

Alcan awards modernization prelim contract

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The awarding of a multi-million dollar contract is a clear sign of Alcan's commitment to modernization, says Paul Henning.

Henning, whose new title is managing director of BC Operations, announced the contract with ABB Group last Thursday at the opening of a modernization project infocentre in the upper City Centre Mall.

ABB will be paid \$8 million for preliminary engineering work on a new substation at the smelter.

"This is a significant step forward," Henning said, describing the work as "a key step in our project development, it's a fundamental piece."

Henning explained the power requirements for the new plant were completely different from those of the existing smelter - for example the amperage would be three times higher - and the current substation simply wouldn't be able to handle it.

However, he reminded those present that modernization still depended on meeting the three conditions laid out when the project was first announced.

The first - a long term contract with the union - had been achieved last month.

On environmental approvals, Henning said he was pleased to say that the company was actually ahead of where it had expected to be with federal Fisheries and he hoped that condition would be finalized in the next few weeks.

Which left only a new power sales agreement with BC Hydro, a replacement for the one the BC Utilities Commission rejected last December as not being in the public (BC Hydro customers') interest.

Reminded that it was seven weeks since Jean Simon, president of Alcan Primary Metal's North American division, had said a new agreement was only days away, Henning admitted, "It's been frustrating, it's taken longer than we thought."

However, he added, the main thing was to "get it right" this time.

The province having updated its energy plan this year, Alcan and BC Hydro had to ensure any deal meshed with that and was one in which they also had the "highest confidence" in terms of BCUC approval.

"We're only going to have one more chance at this and if we don't get a contract in place that is BCUC approved, then the risk [of not going ahead] is high," Henning noted.

And in that regard, he had a message: "Regardless of how we feel about power in all its fullness, I think we can come together on the modernization, on the actual plant itself. Let's support the modernization.

"The biggest thing we can do together as communities and as people would be to support Alcan and the modernization through the BCUC process."

Dismissing rumours that the provincial government was holding things up on the BC Hydro deal, Henning also played down the impact of takeover talk. On the latter, he said **CEO Dick Evans**, Primary Metal boss Michel Jacques and Simon had all given him the same message: "business as usual - and business as usual means the progression of the project."

Pointing out the contract award meant Alcan was moving forward on aspects of the project even without all three conditions being met, he said that meant the company was taking on a degree of risk.

"By bringing sessions together like this today, we hope to show you how confident we are in moving forward," he added.

If the modernization does proceed, ABB will also construct the substation, a 22-24 month job. Henning said he was unable to release that price tag.

Those on hand for the announcement included members of both Kitimat and Terrace councils, Skeena MLA Robin Austin, KTIDS president Bill Eynon and Chamber president Pauline Maitland.