estimated to be in the order of \$150 million annually (2006 dollars). A sensitivity analysis suggests that the impact could range from \$120 million annually to \$180 million annually with the most probable impact likely to be in the upper half of the range – from \$150 million to \$180 million. On an annual basis, this would amount to an annual increase in economic activity of 2.9% to 4.3% in Haldimand-Norfolk for each year in the operating phase.

The sensitivity analysis also suggests that the impact on direct and secondary jobs could range from 1,120 to 1,680 new jobs with the most likely impact being in the range from 1,400 to 1,680 new jobs.

Annual financial impact in Haldimand County

If the proposed New Build nuclear reactor had been operational in 2005, it could have generated more than \$2.1 million in municipal property tax revenue. This would have equaled 5.5% of all municipal property taxes collected in that year. Education taxes would also have increased by more than \$2.1 million in 2005. This would have provided an additional 13% for local school boards.