

RENEWABLE ENERGY



Mainstream Renewable Power has entered into a wind power joint venture near Pincher Creek, Alta. NORM BETTS FOR THE GLOBE AND MAIL

Irish firm targets Alberta wind power

BY NATHAN VANDERKLIPPE CALGARY

One of Europe's leading clean energy entrepreneurs has made a bet on Alberta's wind potential with a significant investment in an area that has been dubbed Canada's wind mecca.

Mainstream Renewable Power, a company founded by Irishman Eddie O'Connor, agreed late Wednesday to an 80-per-cent stake in a joint venture with privately owned **Alberta Wind Energy Corp.** on an \$850-million wind development project near Pincher Creek, Alta.

The gusty location in the province's southwest corner is home to more than 200 wind turbines, the highest concentration of wind energy production in the country. Mr. O'Connor is a clean energy visionary – nicknamed “Eddie the Evangelist” – who calls wind the new oil. His ambition is to develop a staggering million megawatts of offshore wind power in Europe – enough to make the continent energy self-sufficient.

The joint venture with Alberta Wind Energy marks Mr. O'Connor's first foray into Canada with Mainstream, a Dublin-headquartered company he founded last February.

He grew his first wind venture, Dublin-based Airtricity, into an Irish phenomenon that sold its worldwide assets a year ago for \$4.1-billion (U.S.).

Last year, Mr. O'Connor signed a \$1-billion joint venture deal with Santiago-based Andes Energy to develop 400-megawatts of wind power in Chile.

Mr. O'Connor's push into Canada prompted relief in an industry that has struggled with choked credit markets and increased bank scrutiny. One domestic wind developer, EarthFirst Canada Inc., has been forced into bankruptcy protection, while many others are struggling, analysts said.

“It's a good signal, because at the end of the day Canada is competing for investment with other jurisdictions,” said Robert Hornung, president of the Canadian Wind Energy Association. “And there's no doubt the challenge is a little tougher for Canada today with the arrival of the Obama administration, which has clearly identified wind energy as a key element of their stimulus package.”

After several years of interest – and some acquisitions – by foreign firms like French-based GDF Suez, Florida Power and Light and General Electric Co.,

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the acquisition market for Canadian clean energy has almost completely dried up since last October.

“This Mainstream and Alberta Wind Energy deal is the first significant one I've heard about in some time,” said Leanne Sereda, leader of PricewaterhouseCoopers Canada's Alternative Energy Practice. In a report released yesterday, PwC found that global renewable energy players conducted \$70.4-billion worth of deals in the past two years, 10 per cent of the energy sector total. Of those, 57 per cent have been wind.

However, the value of such deals in North America dropped by 40 per cent last year, as the global credit crisis wreaked havoc with wind companies that suddenly

found their access to critical streams of capital blocked.

With Mr. O'Connor's reputation for successfully building wind farms, Mainstream sees itself as uniquely situated to capitalize on those problems and is planning a series of “opportunistic” acquisitions. It is looking across Canada – especially in Ontario and Alberta, where it is easier to access electrical grids – and around the world, said Canadian general manager Sherra Zulerons.

“We are one of maybe the few companies that is in a position to make a purchase,” Ms. Zulerons said. “And there are a lot of projects out there that are for sale.”

Canada, she said, is attractive for its proximity to the U.S. grid and its relatively virgin wind landscape: With Alberta Wind Energy, Mainstream plans to produce 400 megawatts of electricity by 2013, almost equal to Alberta's current wind output. The company expects to bring 1,300 megawatts of wind power online across North America within the next five years.

Canada currently generates 2,246 megawatts of wind power, less than a 10th of Germany's output. Alberta is the third-largest wind producer, behind Ontario and Quebec.