

Part 2 of Two-Part Series on Energy

**Support for New Nuclear, Strong Support for New Natural
Gas, Divided Opinion about Solar**

**Weekly CEO/Business Leader Poll By COMPAS in *Canadian Business*
For Publication Week of September 26, 2011**



**COMPAS Inc.
Public Opinion and Customer Research
Week of September 26, 2011**

1.0 Introduction

In the wake of the high profile collapse of a solar panel manufacturer in the U.S., CEOs and business leaders on the COMPAS business panel were asked for their thoughts on energy supply options. Panelists emerge as supportive of new nuclear energy facilities by a factor of 2.5:1, very supportive of new natural gas generation by a factor of 10:1, and divided about solar energy, as shown in tables 2.1 and 2.2.

The main reason against solar is the high price being paid by the Ontario government for energy from solar panels, as shown in table 2.3.

All in all, panelists are divided about whether it is irresponsible to continue subsidizing solar energy, whether the greenhouse emission benefits of solar justify the cost, and whether our government should keep the solar option in play in case Chinese manufacturers are able to manufacture panels at drastically lower cost.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine.

2.0 Detailed Findings

Table 2.1: Given what you know about different energy sources, when a province needs more electricity and hydro-electric dams are not an option, on a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree with each of the following options.

	MEAN	7	6	5	4	3	2	1	DNK
Build new natural gas generation.	5.7	35	20	24	6	5	3	1	5



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	MEAN	7	6	5	4	3	2	1	DNK
Intensify the regulations for new buildings to require better insulation and more use of renewable energy.	5.6	33	23	22	13	5	0	1	4
Build new nuclear capacity.	4.9	27	13	21	9	9	10	5	6

Table 2.2: More people are now expressing concern that solar energy is too costly as a source of electricity. On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree that Canada's governments should steer away from solar?

MEAN	7	6	5	4	3	2	1	DNK
3.7	18	10	8	11	11	19	19	5

Table 2.3: How much do you agree that each of the following is an important reason to reject solar energy as a viable option? Please use a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly?

	MEAN	7	6	5	4	3	2	1	DNK
The Ontario government pays about 5 times more per megawatt for electricity from solar as for electricity from wind or water.	5.2	35	11	15	8	9	4	6	13
After Spain spent billions to subsidize solar, a Madrid university study found that the solar subsidies were too costly, destroying two jobs for every one they created.	5.0	27	15	9	8	13	5	5	19



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	MEAN	7	6	5	4	3	2	1	DNK
Comparing costs per megawatt for new energy sources, the U.S. Energy Information Administration calculates that natural gas costs about two-thirds of nuclear or wind, which cost about 30-50% of the cost of energy from solar.	4.9	29	11	11	10	8	11	5	14
Following the high profile bankruptcy of California's Solyndra, a solar manufacturer that had received a half billion dollar subsidy from Washington, there is an increasing view in the U.S. that solar is uneconomic.	4.7	20	19	19	9	10	8	9	8

*Table 2.3: Which of the following opinions is closest to your own?
RANDOMIZE*

	%
It is irresponsible for any government to subsidize solar given the high cost of subsidies.	36
Governments should subsidize solar because of the benefits in terms of reduce greenhouse gases.	31
Governments should keep open the possibility of encouraging solar in case the Chinese can manufacture solar panels at radically lower prices.	24
Don't know	9

The following verbatim comments provide a nuanced sense of respondent opinion:



Using water power is the best approach. Our governments need to 'man up' and get past the tough parts to get the dams built.

Natural gas may be cheap today - but that is likely due more to the slowdown in the North American economy, combined with the double hit of new shale gas supplies coming on stream. Counting on "natural gas costs about two-thirds of nuclear or wind" in the longer term would seem to be a foolish gamble, when looking at the cost of new gas production (more in the \$6 - \$8/mmbtu range) and gas price trends for the past decade (including spikes into the high teens. We could be faced with skyrocketing home heating costs, industrial energy, AND electricity.

Maximum use of renewable energy.

Governments need to research and stay on top of developing energy markets and see if there is something that gets created that is cheaper and more energy efficient so that we do not tie ourselves into a long-term source. The market will drive better quality into the products they sell if the competition fills in.

Solar power, like hydro projects is a form of 100% renewable energy. Although the costs may be high if you look at the matter in an abstract way the subsidization of solar, wind, and hydro power is like a form of energy tax. When we run out cheap oil we will at least have some sources of power available.

The long-term energy supply for the world will be solar, and if they can figure out how to dispose of waste, nuclear will be in the picture too. So a start has to be made on finding economical sources of solar power. Oil and gas prices do not reflect the long-term limitation of supply and do not reflect a carbon penalty that is sufficient incentive to look elsewhere for energy. When these two things change, solar will be economical. Maybe not in my lifetime, but the time will come. I doubt if Saudis are funding terrorism. The royalty who get all the oil income are not likely supporting terrorists.



Maybe something new in solar will come soon.

I believe the subsidy to solar required will continue to decline as volumes increase and oil becomes more expensive.

The Ontario government is giving contracts for 80 cents per kilowatt hour for 20 years to people who put solar panels on their property. It then sells the electricity back to the same people who put the panels in for 6-10 cents. I'm not an economic expert but this does not seem to be a sustainable model. Many small hydro dams would be a much better alternative to this madness. The other thing people don't seem to account for is the energy cost and environmental problems caused by the manufacture of solar systems - the solar cell, the batteries the electronics to control it all. It's all a political move with no real scientific or economic basis.

Ontario's Feed In Tariff (FIT) program is a huge boondoggle that will cost the province far more jobs than it will ever create. China is likely to be the hub for solar power manufacturing. As they are able to drive down the cost of solar panels, it might make sense to revisit, but at \$0.80 per kwh for the next 20 years, it is ludicrous to make consumers subsidize perhaps 20,000 jobs. The Oil Sands are here to stay and without them, the Canadian economy would be in as much trouble as the U.S. right now.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted September 24 – 27, 2011. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=80 are deemed accurate to within approximate 10.9 percentage



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points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

