Geo-Energie inc.
Because geothermics is Serious.
Infoletter

Winter 2008 Number 2

Offer and Demand

Full Text

Canadian geothermics is mostly a history of drilling. This is particularly true in Quebec, where more than 95% of geothermic projects involve vertical boreholes.

The Geothermics market is experiencing sustained high growth. There is now an ongoing challenge to keep up with demands. In 2002, there was a higher installation capacity (offer) than there were customers eager choosing geothermics (demand), this situation is about to be reversed. In fact it's now commercial projects that undergo the biggest increase (in proportion) of demands. A study produced jointly by Natural Resources Canada and the CGC published in December 2007 in the CGC's GeoConnexion magazine notes that heat pump requests of over a 10 tons capacity multiplied by a factor of five (5) since 2002!

In Quebec, it's the institutional market that experiences the greatest growth, propelled by a governmental will to improve energy effectiveness of all their premises. This rise does not only bring positive repercussions. The geothermic industry's main challenge, in the medium term, is to structure itself adequately to answer this increasing request. Odds are that the industry's bottleneck will come from drilling capacities.

Let's take the Quebec market for example: For commercial projects of scale (let's say.... over 15 000 feet of drilling), the bulk of drilling companies likely to tender on these projects is extremely limited. This probably adds up a fleet of drilling equipment of about 20 or so units that can be mobilized simultaneously on commercial projects. There are of course still more drilling machines available, but residential projects and small commercial projects monopolize the remainder of the availability.

This is an expanding problem. It wouldn't be surprising that by spring/summer of 2008, there be a shortage of drilling machines available provincially to realize on time, all geothermic commercial projects currently on drawing tables. There could be costs and scheduling overflows, causing serious headaches to several projects managers.

The short term solution is to re-examine projects scheduling immediately and avoid waiting for June to begin drilling work as it will be too late. Planning in advance for drilling work should make it possible to avoid aestival clogging and all that it can involve.

The medium-term solution is more complex. The purchase of a drilling machine is a very important investment which must be well thought out. Is the current growth of our industry only momentary?

Will the much awaited economic deceleration have a negative impact on the market? Is the current environmental policy prone to change in a short or medium term? These are a few relevant questions to ask ourselves before investing large sums in brand new drilling equipment.

Finally, like the other guy said, *'*You can't buy experience, it's something gained*'*. In other words: A drilling machine is useless if you don't have an experienced borer to operate it. Drilling companies are perfectly aware of this current problem, which the solution can only be by the systematic training of new drilling machine operators and ground loop installers.

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