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AAER positioned for wind-power updraft

Quebec-based turbine manufacturer. Hydro-Québec opening bids on projects as SkyPower takes stake in firm

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This morning, as Hydro-Québec begins to open bids on its call for tender for 2,000 megawatts of wind power, AAER Inc., the Quebec-based company poised to become Canada's first wind turbine manufacturer, will figure prominently.

AAER is the designated turbine provider for developers that will tender projects for about 2,160 megawatts of wind power, company president Dave Gagnon said in an interview after the deadline for bids closed yesterday.

"We are very well positioned to respond to this (tender) request," said Gagnon, noting that his company's strategy has been to ensure that it will meet Hydro-Québec's stringent local-content requirement.

SkyPower Corp., an established solar and wind power developer, has named AAER as its turbine provider in "numerous projects" that total about 1,000 megawatts, company president Kerry Adler said in an interview.

Earlier in the day, SkyPower announced that it will acquire a 20.9-per-cent stake in AAER, an investment of \$5 million by the privately held, Toronto-based company.

Citing confidentiality agreements, Gagnon would not identify the other wind farm developers who have tagged his company as turbine supplier.

Similarly, Adler would not disclose details of his company's projects or how many there are.

Hydro-Québec is expected to make public some elements of the wind power bids this week, possibly today.

Industry experts and observers expect competition to be fierce and that bids for at least 8,000 megawatts of power will be proffered the utility.

Under the terms of the call for tender, developers must guarantee the expenditure of at least 30 per cent of the wind-turbine costs in the economically troubled Gaspé region and at least 60 per cent of total wind farm costs in Quebec. The wind projects are to become operational between 2010 and 2015

Licensed to use German turbine technology, AAER is now preparing its Bromont plant and expects its first wind turbine to come off the line at the end of 2008, Gagnon said.

The company intends to reopen the factory of a former video-lottery terminal

manufacturer in Ste. Anne des Monts to produce various electronic components and open a factory in Chandler to produce blades and other turbine components, he said.

"We intend to make a turbine from A to Z," Gagnon said.

SkyPower, an affiliate of U.S. investment bank Lehman Brothers, has its flagship wind power project in Quebec, the 201-megawatt Terrawinds farm near Rivière du Loup which uses GE wind turbines.

Its new partnering with AAER should help it deal with the industry-wide problem of turbine shortages, said Matt Kaplan, a wind-energy specialist with Emerging Energy Research.

"Several developers in Canada have stated that they have had trouble securing turbines," Kaplan said.

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