



ISSN 1181-6465

**Legislative Assembly
of Ontario**

Fourth Session, 37th Parliament

**Assemblée législative
de l'Ontario**

Quatrième session, 37^e législature

**Official Report
of Debates
(Hansard)**

Wednesday 25 June 2003

**Journal
des débats
(Hansard)**

Mercredi 25 juin 2003

**Standing committee on
estimates**

Ministry of Energy

**Comité permanent des
budgets des dépenses**

Ministère de l'Énergie

Chair: Gerard Kennedy
Clerk: Trevor Day

Président : Gerard Kennedy
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Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
3330 Édifice Whitney ; 99, rue Wellesley ouest
Toronto ON M7A 1A2
Téléphone, 416-325-7400 ; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Wednesday 25 June 2003

Mercredi 25 juin 2003

The committee met at 1610 in room 151.

MINISTRY OF ENERGY

The Chair (Mr Gerard Kennedy): We now have full representation and I will call this meeting of the estimates committee to order. We are reviewing, and welcome, the Minister of Energy and Ministry of Energy for a total of 15 hours; we start today. As everyone here I think is aware, but it just bears reminding, the format is a 30-minute statement by the minister, followed by a 30-minute response from the official opposition, a further 30 minutes from the third party, and then finally a wrap-up for either the government or the minister to use. The remaining 13 hours will be apportioned among the three parties in 20-minute segments.

I will now commence the proceedings by calling vote 2901 and turn it over to you, Mr Minister. Welcome. Just a small reminder to staff the minister has with him: as they approach the microphone, if they could introduce themselves and their positions, that would be beneficial for Hansard. Thank you and, again, welcome.

Hon John R. Baird (Minister of Energy, Minister responsible for francophone affairs, Government House Leader): Thank you very much, Mr Chair and members of the committee, for the opportunity to speak today.

As all members will know, a lot has taken place since I last spoke to this committee, and I would like to spend a period of time outlining some of the accomplishments and events of the past eight months. It has been a period of great progress in protecting consumers, protecting the environment and attracting new investment to Ontario's electricity sector.

First, though, I'd like to recognize some of the people here with me today. They've certainly made my tenure as Minister of Energy much easier and have been invaluable through an incredibly interesting and dynamic period. Judy Hubert is the assistant deputy minister. There is a lot of the team from the ministry. Jay Young is the general manager of the Ontario Energy Board. As all of you may know, the Ontario Energy Board notionally falls under the ministry and its books are together with the ministry, so it's not as independent as it could be, but thanks to the Ontario Legislature last night, it was agreed to spin it off. So this will likely be their last period of coming before a legislative committee as part of the OPS.

When I last sat here, we had just finished the hottest summer in about half a century. We had a summer where we faced potential electricity shortfalls and consumers were faced with high electricity bills. Clearly, something had to be done. I'm proud that we've worked over the last year, the last eight months particularly, to try to address some of the challenges. This past November we announced our action plan to lower hydro bills. As part of this plan, we've set the price of electricity at 4.3 cents a kilowatt hour, and this will remain in place through 2006. Importantly, it gives residential customers, small businesses and farmers the rate relief and stability they were looking for. We also capped the rate that people paid for distribution of electricity and launched a review of other charges on people's bills. We certainly heard there was a lot of concern with respect to the volatility, that it had taken the better part of a century to build the former monopoly at the old Ontario Hydro and that it would not be an overnight conversion to a market economy. So we obviously announced some changes that were adopted by the Legislature in an overwhelming vote. I think 88% or 89% of the people of Ontario voted for a member that supported the bill. I was pleased that it was a non-partisan issue.

I believe that we have to recognize that there's a need for new sources of electricity. In November our action plan put in place measures to allow the Beck tunnel project to proceed and allowed the Ministry of Energy to proceed with an independent study on the feasibility of moving forward with the Beck 3 generating project.

There is some confusion about the two issues because they are separate. We have two large tunnels which go from the top of Niagara Falls to the Beck site, some six or seven kilometres from the main falls. What we're looking at doing and what we're committed to do is to build a third tunnel, because we're not using all the water rights that we have through the International Joint Commission. We can get greater performance out of Beck 1 and Beck 2. We have limited capacity to store water in reservoirs behind the Beck plant. If we can have a greater amount of water, that will obviously allow us to run Beck 1 and 2 to a greater capacity and get more energy out of them. That's particularly important for clean energy because, of course, hydroelectricity is a non-emission type of electricity. It's incredibly expensive to build, but it lasts a long time, and most importantly, it's non-emission and is generally reasonably priced. We've done

a lot of work on that, and we'll be coming forward with further information on this.

We have put an RFP out for a feasibility study on the issue of moving forward with Beck 3. That would be a third station located adjacent to Beck 1 and 2. This issue has been discussed, I think by all three parties, over the last 20 or 30 years. What's unknown is how economically feasible it is to build. Obviously, we want to make sure that it is economically viable to do. Perhaps we would not move in the same way that governments in the past did, because the aesthetics of the landscape would be a greater priority now than they perhaps were when Sir Adam Beck initially built the facility. I've had the chance to sit and talk to Ontario Power Generation folks on the ground at Beck and had a look at the situation first-hand. An RFP has gone out for that feasibility study, and we're looking forward to that.

Obviously, if it's economically feasible, we are interested in going forward with it. I think there would be a lot of support for it. It's the birthplace of mass generation of hydroelectricity in the province. We're certainly excited by that. The potential economic development prospects of both the tunnel and the potential Beck 3 are obviously significant. Bart Maves, the local member, certainly pushed hard. There are also other economic benefits for Ontario if some of the contracting can be done. For example, for the liner of a third tunnel, one of the interested parties is a Mississauga-based company, which would be a contractor. There would be a real potential for that, if they were the ones to proceed, so we're excited about that.

We've also directed Ontario Power Generation to accelerate plans for the Portlands project in Toronto, which is a partnership with Trans-Canada Pipelines. We obviously need more electricity in the province. Clean-burning, efficient natural gas has got to be part of the mix. I'm cautious to place all of our marbles in that basket, because the price of natural gas is tremendously volatile. We saw that in December 2000 and January-February 2001. We also recently saw that this past spring. There have been a good number of stories in the business press, as members will be aware, about the shortages in the United States, and about the capacity of natural gas production and the willingness to proceed with natural gas production in Alberta.

There are huge reserves of natural gas in Alberta for 20 years. What remains unknown on the natural gas side is the extent to which it will be required to generate electricity to extract oil from the tar sands and the oil sands in northern Alberta. I think that even if it's from Alberta or if it's from one of their northern neighbours, including Alaska, a great deal of that natural gas could go to extracting the oil from the oil sands. Increasingly, Alberta is a very aggressive province in marketing their oil south of the border. In Alberta, they have potential oil reserves greater than Venezuela or even Iraq. Obviously, there's a terrific amount of interest south of the border. Premier Klein has met with senior officials including Vice-President Cheney. There's a lot of interest in

Washington and Houston in gas and oil from Alberta. But we've been working on the Portland site.

1620

It's also important for another reason. The integrity of the grid and getting enough energy into downtown Toronto is something that's important. There is a tremendous benefit to having another facility in the centre of the city, and of course the old Hearn site is one of them. I have noticed there's a lot of interest in this issue at city hall.

Ms Churley, I've seen some comments attributed to you in the paper where you recognize that natural gas has got to be part of the solution if we're going to close the coal. When I read those quotes, I want to tell you that I welcomed them. I think it's very responsible on your part.

At this time, we also committed to a consultation process on the future of the wholesale market. This will help determine how we can protect businesses and consumers while keeping a healthy market that would attract new investment.

We conducted a huge amount of consultation on that with large users and consumer groups around the province, and made a decision to increase the threshold from 150,000 kilowatt hours a year to 250,000 kilowatt hours a year this past winter. Generally speaking, it's been well received, but not universally. There are some who have expressed some concern. But it still keeps 50% of the retail market open. This allows some demand response to high prices. When prices do spike, there is a benefit for industry to respond. That obviously is good for the environment and for the rest of the market as a whole.

We also committed to review the Ontario Energy Board, with the goal of making it more effective and more accountable. This is something that I've taken a personal interest in. I served as a member of the Agency Reform Commission back in 1997, and prior to that I served as a member of the task force on agencies, boards and commissions. I have a tremendous amount of interest in this type of tribunal.

We did a lot of consultation around the province on this issue. We spoke to a lot of folks. We spoke directly to more than 50 representatives of consumers groups, businesses and energy participants. We got about 78 formal submissions when we posted a request on our Web site. We came forward with legislation that was recently approved by the Legislature.

I think the bill has widespread support. It's considered to be, broadly, a good bill. I haven't heard a tremendous amount of criticism either in the debate in the Legislature or in the public. There was some criticism that perhaps it was not as retroactive as it could have been or various other initiatives related to it, but generally speaking, I think the new energy board act that the Legislature passed last night will do a lot to protect consumers, to give the board the tools and the finances that it needs to do its job effectively.

I think perhaps the mandate of the Ontario Energy Board grew quicker than it could in terms of its having required resources. The ministry and even I have had discussions with the general manager to fight for enough financing for it, and I think its being self-financing will have a welcome impact to allow it to better do its job. I think, as well, being spun off from the ministry at some point, as the legislation suggests, will be good to strengthen its independence. I think consumers need someone independent to protect their interests. Enterprise has to have a fair arbitrator who will do the right thing, and this is a welcome balance.

The appointment of Howard Wetston as chair of the energy board has been universally applauded. Mr Wetston has a terrific amount of experience in this regard. He has most recently served as vice-chair of the Ontario Securities Commission. He takes up his new responsibilities next week. He is a former federal court judge. He was head of the Competition Bureau in Ottawa where he did a lot of work, particularly in the airline industry, and was seen as a successful consumer watchdog. He was of course deputy counsel for the National Energy Board. He is someone who all market participants -- consumer groups and industry alike -- have applauded. His skill set, with the reform that's gone on in the Ontario Securities Commission, will be welcome news for all consumers.

Mr Wetston also indicated a strong desire to assume a policy role, and I welcome that. He will be looking at where we go after 2006, to look at what will be a successful transition and to begin to give consideration to work with consumer groups, local distribution companies and other interested parties at what sort of options should be considered. I'm tremendously proud of his appointment. He is someone we spent a terrific amount of time recruiting and he will do a fantastic job. Together with the new legislation, I think we'll see great things coming out of that.

Last fall we made a strong commitment to alternative energy. The Premier promoted Steve Gilchrist to Commissioner of Alternative Energy and we also introduced proposals that included tax incentives and tax holidays to both promote conservation and encourage new investment in clean and green energy production.

If you talk to virtually any market participant, whether it's a co-op with a wind turbine, solar groups, the hydro industry or others, Steve has worked tremendously well with them and has been able to push a lot of initiatives. One of the recommendations of the all-party select committee on alternative fuels was a renewable portfolio standard. We asked Steve last fall to look at that. He spent an amount of time and pushed an aggressive plan that was reinforced in our throne speech, and we'll be able to see something in short order on that. With a renewable portfolio standard and the government's commitment to buy 20% of its electricity from new clean and green sources, I think that will provide a kick-start to a lot of wind and solar power, even biomass and new hydroelectric capacity -- particularly micro-hydro, for

which we have a huge capacity in the province. I'm tremendously excited about that. That select committee has certainly had a huge effect and has been an example of how we can work together across political lines at coming to ideas and suggestions. You'll be hearing a lot more about some of those initiatives in the near future.

We also set a goal of making Ontario the leading North American jurisdiction for research and development of clean energy technologies. That's why we'll be contributing \$20 million to establish a centre for excellence in alternative energy. We've met with a lot of folks. I recently met with the principal and dean at Queen's University. They have a huge amount of interest in that. I think that's exciting. If we can harness the huge research capacity in high-tech, that can only enhance the marketplace we have today.

So where do we stand now? Our price cap has been a welcome relief for families, farmers and for small business people. Our financial forecasts on this show that it's tremendously important, particularly for small consumers.

As I mentioned, after extensive consultations, we announced the business protection plan. Under this plan, consumers using less than a quarter of a million kilowatt hours a year will be included in the 4.3-cent cap. All others will receive rebates under the market power mitigation agreement. There was a universal consensus that we could pay those rebates out quarterly. These are the pre-existing rebates that were set up to protect consumers against the market power of one participant, which at that time had 90% of the market. It's down to about 70% or 72%, as I understand.

We also kept the wholesale market in place. I think this is important if we want to encourage new investment and continue to attract imported power when it's needed. It also encourages competition among various generators in the province.

The review of electricity charges conducted, I think very capably, by Sal Badali came up with some excellent recommendations for making the bill easy for people to understand; a pilot project with Hamilton Hydro is well underway.

Our sales tax rebate on Energy Star appliances has been very popular. So far we've had more than 60,000 applications for the rebate. I just reported to the House yesterday 45,000 or 50,000; in fact, it's even more than that. It's 60,000 applications. That is exciting. We've approved more than 13,000 new energy-efficient refrigerators, 11,000 new energy-efficient washers, 500 new freezers and 11,000 new energy-efficient dishwashers. These are replacing old and inefficient equipment. The refund is pushing \$4 million. Enough power has been saved just from the conversion of those appliances to equal the total annual power consumed by more than 6,000 homes. So in the early goings of this initiative, it's been very successful.

1630

Our study into the Ontario Energy Board allowed me to meet with a number of groups and as a result we

introduced Bill 23, which I've spoken about. I think it will be good news for consumers and enterprise alike.

We have been working on some short-term, medium-term and long-term initiatives. Just this past week, last Friday, the Premier signed a memorandum of understanding with the Premier of Manitoba to allow further study of the Conawapa generating station and transmission line to Ontario. This project, if it went ahead, would add an additional 1,250 megawatts of clean hydroelectric power to the province. This is something I've had the pleasure of working on with my counterpart, Tim Sale, who's the NDP Minister of Energy. We've worked very well together to push this initiative. He's a very effective individual who was recently re-elected, and we're hoping he'll stay in the energy portfolio as we push forward.

We'd really like to see the federal government get involved in this initiative under their Kyoto plan. Paul Martin has spoken at great length of how the federal government doesn't have a Kyoto plan, and we look forward to getting that.

One of the key things in that which I find disturbing is there's not a clear recognition and commitment from the federal government that hydroelectric power is in fact eligible for credits. The whole idea of sending tens and even hundreds of millions of dollars to Australia, Russia or Third World countries for credits where there's no actual capping or reduction in emissions is crazy when we've got a huge potential here. In the greater scheme of things, it could be far beyond the 1,250 megawatts that's identified. There could be a more substantial amount of power there.

What we would need is the transmission. We're going to look at the business case for it. It may need some federal support. From my conversations and numerous meetings, both at federal-provincial meetings and bilateral meetings I've had in Ottawa-Toronto with Minister Sale, he believes there's a strong business case for it. I guess this memorandum of understanding that we've signed will determine that.

He has indicated, though, that there is a huge amount of interest south of the border to get that capacity. We have an opportunity in Ontario and in Canada to be proactive on this file. It is a long-term strategy, because obviously it would take a terrific amount of time for both the transmission capacity and the dam project to be constructed and become operational. It's definitely six, seven, eight, nine years away. We'll be pursuing that. I'll be meeting Minister Sale as a follow-up to the Premier's meeting with Premier Doer in the coming month to push that. What we hope is that the federal government would make that eligible for credits. It would help ensure its economic viability. You would begin to see the emergence of a national grid, which, as a Canadian, is an exciting initiative.

Since we last met, there has been a huge amount of work done across the province. I had the opportunity to tour and meet with the workers and the team at ATCO at the construction site at the Brighton Beach facility. There

has been a huge amount of work. That facility is well underway and is expected to be on line next year. When it's fully up and running, it will be about 500 megawatts of combined cycle, high-efficiency natural gas generation, which is good news for the province. It's been a partnership between ATCO and Ontario Power Generation. It is a great example where we're seeing the skills that ATCO's bringing to the table coupled with the core competencies of OPG, in working on the project.

Coral Energy is the sub-partner. It sells the electricity coming out of the plant and sells the natural gas going in. I have tried to work closely with Coral. They've made a substantial investment in Ontario and a welcome one. We hope it's an example for other projects in the future.

In the medium term, the Beck tunnel is an initiative. We're well under way at the Portlands facility. Some of the short-terms are through renewable portfolio standards, through Brighton Beach, through the refurbishment of the reactors at Bruce and the one at Pickering. I think that will all be good news. When we get the three reactors up and running in the province, together with the other announcements of plants already up and running, we'll see about 11% more power available than we did last summer, which is good news.

In the budget presented by the Minister of Finance, we have committed to have a task force on conservation supply to make recommendations on how the province can reduce its energy use and increase supply. I expect to make an announcement about this shortly. We've talked to some really outstanding individuals with a lot of experience representing a wide range of backgrounds. It will be a really blue chip panel and it'll be well-received in the province and, I know, by all members of the committee.

We hope this will help meet our commitment to close the coal-burning generating stations by 2015. People asked, "Why did you choose 2015?" We chose it because Jim Bradley, Marilyn Churley and Steve Gilchrist came to us, with the select committee on alternative fuel sources, with a unanimous recommendation to close the plants by 2015. We have taken a number of initiatives before that. We are spending a quarter of a million dollars on pollution abatement at Nanticoke and Lambton. We have a commitment to close the Lakeview facility by 2005. As he has reported to members in the Legislature, the Premier vetoed the sale of two plants in northern Ontario because there wasn't a commitment to convert the plants, which was important. We are obviously continuing the moratorium on the construction of new coal plants.

I do think it's important, and I underline this, to be realistic. If we could snap our fingers and all five plants were turned into natural-gas-fired plants, frankly, I'm not sure we could get enough natural gas into the province through the existing pipeline capacity. I'm not sure. If we could, the costs of the retail price of natural gas in the province would skyrocket. We've seen a number of stories in recent months and weeks that I can refer to about shortages and slowdowns and bringing new

supplies of natural gas on-line, but undoubtedly, natural gas in Ontario would become demonstratively more expensive, if you could even get it here. I think it's unrealistic to expect that by 2007 it will be achievable, and I accept the recommendations of the select committee.

One thing I would say with respect to coal is that we do have work to do with consumers. If we want to move to environmentally appropriate generation, it's going to cost more. Natural gas costs more than coal. Coal is cheap and natural gas is more expensive. People will have to understand that it will cost more if you are going to change. Obviously there's no doubt that we want to change. We are also closely watching new research done into pollution abatement with coal. I think there's a lot of exciting research going on and we follow that very closely.

Ontario Power Generation is buying a higher-grade coal that's better for the environment than the coal they used a number of years ago. We've been steadily reducing our reliance on coal in the province. Just two years ago it was at 30%. It's now down to 24% of our capacity. I think it's important not to put all of your eggs in one basket, not to focus entirely on nuclear, wind, solar, hydro, fossil fuels, natural gas or oil. I think we have a responsible plan that will ensure the viability of the Ontario economy.

One of the things that I'm concerned about is our major trading partners. Not all of them but many of them are using substantially more coal than we use. If you look at Illinois, Michigan or Indiana -- Michigan is our greatest trading partner. If you look at Illinois and Indiana with the auto sector and auto parts -- the auto industry is big -- they use a substantial amount. In most cases, well in excess of 40%, 50%, 60%, even 70% of their electricity is generated by coal. I don't want to see a coal plant close in Ontario, for example in Lambton, and the next day a new coal plant open across the other side of the river.

1640

The Chair: You have one minute to wrap up.

Hon Mr Baird: Perhaps I'll finish my remarks during the last 30 minutes when we have an opportunity to respond. We feel that we have to do more in working with the Americans, with various states, co-operatively with the federal governments of both sides to ensure that we don't close a coal-fired plant in Ontario, only to have to see new coal-fired plants or existing coal-fired plants on the American side boost their capacity and then have even more smog. That's something that's important.

The Chair: I now turn to the official opposition for 30 minutes. Just a note that you may use that for a statement or you may, with the concurrence of the minister, engage in discussion.

Mr Michael Bryant (St Paul's): Thank you, Minister, and assistant deputy minister, for being here. We are on our way, as you may know, to a day of record demand. The all-time record, at least since the time we have been recording, on August 13 was 25,414 mega-

watts. As of 2 o'clock this afternoon, the market demand was 24,225 megawatts.

Hon Mr Baird: What did you say? Pardon?

Mr Bryant: Twenty-four thousand, two hundred and twenty-five as of 2 pm. So we are on our way to breaking that record.

Hon Mr Baird: Well, it's now up to 24,704 at 4 pm.

Mr Bryant: Yup, we're getting there.

Hon Mr Baird: It's 35 degrees out.

Mr Bryant: I would imagine we will break the record.

I guess my first question is, have you been notified of any blackouts or brownouts by the IMO?

Hon Mr Baird: Not with respect to generation or heat-related problems. I know that we did have a transformer that went down; it wasn't heat-related, but it was an equipment failure, affecting about 20,000 people in the great riding of St Paul's. I understand now the power's back on.

Mr Bryant: We survived.

Hon Mr Baird: I've lived in the province for 34 years now and from time to time there will be an equipment failure anywhere in the province; from time to time someone will veer off the road and hit a hydro pole and the lights go out in an adjacent area, so that's not new.

Mr Bryant: The spokesperson for the IMO, Terry Young, said, in effect, that you get blackouts -- generation blackouts, we might as well call them for the purpose of this discussion -- when the reserve margin is gone completely. We're obviously tip-toeing up to that point. You tell me that there hasn't been a generation blackout today. Is this something that the IMO informs the ministry of? Is it something that the IMO would have made public? What's the protocol, if you like, for advising the public of blackouts and brownouts?

Hon Mr Baird: First of all, the IMO is an independent market operator. They don't report to me, they don't work for me; they work for consumers and market participants. At every opportunity Dave Goulding, the CEO, and Jim Baillie, the chair, underline that point, as it should be -- an independent body. We do stay in touch. The officials within the ministry do stay in touch, for a whole variety of reasons, with the IMO.

As you'll recall, from time to time, very infrequently -- only once in the last eight months -- they have to put out an alert to the public to ask for their participation to conserve energy. When we get into a period of time when there is a concern, that would certainly be the first step if there was a problem in the province of Ontario.

IMO used to be with the former Ontario Hydro for decades. It has obviously had to make contingencies. If, for some reason, all the nukes went down -- we have a varied electricity system -- if for some reason there was a major problem in the grid, they would have to prepare, as you would expect, for those emergencies. We had an ice storm in my part of the province, in eastern Ontario, and they learned a lot from that and do an even better job, I think, now. But obviously when your margins are tight, that's your insurance over what you expect to need.

To be a participant in Ontario's electricity market requires you to prepare an emergency plan describing how to respond to emergencies affecting either the supply or the delivery of electricity. The market rules contemplated that and that's something that obviously --

Mr Bryant: Would it be the ministry, the minister, who would notify the public of blackouts and brownouts or would it be the IMO?

Hon Mr Baird: The IMO.

Mr Bryant: You're going to be made aware of it, of course.

Hon Mr Baird: Obviously I would be active in that.

Mr Bryant: So the emergency plans are actually in the IMO --

Hon Mr Baird: With all market participants. For example, Toronto Hydro, as they have for decades, would obviously have contingency plans if there was a car accident, if a car took down a distribution pole, or if a line snapped on a transmission line, as has happened tens of thousands of times over the last century.

Mr Bryant: Just so I'm clear, though, the public would find out in the event of brownouts or blackouts?

Hon Mr Baird: Yes, of course. There's a clearly established protocol. If you talk to Terry Young, I'm sure he'll go through it for you.

Mr Bryant: You mentioned yesterday during question period in the Legislature the 500 megawatts with the new plant that's opened up in Sarnia. My understanding is that that plant has been down since Monday. Is that the problem? Is that part of the reason we've had such high imports?

Hon Mr Baird: The market rules are obviously there with respect to reporting. We have upwards of 323 plants in Ontario and from time to time one will go down for equipment failure, for servicing, planned or unplanned. So it's not uncommon for a plant, much like a car, to require servicing from time to time.

Mr Bryant: You mentioned yesterday in sort of defence --

Hon Mr Baird: It's one of the new plants that opened this past --

Mr Bryant: So it's your understanding that it's up and running.

Hon Mr Baird: As a market participant? I don't know what they do. It is public that it's been out for a few days. It's been up and running, though, since March. Just as any plant -- you know, the TTC has X number of buses and every day a few are off the road for maintenance. Sometimes that's planned, where they're doing an engine tune-up, and sometimes it's unplanned, when something unplanned happens.

Mr Bryant: The budget papers obviously refer to the income of Hydro One. My question is about the agreement in 1999 between Ontario and Quebec for a 1,250-megawatt -- I think I've got this right; you'll correct me if I'm wrong -- interconnect. The cost was going to be \$100 million from Hydro One as initially estimated in 1999, but the lion's share was going to be picked up by Hydro-Québec. The Quebec portion of the interconnect,

as I understand it, was to be constructed by Hydro-Québec TransEnergy and obviously the Ontario part covered by Hydro One.

My understanding is that circumstances have changed, that the tariff structure is such that the incentives are gone for the transmission and generation side in Quebec and that the deal is basically dead and we're not going to get that interconnect in Ottawa between Ontario and Quebec. Is that right?

Hon Mr Baird: I certainly wouldn't say it's dead. I think we have had some really significant challenges seeing the issue go forward. Hydro-Québec has had some significant concerns. I don't know whether it would be helpful for me to publicly speculate as to what they might be.

I can tell you that Glen Wright, the former chair of Hydro One, took on the file personally to work with his counterpart in Quebec. I'm hopeful that the election of the new Premier, Jean Charest, will reduce any sort of nationalist concerns. Last night I met with Quebec's representative in Toronto and a Quebec minister and I raised the issue. I'd also raised it with the new inter-governmental affairs minister in Quebec and hope to be able to get together with the minister responsible in Quebec.

It is unclear, as any new government takes over, as far as who the players were before the election and whether they'll stay in place after the election. We took a period of a month or two to allow the new government to get settled. I hope to have the opportunity to sit down directly with Rita Burak. We met earlier this week and are beginning to plan to get together with our colleagues in Quebec. I know the Premier is taking a personal interest in this.

1650

Mr Bryant: Have you revised the cost estimates?

Hon Mr Baird: I think the entire project is about \$300 million. Quebec is one of the only jurisdictions in North America which operates on a different current or voltage -- phase -- so we need a phase shifter. I'm not an engineer -- we'd need a phase shifter. So we don't know whether it would be on the Ontario side or the Quebec side. Basically, it's almost like when you go to Europe and you need to have one of those adapters. It's incredibly expensive. It depends on which side of the border it's on. Obviously, you would expect that there would have to be some negotiations on how the costs were split. It's not like you're having to build a new transmission system, because you could put it along the existing corridor from Quebec through the Hawthorne facility.

Mr Bryant: But construction has not commenced yet?

Hon Mr Baird: The Régie has not approved it in the province of Quebec. We have all of our approvals in place in Ontario with respect to the environment and other things, but the regie, the regulator in Quebec, has not approved it, and Hydro-Québec has not agreed to proceed.

Mr Bryant: Pickering A is next. I don't have time to go through all of the restart estimates. Historically, we know that in 1999, Ontario Power Generation's original submission to the Canadian Nuclear Safety Commission was that the restart target date was March 2000. That was a long time ago. According to the OPG annual report in 1999, all four units were to be up by now. Of course, we don't have any up.

When I asked you about this in October, you wouldn't give me a date. You said you wanted to have some better information. May 28, I think, is the last new news on it, in which you said there'd be substantially more power from Pickering A in July and, as I understand it, unit 4 would be fully up and running in August. Is that still the case?

Hon Mr Baird: Give or take a week. The good news is that the federal regulator did lift the guaranteed service shutdown earlier this week, which was an important milestone.

Mr Bryant: But there are further delays, then?

Hon Mr Baird: Not that I'm aware of; not that I contemplate today. The direction I've given them is that they have to ensure not just to meet the federal regulatory requirements but to ensure that the plant can be operated safely and effectively.

Mr Bryant: I think you're being very honest in saying, "Give or take a week," but I take it that you said, "Give or take a week," because you're anticipating delays?

Hon Mr Baird: The information from May 28 is that they'll begin to generate electricity in July and hopefully be up to full steam by the end of August.

Mr Bryant: But have you gotten any new news since May 28?

Hon Mr Baird: No.

Mr Bryant: Bruce: we also know that there are some delays there. What is the latest on the estimates?

Hon Mr Baird: I'd like to speak to Bruce because -- to be fair, you haven't done this -- I always hate to see Pickering compared to Bruce. Bruce may be behind a few weeks or a month or two from this spring. Of course, Pickering is the same, plus three years. So the Bruce transaction, I think, has been incredibly successful. The best information that I have is on or about August 17; I think that was contained in the IMO outlook.

Mr Bryant: Just back to Pickering; sorry. After unit 4 is completed, give or take a week, in August, I presume, there are projections as to the 3, 2 and 1 units in Pickering A. Several years ago, the working assumption was that it would take an additional six months for each. Is that still the case?

Hon Mr Baird: One of the things that we've done, as you know, is we've appointed a three-person review team headed up by Jake Epp to look into the reasons and reasonableness of the delays and costs of the project. I want to have their advice and conclusions on units 1, 2 and 3.

Mr Bryant: So you can't say right now?

Hon Mr Baird: I'll reserve my judgment until I get their advice. I think the three of them are an outstanding group of individuals.

Mr Bryant: Yes, they're all great. It just wasn't clear; at one point it looked like part of their terms of reference was perhaps to look at whether or not it doesn't make sense to continue with the refurbishments of units 1 to 3.

Hon Mr Baird: I would certainly like to get their advice on units 1, 2 and 3 before I come to a conclusion. I think one of the things I've learned is to get the information first and then form judgments second.

Mr Bryant: So in fact they will be looking at, then, the viability of refurbishments in units 1, 2 and 3?

Hon Mr Baird: I'm going to be looking to get their advice on the project before I come to a conclusion.

Mr Bryant: OK. The temporary natural gas generators that were announced, I guess, on June 3: the first question I wanted to know was with respect to the status of the contract negotiations. Have those been completed?

Hon Mr Baird: They're just about complete.

Mr Bryant: Any estimate as to when they might be completed?

Hon Mr Baird: I met with the Ontario electricity financing authority team this morning about that very issue. They are completing a number of the things in the near future. I just don't want to put any of those contract discussions in jeopardy, as you'll understand.

Mr Bryant: The interconnection assessment I know has to take place. Has that been completed or will that have to wait until after the contract negotiations are finished?

Hon Mr Baird: Many of the seven have already looked at that. Obviously, the final approvals have to follow the contract signing, which obviously will follow their successful completion of the RFP process. Some are farther along than others. Some will be a slam dunk. If it's a transformer yard, you know, it's obviously easier.

Mr Bryant: Also I take it nominal approvals will be necessary and those will --

Hon Mr Baird: Certificates of approval obviously will be required.

Mr Bryant: And we can't start those I guess until the --

Hon Mr Baird: Those are well underway.

Mr Bryant: They're well underway.

Do I take it then, since the contract negotiations have not been completed, that we won't see the temporary generators up and running in July?

Hon Mr Baird: I think you'll begin to see them come on-line in July, the end of July. You'll certainly see a majority by the end of July.

Mr Bryant: But not all of them.

Hon Mr Baird: We'll wait and see the contract discussions. That's the estimate that we have now.

Mr Bryant: OK. The cost: \$100 million, which I think is a lot of money, was the estimated set-up cost, I think is how you put it, and you can explain that.

What are your estimates for the other costs? I know there are fuel costs. There will be the cost of keeping the generators on standby. It's not just \$100 million.

Hon Mr Baird: The \$100 million would include the set-up and standby. Obviously there would be the --

Mr Bryant: Dismantling too?

Hon Mr Baird: Yes.

Mr Bryant: So set-up, standby --

Hon Mr Baird: To basically have the power available if called upon.

Mr Bryant: Everything but the fuel. Is that right?

Hon Mr Baird: Yes, and the marginal operation costs.

Mr Bryant: What is that?

Hon Mr Baird: It has to basically be on standby, so the difference between standby and if there was a -- I'm trying to think of an example. A fuel tax would be one. There might be associated maintenance costs with it running or something like that. I think those would be fairly insignificant in comparison to the total cost.

Mr Bryant: I've no doubt the ministry estimated what the fuel costs would be, and I realize these are going to be estimates. What are the estimated fuel costs?

Hon Mr Baird: I think we're just in the final part of the negotiation, crossing the t's and dotting the i's, so, as you'll appreciate, I wouldn't want to jeopardize that. We have people probably in another building across the street working on the contracts. I don't want to jeopardize those, as you would understand. I'm sure that's the kind of good advice you would provide to a client in your former days as a Bay Street lawyer.

Mr Bryant: Perhaps, but those days are over.

The accusation has been made in here -- I'll make it now -- that the government in fact doesn't know what those costs are, and that's why you're not telling us. In fact, the fuel costs wouldn't be relevant to the contract negotiations as it speaks to set-up and operating them. If you in fact knew what the fuel costs were, I have no doubt that you'd tell us. Why --

Hon Mr Baird: Well, since it's a variable charge, obviously you see natural gas prices traditionally go down during the summer months because it's not used as much as it is in the winter. Having a reserve margin, as we want to have, you obviously plan to have electricity generation that's available but not used.

I was reading the other day the new bestseller, *Public Power*, by Howard Hampton. He sort of summed it up well. He said:

"Most systems plan for a surplus of around 15% over peak demand. This is our reliability insurance.

"Why is this a challenge? Because idle capacity has to be paid for, even when it's not being used. Insurance is not free."

Obviously, in this one instance with respect to electricity, Howard is correct.

1700

Mr Bryant: By the way, did you say that power has been restored in St Paul's as a result of that blackout?

Hon Mr Baird: As I understood it, the last report that I got half an hour ago is that the power is back on.

Mr Bryant: Just to confirm, you said that the cause of it was not a generation blackout?

Hon Mr Baird: As I understand it, my information was that a Hydro One transformer went down. It was not heat-related. It was the result of equipment failure, and it affected 20,000 people in your constituency. I was told the power is now back on. As I understand it, there is some media interest trying to suggest it's something that it's not. I'm sure Dan Miles is actively working on ensuring that the facts get out, and if he's not -- he is.

Mr Bryant: Thank goodness you're here.

Hon Mr Baird: That's one of the things which I think is a concern. I mentioned that I've lived here in Ontario for 34 years, my entire life, and we do lose power from time to time. Every time the lights flicker, people scream, "Blackout." That's not responsible.

Mr Bryant: The price cap thus far has resulted in a shortfall of \$600 million. Do I take it you're still maintaining that the price cap is going to pay for itself?

Hon Mr Baird: We presented an action plan, the centrepiece of which was the 4.3-cent price cap for 50% of the market. I think it was predicated on three, four or five things: one, that we'd be able to look at 48 months -- 48 months would be a more stable weather pattern; two, that when we brought more baseload generation on-line that would have a positive effect on price -- obviously, nuclear power as baseload is less expensive.

Mr Bryant: I'm sorry; I don't have a lot of time. Is it still the government's position that the price cap is going to pay for itself?

Hon Mr Baird: I think the action plan and the fund will pay for itself.

Mr Bryant: There is a report out from Peterborough Holdings Inc. Minister, are you aware of this report?

Hon Mr Baird: With respect to --

Mr Bryant: It was put out by --

Hon Mr Baird: We have 92 or 94 different local distribution companies.

Mr Bryant: Really? I don't know if you're aware of this. It was in a published report, the annual report of Peterborough Holdings Inc, and it estimated that the cap was going to cost \$6 billion. There's a pretty big difference between zero and \$6 billion.

Hon Mr Baird: I think that's crazy.

Mr Bryant: You think that's crazy -- \$6 billion?

Hon Mr Baird: Yes.

Mr Bryant: How come?

Hon Mr Baird: You'd have to do the math yourself. Obviously, a major source of the fund is the market power mitigation agreement for the 50% of consumers. Perhaps that's the gross cost and not the net. In November when we were developing this platform, Ontario Power Generation was getting revenue averaging about \$100 million a month. So I suppose that would be about 12 times 48 months -- that would be \$4.8 billion. Perhaps if that report you're citing is talking about the gross and not the net, then I think that would be alarmist.

Mr Bryant: It's a \$600-million shortfall to date. I take it you're going to somehow --

Hon Mr Baird: The power is on.

Mr Bryant: What's that?

Hon Mr Baird: We've been in touch with Steve Andrews at Toronto Hydro, and the power is on.

Mr Bryant: The bearer of good news.

Hon Mr Baird: The Ontario electricity system is working hard for the constituents of St Paul's.

Mr Bryant: I don't know if they feel that way, but we'll --

Hon Mr Baird: I think the team at Toronto Hydro -- there are a lot from the Power Workers' Union out there working hard to get the lights and the transformer back on. I have a lot of confidence in the power workers.

Mr Bryant: I have a lot of confidence that my constituency phone is ringing off the hook right now, so we'll give them that news. Thank you.

Negative option billing: the Ontario Energy Board put out a consumer advisory on this subject. I know that you have said there are no electricity retailers out there seeking renewals right now. If that's the case, then why would your regulation cover electricity contract renewals when the issue was always about natural gas?

Hon Mr Baird: As you know, the Ontario Energy Board Act was tabled long before I spoke to this issue. Certainly one of the things that came out of the Ontario Energy Board reform discussions was we wanted to harmonize the rules and regulations for gas and electricity, and there was the suggestion that this was somehow a way of getting people off the 4.3-cent price cap. That certainly isn't the case. There's no one out in the field offering it. You can't get a renewal notice sent, because no one is offering to renew.

Mr Bryant: So what do you say? I mean, it's the Ontario Energy Board; it's not some fearmongering organization. They expressed the concern that in fact while there may not be a retailer right now --

Hon Mr Baird: I could make it clear: not one single person will lose the 4.3-cent cap, not a single person.

Mr Bryant: Then why pass the regulation to create the opportunity?

Hon Mr Baird: We've combined natural gas and electricity. That's what we're seeking to do. We can't with one hand say we want to harmonize the rules and regulations and then do the opposite with the other.

Some people may want to come off the 4.3-cent cap. I've talked to people who want to buy clean electricity, they want to buy solar, they want to buy wind, and they're prepared to pay a little bit more for it because they think it's environmentally responsible. Kudos to them. The government's going to be doing that. We're going to be buying 20% of our electricity from clean, green, renewable sources. That's a commitment we made in our action plan. It will likely cost more than 4.3 cents, but I think we want to lead by example. So we'll be one of the customers that would go off that 4.3 cents.

Mr Bryant: The estimates obviously cover your expenses. You have said that you have not had any of your

expenses covered by Ontario Power Generation. Is that right?

Hon Mr Baird: None to speak of. The odd time you might -- I think I got a baseball cap from Ontario Power Generation. I think I had lunch with their board of directors once at the OPG boardroom, expenses like that. I have not gotten any ground transportation, no travel, nothing whatsoever.

Mr Bryant: The position defended by your predecessor as government House leader was that it was satisfactory to have ministry expenses picked up by Ontario Power Generation. The problem, as I see it, is that it takes expenses that would otherwise be made public and puts them in a place where they wouldn't necessarily be disclosed.

Is it going to be your practice as Minister of Energy to avoid having expenses picked up by OPG?

Hon Mr Baird: We'll obviously -- I haven't had occasion to -- look to the Integrity Commissioner. I know Chris Stockwell. I know him to be an honourable person. I think he acted in good faith on that issue. To his credit, the minute the issue was raised in the public domain with respect to the appropriateness of it, he picked up the phone and called the Integrity Commissioner and said, "Hey, what do you think?" The Integrity Commissioner will make a determination. Mr Stockwell has said he'll make it public, to his credit --

Mr Bryant: Still?

Hon Mr Baird: That's what he said in the Legislature.

Mr Bryant: I just assumed we weren't going to see it.

Hon Mr Baird: I think that if it was a violation of something you probably would have filed a complaint. There is a process where only members of the Legislature can file complaints against one another. It's a process that's regularly done. I notice you didn't file a complaint against him, so I've got to assume that if you thought he had done anything wrong you would have filed a complaint with the Integrity Commissioner under the act, and you could --

Mr Bryant: I think it's pretty clear that the act covers as to whether or not it's a gift or a personal benefit, and that's not my concern. My concern is diverting funds from public view --

Hon Mr Baird: If you thought it was something untoward --

Mr Bryant: -- and a Minister of Energy having an expense account --

Hon Mr Baird: -- I thought you would have made a complaint to the Integrity Commissioner and said, "I want to file a formal complaint," where affidavits would be required --

Mr Bryant: Nice try. You know, Minister, I think it's pretty clear that what Minister Stockwell did is not defensible, and if you want to start defending it now you do it at your own peril.

In any event, I take it that it's your position that the Minister of Energy ought not to be, on an ongoing basis,

having his or her expenses put through Ontario Power Generation.

Hon Mr Baird: Given that one of my colleagues, my predecessor, has had to step aside pending a review of the Integrity Commissioner, it's obviously something that was a concern.

The Chair: You have approximately three minutes.

Mr John Gerretsen (Kingston and the Islands): Can you just give me a sense as to what the ministry itself is actually doing with respect to the issue of supply? The way I see it, supply is going to be the crucial issue in the next two, three, five, 10 years. What is the ministry doing to encourage an increase in supply? What are you actually doing?

Hon Mr Baird: Your question is very valid. You're right. Supply is the big question. I think Mr Conway made that point. You were in the House I think for it when he spoke, and I agreed with his comments.

We've done a number of things. We've put in place a series of significant tax incentives to encourage the development of clean, green electricity. For example, the Beck tunnel project couldn't go forward with the old tax regime. We've changed that. Conservation initiatives like the Enwave project here in Toronto, the deep-water cooling project -- they came forward and said, "Listen, here's a tax system that's anti-environment. Would you change it?" That will conserve a good number of megawatts, potentially double-digit megawatts, so we've done that.

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In the budget, Mrs Ecker committed that we'd come forward with a task force on supply and conservation; I'll be announcing that very shortly. We've recruited a topnotch group of individuals to look at that.

Mr Gerretsen: OK, what about Beck 3? What's the government's position with respect to Beck 3?

Hon Mr Baird: As we committed to do in the action plan, we issued an RFP for a feasibility study to look at the economic viability of that project. I've worked very hard on the --

Mr Gerretsen: What kind of a timeline are we looking at?

Hon Mr Baird: At the end of the year I think we'll know.

Mr Gerretsen: End of the year for what?

Hon Mr Baird: For whether it's feasible to proceed. I mean, it can be done. The question is, is it going to be 25-cent power or is it going to be --

Mr Gerretsen: Let's assume it's feasible.

Hon Mr Baird: If it's feasible, it will be done -- definitely.

Mr Gerretsen: By whom?

Hon Mr Baird: We'll look at that. We'll wait to see if it's feasible first.

Mr Gerretsen: I mean, is it the intent of the government to do it itself, through OPG, or is it the intent of the government --

Hon Mr Baird: Well, obviously the Beck site, being the first site, being on the Niagara Escarpment and along

Niagara Falls, I'm very sensitive to that and the government is sensitive to that. We'll look at that issue.

Mr Gerretsen: Have you got any idea as to how much energy you can actually produce there?

Hon Mr Baird: Six hundred megawatts?

Interjection.

Hon Mr Baird: Nine hundred megawatts. If it's a viable project, I'd be excited by it.

Mr Gerretsen: Nine hundred megawatts. So that would be about 2% or 3% added to the existing --

Hon Mr Baird: And the base load too.

Mr Gerretsen: Any other projects the government itself would be committed to?

Hon Mr Baird: The Conawapa project that I spoke of earlier that Premier Doer and Premier Eves signed a memorandum of understanding on. That's 1,250 megawatts. That's something I'm very supportive of. I've worked very closely --

Mr Gerretsen: You're studying that right now.

Hon Mr Baird: Yes. They're looking at the economic viability.

Mr Gerretsen: When will you know whether or not that's feasible?

Hon Mr Baird: I would hope November. We would have been cutting the ribbon today if it hadn't been cancelled by a previous government.

Mr Gerretsen: What about Quebec? You're talking to Quebec right now.

Hon Mr Baird: You bet.

Mr Gerretsen: What do you hope to get out of that and when?

Hon Mr Baird: A transmission line for 1,200 megawatts in three years.

Mr Gerretsen: In three years.

Hon Mr Baird: Yes. The Portlands Energy Centre by 2006 is an initiative that we're working on very hard. It's a joint partnership between OPG and TransCanada Pipelines, which is exciting. It's important particularly for the stability of the grid in downtown Toronto and we've been working very hard on that. They're going forward and doing the environmental assessment now and they'll be starting it --

Mr Gerretsen: Why, according to your plans, is it going to take 10 --

Interjection.

Hon Mr Baird: Then maybe they haven't had the hearing, but they've --

Mr Gerretsen: She'll get her opportunity in a moment.

The Chair: I have to interrupt the exchange.

Mr Gerretsen: I was just getting started.

The Chair: We're a minute over time so I'll ask you to hold those thoughts, that discussion, and ask you to return to it perhaps in the next round. We don't know exactly when the opportunity will come.

I now turn to the third party. Ms Churley, you have 30 minutes which you can use for a statement or you can engage in discussion with the minister, with his concurrence.

Ms Marilyn Churley (Toronto-Danforth): Thank you very much for this opportunity. I guess I'll just pick up from where we were heading when it came to me. I do know what's going on. Because there's a community process, this is going to be in my riding, should it be built. The environmental assessment is a different process. A different specific process was set up to deal with new generation outside of the environmental assessment process and we're in the middle of that right now. I think we were told by the end of this month -- I've forgotten what it's called -- the document coming from the proponents would be coming forward to the Minister of the Environment and we're going to be getting a copy for everybody to look at. I must say that it is controversial in the community.

We're working through various questions and processes. One of the issues for me, because of our very strong position on public ownership, is the public-private partnership in this case. There are a number of other issues and questions that the community has about this, ranging all the way from those who believe -- and, frankly, I think as we hear more and more about the costs of gas and the volatility -- that it can only be used in that short interim way as we try to get away from using fossil fuels, so I just wanted to --

Hon Mr Baird: I'd certainly offer you, informally, if the Ministry of Energy or the OPG can work with you and your office on getting the information, we'd certainly be happy to because I think it's a good project.

Ms Churley: We do. In fact, we are working very closely with --

Hon Mr Baird: Frankly, I think your public comments, certainly recently, have been responsible and I want to put that on the record.

Ms Churley: Thank you. The other thing I wanted to comment on before I get to my questions is your comments both in this committee today and in the Legislature about the select committee on alternative fuels, on which I was the official member from the third party. I was the only New Democrat there. I think it would be fair to say that I caused more trouble on that committee than anybody else.

Hon Mr Baird: Than Steve? You're claiming to cause more trouble than Steve?

Ms Churley: Yes.

Hon Mr Baird: That's quite an accomplishment.

Ms Churley: No; in terms of making Steve compromise.

Hon Mr Baird: I heard it was the other way around.

Ms Churley: No, not in this case. I'm happy to say that in the spirit of co-operation, a lot of compromises were made. We were under a tight deadline. We all agreed that we wanted to sign off and meet the commitment of the deadlines for the interim report and then the final report. I think it is fair to say that some of the target dates for some of the proposals and recommendations are extremely aggressive and may not be -- frankly, we'll see. I think we're falling behind on many of them now. As for the date on phasing out coal, it was a compromise.

Hon Mr Baird: But you signed off on it.

Ms Churley: I did. I signed off on a report, in fact, where I thought I'd had all of the references -- this is one of the things I demanded -- on private generation of power taken out. Upon receiving the report, I noticed that one slipped by, and I wrote a letter to clarify that.

Hon Mr Baird: Which one was that?

Ms Churley: I forget now, but there was something.

I just wanted to say, though, in all seriousness that I see those recommendations as a benchmark, but that shouldn't mean that if we can do better than the suggested recommendations in that report that we shouldn't. That's all I'm saying. Just because I signed off on the report -- to have that thrown in my face all the time -- it should not indicate I'm not in favour of trying to do something that's going to benefit the environment and people's health.

Hon Mr Baird: You say, if we can do better or try to do something. To your credit, that's what you're saying: if we can. But others have said they can't.

Ms Churley: I believe that we can, with really aggressive conservation efficiency programs and other things.

Hon Mr Baird: What would the price of electricity be?

Ms Churley: I just want this for the record. I believe we can, and I believe that just because the committee signed off on 2015 doesn't suggest that I don't want to attempt to move that date forward. I think you would admit that it's unfair to hold people to --

Hon Mr Baird: To reports that they sign? This report has your name on the front cover.

Ms Churley: That's right, but I'm putting it on the record --

Hon Mr Baird: I don't think it's unfair to say that you signed off on this report. You said you signed off on it. I don't think it's unfair to say that this has the Marilyn Churley stamp of approval.

Ms Churley: I'm simply saying that I think it makes sense. It's very important to put on the record that the NDP position is that we phase out the coal plants by 2007. That is our commitment, and I believe it should be everybody's commitment, even those from the Tory caucus who signed off and still say 2015, to try to move that date up.

Hon Mr Baird: I think we should try. I just don't think we can commit to it unless we have a plan.

Ms Churley: Think positive.

Hon Mr Baird: I have to do more than think positive. I have to think what the price of electricity will be. If we closed 24% of the electricity plants today, the price would be 10 cents. What would your constituents say about 10-cent power?

Ms Churley: Now I want to move to a number of questions. I wanted to come back to the emergency generators. The official opposition asked some of the questions I had.

First of all, I just want to be very clear that there's an absolute commitment that there'll be no diesel generators.

Hon Mr Baird: Yes.

Ms Churley: That's for sure. OK.

Hon Mr Baird: I think Howard bet me a month's salary in the Legislature that --

Ms Churley: He did that again?

Hon Mr Baird: Yes, he did. Shelley was sitting there and looked rather disturbed. She saw her summer holidays disappear. Her Christmas is already gone. Her holidays are already gone. Could you maybe follow up on that for me? I've been checking --

Ms Churley: I have little time, and I have some serious questions here.

Hon Mr Baird: This is serious. I've been checking my bank account, and I haven't seen it.

Ms Churley: Your request for proposals said that private sector proponents would have to have the temporary generators up and running by June 1, or at least by June 15.

Hon Mr Baird: No, it didn't. I'm sorry; you're wrong. Do you have a copy of the RFP there? It didn't say that.

Ms Churley: No, I don't have a copy with me, but that's my understanding from what was said earlier.

Hon Mr Baird: You're wrong; it did not say that. Howard Hampton gets up in the Legislature every day and says things that aren't factual. That's wrong, so you'd better get the report.

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Ms Churley: Let me go on, then.

Hon Mr Baird: Put all that research aside, because it's not true. It does not say that it has to be up and running by the 15th.

Ms Churley: When the successful bidders were announced -- the date has now shifted, then, to stages through the month of July.

Hon Mr Baird: It hasn't shifted.

Ms Churley: Are you saying that when you signed these contracts, there was no -- even though you knew summer was coming?

Hon Mr Baird: The thing said it could be any time after June 15. It didn't say by June 15, just as you said. We can have a debate, but when you have to stretch the facts so far that it's no longer factual, I have a problem with that.

Ms Churley: I don't know. You're saying one thing, and I'm hearing another thing.

Hon Mr Baird: Get the RFP. I think you'll come back here and say you're wrong -- I hope.

Ms Churley: Sure. Recognizing that summer was coming and that heat waves could come, I don't know why you didn't start your request for proposals earlier, given the lateness that they're going to start up now. You agree that this is a problem.

Hon Mr Baird: If you read the IMO's report, it points to October being the biggest challenge for us, because we have some plants that are down for scheduled main-

tenance that's required. So I think on a short-term basis, meaning eight months to 12 months, there was a concern. The genesis of this idea was that it was brought to my attention that at the time -- this was before the Iraq war -- there was a depressed market for these temporary generators and they could be bought at less than the full value, and that this was an opportunity we should look at, and we did.

Ms Churley: Were there other bidders who possibly could have started earlier?

Hon Mr Baird: Not to my knowledge.

Ms Churley: There were no other bidders, then.

Hon Mr Baird: There were. There were obviously some people who won and some people who lost.

Ms Churley: Who were the bidders?

Hon Mr Baird: I don't know whether that can be --

Ms Churley: Somebody has come to my rescue here. Thank you, Fred Gloger, researcher.

Hon Mr Baird: You have the RFP there; what does it say?

Ms Churley: I'm going to come back to that in a second.

Hon Mr Baird: I think you should come back to it now.

Ms Churley: I can now. I've got it right here. Please -

Hon Mr Baird: She's badgering the witness.

The Acting Chair (Mr John Gerretsen): Mr Minister, I think you're badgering the --

Ms Churley: I will come back to it; I have it. I just want to finish the follow-up on this. Who were the other bidders and why were they not accepted?

Hon Mr Baird: I'd have to check. I can tell you that we received 18 proposals. I was not involved in the selection of the RFP winners, as your leader has suggested -- which I think is regrettable -- so frankly, I don't think I could name them. I know from the newscasts that Ottawa Hydro was one, because I saw it on TV in Ottawa. But I did not get involved and say, "Give this contract to this person" or "Give this contract to that person," as your leader has suggested.

Ms Churley: I do have here the RFP. I'm on page 1: "Part 1 -- Introduction...1.2: Type of Contract for Deliverables. The successful respondent(s) will be required to enter into an agreement with" blah, blah, blah "... contemplates that the term of the agreement for temporary generation resources will be for a period of up to seven months commencing on or about June 1, 2003 and continuing through December 31, 2003."

Hon Mr Baird: Yes, "on or about"; it didn't say "on June 1." Then, I refer you to page 7, where it says June 15, which would be the earliest anticipated date.

Ms Churley: And what's the date today?

Hon Mr Baird: We said "earliest." We didn't say --

Ms Churley: What's the date today -- June 25?

Hon Mr Baird: It's past June 15, but we didn't say -- on this chart, one of them says "RFP Closing Date," and this is the earliest. You said to this committee that they would have to be up and running by June 15, and you

were wrong. Every day, New Democrats stand up in the Legislature and twist the facts, and I'm going to point it out.

Ms Churley: "On or about June 1, 2003."

Hon Mr Baird: "On or about," and "earliest anticipated date."

Ms Churley: On or about June 1; I would consider that to be --

Hon Mr Baird: Take the Hansard and you'll see that you were wrong.

The Acting Chair: Just a minute. Ms Churley has the floor. If the minister wishes to change places with Ms Churley, that's OK too, but she's the one who's asking the questions right now. Go ahead.

Hon Mr Baird: He's coaching the witness, Your Honour. I'm just saying that I feel I strongly about this. Your leader gets up in the House and says things that aren't factually correct, and in this committee, I'm going to respond.

Ms Churley: I have the evidence right here in front of me.

Hon Mr Baird: And that's wrong.

Ms Churley: So now you deliberately wait until after the heat wave comes.

Mr Frank Mazzilli (London-Fanshawe): On a point of order, Mr Chair: If Ms Churley has some evidence, perhaps she could share it with the entire committee.

Ms Churley: I can. It's right here. I read it out.

Hon Mr Baird: It's not factual. You can check the Hansard. It shows that --

Ms Churley: On or about June 1. Come on, don't be ridiculous. Here we are in a --

The Acting Chair: Just a minute now. Order. Are you prepared to share this with the committee?

Ms Churley: Sure. People can look at it; absolutely.

The Acting Chair: We'll have some copies of it made to share it with the committee. Fine. Thank you. Go ahead.

Ms Churley: I have a short period of time, and I have further questions.

Hon Mr Baird: I have 15 hours. Oh, now he's trying to take it back. You said you'd table it.

The Acting Chair: That's the clerk, who's taking it to get copies made.

Ms Churley: I was grilling the minister earlier about barbecues. I'm just trying to ask you some --

Hon Mr Baird: What do barbecues have to do with it? He's trying to take the report away.

Ms Churley: What is it I do to these ministers, Mr Chair? What's the matter?

The Acting Chair: It's been eight years of frustration. But go ahead.

Ms Churley: OK.

Hon Mr Baird: Chair, you're supposed to be non-partisan.

Ms Churley: We covered how much of the --

Hon Mr Baird: I'm reacting much better than Jim Wilson did earlier.

Ms Churley: John, listen to me -- yes, that's true, but not much.

Operating costs: we covered that. We really don't know how much the fuel is at this point. You're still in negotiations about that. What is the projected date now for all 409 megawatts to be available?

Hon Mr Baird: I think we'll have the majority of that on-line --

Ms Churley: On or about --

Hon Mr Baird: -- the majority of that on-line in July.

Ms Churley: July. Like early July, mid-July, late July?

Hon Mr Baird: Mid to late.

Ms Churley: Mid to late July. OK, I'm writing this down.

A story in today's Hamilton Spectator suggests that you could have saved the same amount of power as you're getting from these generators by reducing voltage. I'm just wondering if you've considered that.

Hon Mr Baird: They did reduce voltage for 14 minutes. IMO reduced voltage for 14 minutes last year. It's not something that's --

Ms Churley: So it's something you considered and decided that it was not --

Hon Mr Baird: That's a thing you do before a blackout.

But conservation alone as an energy-saving strategy has had limited usefulness. Do you agree with that?

Ms Churley: I want to --

Hon Mr Baird: Do you agree with that?

Ms Churley: No.

Hon Mr Baird: Oh, well, Howard Hampton put it in his book, on page 143: "Conservation alone as an energy-saving strategy has limited usefulness." Howard Hampton said that on page 143. So you disagree with Howard Hampton.

Ms Churley: No, because you're just reading out of context.

Hon Mr Baird: I'm not. It's on page 143 of his book.

Ms Churley: Boy, is he ever defensive, eh?

Hon Mr Baird: No, it's on page 143 of his book.

Ms Churley: So last April, getting to public power and --

Hon Mr Baird: It's on page 143. Do you want me to read it?

Ms Churley: No.

Last April, if you'll remember, Howard Hampton held a press conference. We talk about it repeatedly. We propose that Ontario, instead of using these temporary generators, embark on a really aggressive efficiency and conservation program.

Hon Mr Baird: Well, Howard Hampton said that he thought conservation has had limited usefulness.

Ms Churley: So what I wanted to ask you is, could you table with us any studies whatsoever that you've done on using conservation to shape peaks in demand. I want those tabled, and I'd like a comment now on what your ministry did to analyze those studies, if in fact there are any.

Hon Mr Baird: My good friend Tom Adams -- is he here? -- made some comments about your leader's --

Ms Churley: Please answer my question, John. Did you do any studies?

Hon Mr Baird: We will be coming forward with a significant conservation strategy, a significant communications effort with the people of Ontario. I showed you the brochure the other day. You said on TV that it was only barbecues. But of course, there was a whole series of advice in that brochure.

Ms Churley: But did you do any studies, any really hard studies on an aggressive efficiency program?

Hon Mr Baird: I don't think we need to commission any more studies. I'm a strong believer in demand-side management. I'm a strong believer in energy efficiency. We've brought forward significant initiatives on energy efficiency through the tax regime to allow companies to move to energy-efficient equipment and give them immediate tax write-offs on that.

Ms Churley: In fact, on that, I think you said that 60,000 today, although before it was 45,000 households. Did you say 60,000 today?

Hon Mr Baird: I said 45,000 in the House, but I found out that I was understating it. It's really 60,000.

Ms Churley: Yes, but that's still only about 1% of Ontario households. How many megawatts will that save?

Hon Mr Baird: But you guys said it was only 3,200. That's the equivalent of 6,000 homes. Howard Hampton held a press conference and said it was only 3,200. He never apologized for being wrong. Would you ask him for an apology for me?

Ms Churley: What I want to know is, why are you printing leaflets only now -- and that was just a draft that you brought forward --

Hon Mr Baird: They're on the Web site today. They're on the Ministry of Energy's Web site today.

Ms Churley: -- advising people on how they can save energy?

Hon Mr Baird: They're on the Ministry of Energy's Web site --

Ms Churley: I'm just asking a simple question. Why wait so long?

Hon Mr Baird: In all seriousness, in the action plan we committed to come forward with a public education campaign on conservation for residential customers. I think the best time to start that is the beginning of the summer. The first day of summer was the other day. We'll be coming forward in short order, and I think you'll be very impressed.

Ms Churley: I just also wanted to ask you, though, coming back to the lack of studies on a conservation campaign that would save up to 3,500 megawatts, you don't have any such thing. But I want to know in particular, did you do any analysis of the 20/20 California plan that we have been promoting and have known about for some time? You know what I'm talking about, the 20/20 plan?

1730

Hon Mr Baird: I've not studied the California --

Ms Churley: The 20/20 program. As you know, when their deregulation plan collapsed -- failed -- they were in an emergency situation, and one of the things they did was, instead of investing a ton of money in emergency generation, and they had to do that too, they invested, as you know -- I forget the amount -- quite a significant amount of money in conservation and efficiency. There are a lot of examples of things they did. One that we're very interested in is the 20/20 plan where, if you conserve 20% of your energy, you get a further reduction of 20%. It's an incentive. Education by itself: it's all very well to tell people not to barbecue, to eat take-out food, to pray, all of those things, but we well know from experience that you've got to offer these incentives.

My question is very simple: have you done any kind of analysis of that? Are you planning on bringing it in here?

Hon Mr Baird: In all seriousness, I agree with you. Conservation has to be an important part. I guess it becomes difficult to set a baseline for what would qualify as a reduction of 20%. You may have a family which has become larger. It's very difficult to establish a baseline.

Ms Churley: But you agree that a study would be good, because they certainly have done it in other jurisdictions. There may be difficulties, but looking at it -

Hon Mr Baird: I think there are a number of initiatives. I think the principal one where we would get a huge benefit -- a market mechanism, which I think you'd like -- is an interval meter. We didn't have this in Ontario. We never had widespread use of interval meters in residential customers, but that would give a reward to people. So if I, as I do, have my dishwasher come on on a timer in the middle of the night, I would get two-cent power, as opposed to turning it on at 7 o'clock, where it might be six cents or eight cents. Not only would I not have to pay a high price, but I would get a lower price. I think that's the direction we want to go in.

We're going to be amending the Ontario building code to require those to be installed in all homes. I'd like to reduce the threshold from one megawatt to maybe even as low as 250,000 kilowatt hours for commercial and industrial sites. One of the ideas I got at a round table that Mr O'Toole hosted in his constituency was, could we even require that an interval meter be installed in resale homes? I think that does exactly what you want. It rewards people for shifting their load.

Ms Churley: Yes, obviously you would agree that we're in a crisis situation here and that what we have to do -- it's too little, too late now, given the situation we're in -- is implement really aggressive targets and carrot-and-stick approaches.

Hon Mr Baird: I think the carrot and stick would be an interval meter. It would reward people for good behaviour and cost them more for bad behaviour.

Ms Churley: You have to go beyond that. Would you be willing, since you haven't done a comprehensive

study of, let's say, California, but there are programs in parts of Europe as well -- in fact, if you look at and study the alternative fuels recommendations and report, a lot of those recommendations are also in there which have not been acted on. Would you agree to do a comprehensive study of the existing programs?

Hon Mr Baird: I'm prepared to look at any conservation idea. I think it's a good idea. I think it's got to be an important part of our strategy. Load response, demand-side management, conservation, efficiency: those four things I think can play a huge role in the future. It's good for environmental reasons, notwithstanding energy reasons.

Ms Churley: Absolutely. It's something I've been interested in for environmental reasons for years. At city hall I started the Energy Efficiency Office, which grew into the atmospheric fund. It's something we could look at here as well.

Hon Mr Baird: I agree with you. I think we can. One of the things we'll be doing is appointing the task force. We'll be doing that in the next little while. We've recruited some really phenomenal people to serve on that that I think you'd be pleased with.

Ms Churley: Do you know yet who's going to be on it?

Hon Mr Baird: Yes.

Ms Churley: Can you give me names at this point?

Hon Mr Baird: It hasn't been announced yet.

Ms Churley: Some environmental representatives?

Hon Mr Baird: There are some people whom I think you'd be pleased with.

Ms Churley: Good.

Hon Mr Baird: The thing about the conservation strategy: I think public education is important; I think it has its role; I think it can be successful. If we think we're going to put -- a communications campaign ain't going to be it. I agree with your assertion that there's got to be a bit of a carrot and stick there. You can't just hope that people will do the right thing. That's why I think with interval meters we need to really be aggressive and set goals about how many households we want to see. If we could get 10% of homes on interval meters, we could shave a lot of the peaks off. There are a lot of really exciting things that have been done.

Ms Churley: But all of the retrofit -- for instance, the city of Toronto has a program. All of the pieces have to be done.

I just wanted to ask you if you agree, though, with Energy Minister Wilson when he was minister. He's quoted here as saying that "the private sector asked us to get out of large-scale government conservation programs." Those efforts "may have made the odd person feel good, but they had absolutely no effect."

He was saying today in an answer, if you could call it an answer, to my grilling of the minister about barbecues --

Hon Mr Baird: You grilled him and he got riled up.

Ms Churley: I grilled him good. I think he's trying to indicate that our programs were not effective. But leaving

that aside, his opinion of whether or not ours were effective, I think all conservation programs are effective and we need to build on them. But I'm really disturbed by that statement that the private sector asked him as the energy minister to get out of --

Hon Mr Baird: I don't know the context or what the conversations were.

Ms Churley: I have it here. But would you agree?

Hon Mr Baird: In all honesty, Howard Hampton said, "Conservation alone as an energy-saving strategy has limited usefulness," page 143.

Ms Churley: But would you agree with his --

Hon Mr Baird: I agree that conservation is important. I embrace conservation.

Ms Churley: But did the government step back from conservation when Wilson was the minister because of this? I find that very wrong.

Hon Mr Baird: I can't speak to that. I can tell you, in all honesty, I believe in conservation. I believe in energy efficiency. I believe in demand-side management, and I believe in price response. I think all four of those should be the first option, before new generation.

I know you've spoken in the House quite often about this, and I have voted for some of your private members' bills on environmental issues. I think we can do a lot more in this regard. I just think too often some of the campaigns we've seen in the past in Ontario have been hoping for people's goodwill. It's worthwhile to ask for that, and I think it can have results, but that alone is not a conservation strategy.

Ms Churley: Exactly. That's why I'm asking today about a study being done on all of the others.

How much time do I have?

Hon Mr Baird: I don't know whether I'm going to study California.

The Acting Chair: You have five minutes left; six minutes actually.

Ms Churley: I wanted to move, on behalf of some of my colleagues from across the province, to the impact on large non-residential users in the province. Stats Canada says that from May 1, 2002, to February 2003 the price of power for large non-residential users went up by 75%. It dipped to only about a 35% increase by May of this year. I think you're going to agree with me on this. It's surely on its way up again, given the explosion in prices in the past few days.

As you know, there have been substantive job losses in southern Ontario, and we're hearing a lot about that, especially in the resource industries in northern Ontario, which we've repeatedly pointed out in the Legislature. Wawa, in particular, has been hit very hard --

Hon Mr Baird: I appreciated the MPP of Wawa congratulating me for working with him on that.

Ms Churley: -- by the fact that there are job losses due to high hydro prices.

Hon Mr Baird: I don't know what the StatsCan report was. That covers Ontario and the whole country. I do know that with the market power mitigation agreement now being paid out quarterly and retroactively, the

75% number in Ontario wouldn't be the case. If you look at the real cost of electricity for consumers over 250,000 who are not under the 4.3-cent cap, it would probably be in the range of five or 5.1 cents when you take in the market power mitigation agreement. That's important to note.

In fact, in the last few days, yes, it's been hot. In the month of June, I suspect we're below the 4.3 cents for a weighted average. Actually, June has been the best month since we announced the action plan for the price of electricity. The price is down. This is the best month we've had. That fund is probably going to make money this month.

Ms Churley: I'm interested in your thoughts on this, but again I'm always interested in --

Hon Mr Baird: That Stats Can, would that be natural gas as well or does that just include electricity?

Ms Churley: I think it's just including electricity. I'd have to check that, but I'm pretty sure --

Hon Mr Baird: Why don't you check that. That would be good.

Ms Churley: Yes, I'll check it. It's confirmed: Fred Gloger. Once again, for the record, I was right on that.

Hon Mr Baird: Confirmed by Fred.

Ms Churley: But what I wanted to check with you -- I like studies and I'm interested in your opinion --

Hon Mr Baird: We like action.

Ms Churley: I want action, but I also want information. I'm wondering if the government has done any studies whatsoever in tracking the job loss and the impact on job loss due to the high hydro prices on those particular industries. It's fairly easy to track which ones. We've got all kinds of information on that, but have you done any information-gathering on that?

1740

Hon Mr Baird: I'd refer you to my colleague the Minister of Enterprise, Opportunity and Innovation.

You mentioned Wawa; there's one company which has been cited there. We have softwood lumber, a huge challenge with our biggest trading partner on that issue, which has huge consequences, some even before that, before electricity.

Ms Churley: So there are no particular studies, as far as you know?

Hon Mr Baird: As well, the Canadian dollar soaring has had huge effects on all industries. I think it would be overly simplistic to point to one single cause for the loss of jobs. It is something that is of great concern to the Premier, to the Minister of Natural Resources, the Minister of Northern Development and Mines and me. We worked well with folks up in Wawa to come up with a good solution there.

Ms Churley: I wanted to actually come back to a quick question on Beck. You said, "If it's economically feasible." What kinds of studies are you doing around that, and what does that mean to you in terms of economic feasibility?

Hon Mr Baird: We put out an RFP to have an independent study done -- I know you like studies -- on

the feasibility of building a third generating station there. I think the things we looked at were the capital costs and their relation to the output cost. I'm sure it could be done, but it would have been so expensive that it would cost 12 cents a kilowatt hour, on average, as opposed to the much cheaper Beck 1 and 2. They were built, obviously, at different times, when labour rates --

Ms Churley: When will that study be done?

Hon Mr Baird: November, and we announced that publicly, so it's on our Web site.

Ms Churley: Yes, I remember that. Thank you.

The Acting Chair: We now have a half-hour which can be shared in either ministerial responses or by the government caucus members. Who would like to start it off?

Mr Mazzilli: I'll start.

Thank you very much for appearing, Minister. We hear a lot about conservation and we've heard this on the environment also. We hear about reduction, yet people leave this committee, go down to the cafeteria and buy things that are packaged in things that go into landfill sites. So we talk about conservation or reduction, yet no one seems serious about it. I buy lunch packages for my kids that you would not have seen 20 years ago -- cookies in a package of two and so on. This has a lot to do with the environment; we talk about it but we're not serious about it.

I heard the leader of the official opposition questioning you on conservation, yet I'm wondering, has he tabled anything with the committee showing that he's making a serious commitment to conservation to you?

Hon Mr Baird: Not to me. One of the things I think we try to do with the action plan is to have government become a leader in this. I won't say that we're faultless. Earlier today, for example, Minister Tsubouchi issued a directive for all government offices to take enhanced conservation measures particularly with the high heat. I met very briefly this morning with the president of the Ontario Realty Corp, underlining the government's desire to be a leader on that. I've written to the Clerk and raised my concern with him that the Legislature as well as the government should try to be. There was one day, for example, I think it was in the wintertime, a particularly frigid evening, and all the lights were on outside, lighting this building up, and we had a power warning out. So I think the Legislature can as well. The Clerk responded very well and was very interested in participating. We've obviously given a directive to the Ontario Energy Board on the issue. So I think we can do a lot more.

Mr Mazzilli: And I think that point is well taken, except that the last time we were in this committee -- my understanding of the consumption in the province is that a third is industrial-based, a third commercial-based and a third residential use. I suspect the commercial base is open through the daytime, and there are probably some things they can do to reduce consumption, but probably not to the extent that the residential base has at their disposal. And of course the industrial base can take some actions, but they have to keep the plants going. So I

suspect if we're going to get into a serious conversation about reduction -- and I don't discount the two thirds, the commercial and industrial, because that needs to take place, but the residential component has to be tackled. What I find, whether the discussion is landfill sites or energy conservation, is that there are a lot of people who say, "Do as I say, not as I do," meaning that we're all accustomed to throwing away things that we should not, we're all accustomed to running air conditioning at our pleasure, for our own comfort. So I suspect you're going to have some real difficulties when it comes to conservation, and I suspect you're going to have to take some aggressive measures to educate the public in that manner.

Hon Mr Baird: I agree with you. I think we can do conservation, efficiency, demand-side management on a lot of the commercial-industrial. I think it would have an effect and I think it's worthwhile. I think where you see the huge peaks, as you correctly pointed out, is on the residential side. You can literally see the electricity usage in the province of Ontario begin, almost like clockwork, to climb just before 6 am. It rises to a height at about 9 am, begins to go down, then rises up over noon and then as of 3 o'clock begins a steady climb up through to the early evening hours and then down after 9 or 11 o'clock. So if we wanted to shave the peaks off, the best bang for the buck would be with residential customers. If we could get everyone in the province to turn their dishwasher on in off-peak hours and do their washing in off-peak hours, that would have a huge consequence. Sixty-two per cent of the 4.3 million Ontario households have some kind of air conditioning. That didn't exist years ago.

Mr Mazzilli: I understand that, Minister. It's good that people can turn their dishwashers on at different times and stuff, but I know, just from friends of mine, that people are putting swimming pools in their backyards in record numbers this year.

Mr Gerretsen: You've got the wrong friends, wealthy Tory friends.

Mr Mazzilli: No, no. I know a record number of people who are putting in swimming pools. It doesn't matter what time you turn the dishwasher on; if you didn't have a swimming pool last year and you have one this year, you're going to use a lot more energy. I suspect you've got a real challenge as far as consumption goes. I'll leave it at that; I'm being told that my time is up.

Hon Mr Baird: If I could respond, a smart interval meter could do a lot. If you could have an interval meter that would simply turn your hot water tank off when the tank reached six cents, could turn a pool off -- I don't have one -- when --

Mr Mazzilli: Dalton McGuinty is going to raise taxes, so no one will be able to afford swimming pools. With that, I will pass it on to my good friend Mr Miller.

Mr Norm Miller (Parry Sound-Muskoka): Actually, I'll follow up on the interval meter; we can continue talking about that a little bit. In the Parry Sound area a few years ago a lot of people put in thermal storage units. They're small units that are electric. They run through

the night; they draw their power during the night. I had some constituents complaining to me that they'd made investment in these units but now, because of the fixed price, it's no longer a benefit to them.

Hon Mr Baird: They can go off the 4.3 cents if they have an interval meter and they choose to do so. They have to sign to go off it, but they're eligible to go off that if they think they can do better than the 4.3 cents.

Mr Miller: I believe they also had a system set up whereby their hot water heaters would be on the whole night and then shut off during the day. They were quite happy with the system; it's just that the incentive to do that is not as great now that we're on a fixed price.

I want to raise some issues that have come from my constituency, basically from questions coming into --

Hon Mr Baird: If I can, there's such a small percentage of people who have interval meters in their homes to be able to take advantage of that; it's less than 1%.

Mr Miller: Are we doing things to try to encourage more interval meters? You said you're in favour of demand management. It seems to me that makes a lot of sense.

Hon Mr Baird: As Ms Churley said, it becomes a carrot and a stick. We want to mandate it on new homes. We're looking at various options on resale homes. We want to lower the threshold from a megawatt down. That's the direction we're going in. You can get them now for \$300; even just a few years ago they would have been \$2,200. The price of them is falling dramatically. You can get them, I think, for \$300, which will pay for itself in a year, easily.

1750

Mr Miller: Looking into the future, beyond 2006, I had a constituent actually making suggestions for how we get off the price cap going into the future and talking about a possible phase-in process over a period of years where an increasing percentage of the cost of electricity would be market-based, while the rest would remain capped. For example, for a five-year period, every year a 20% segment of the price of electricity would be dictated by market prices, eventually arriving at full market prices. So there would be sort of a gentle transition to market prices.

Are we looking beyond 2006 to see how we might move toward --

Hon Mr Baird: I'll certainly take that suggestion under advisement. One of the things that I asked --

Interjection.

Hon Mr Baird: Well, we're all citizens and environmentalists.

Mr John O'Toole (Durham): That's completely uncalled-for.

Hon Mr Baird: One of the things I've asked Howard Wetston to do as the new chair of the Ontario Energy Board is to look at the policy coming out of 2006. He is to work with consumer groups, environmentalists, people who work on the demand-side management area to look

at that and report back in 2004. So that will be one of the first things that Mr Wetston will be doing.

Mr Miller: It was a suggestion made by a constituent. It very well might make sense to have some sort of gentle transition to the market.

Mr O'Toole: I just had a little question.

Mr Miller: A little question, Mr O'Toole? That's not possible.

I see at this time that our alternative energy generation is, I believe, if this thing I'm looking at is correct, 0.8% of total generation for landfill, gas, wind, biomass. Do we have wind generation coming on-stream in the next year or so?

Hon Mr Baird: There's a huge number of emerging green power companies out there. There's one that's done a lot of work on Lake Erie, putting a lot of wind on-line there. Significant work has been done on Wolfe Island, I think, in Kingston.

Mr Gerretsen: How many megawatts?

Hon Mr Baird: They're looking at as many as eight, I think -- and in Prince Edward county and along Lake Erie. With the renewable portfolio standard and the government's commitment of 20%, I think that will do a huge amount to kick-start, to get contracts so these small businesses, by and large emerging companies, can get financing. We'll be coming forward very shortly with that. Steve Gilchrist, the commissioner, has done a huge amount of work with that.

I can talk about Superior Wind Energy, in the southwestern part of Ontario, which is looking at 100 megawatts. The Port Albert wind farm in the southwest is looking at 50. Superior Wind Energy in the southwest is looking at a number of projects at 100 and 200 megawatts apiece. Superior is also looking at the northeastern part of the province, as many as 200 megawatts. So there is some substantial interest in wind particularly. It's not baseload, but I think it can be very positive.

The one wind turbine on Lake Ontario, where a co-op worked together with Toronto Hydro on that initiative, has probably done more for education about wind energy than anything. We've been very supportive. The Ontario Trillium Foundation gave them a significant grant to try to promote wind energy around the province, and I was pleased to do the cheque presentation with them to show my support for their efforts.

Mr Miller: Good. And I know Ms Churley doesn't like this, but what about generation from landfill sites, incineration? I certainly have lots of my constituents asking me about that, and I happen to think it makes a lot of sense. I happen to feel that incineration makes a lot more sense --

Mr O'Toole: Clean incineration.

Interjection.

Mr Miller: -- than burying garbage in the ground and poisoning one of our most precious assets, which is water.

Ms Churley: I wouldn't go there if I were you.

Hon Mr Baird: From landfills, we could do a lot better with capping the methane gas.

Ms Churley: That's different. We all agree with that.

Hon Mr Baird: That's why I'm saying I'd rather look at that exciting initiative of capping the methane.

Ms Churley: Yes, let's look at that.

Hon Mr Baird: Because it's a double win. Not only do you get energy from it, but you reduce the CO₂ emissions going into the environment.

Ms Churley: Exactly. This is good.

Hon Mr Baird: It's a good thing.

Ms Churley: But not burning garbage.

Mr Miller: Some other constituent concerns that I've heard about include certainly the bills, and I know we've been dealing with some aspects of the energy bills. A lot of people find them very confusing. They also, I know, with the switch from the old bills to the new ones, feel that we've added a whole bunch of new charges. Have we added a bunch of new charges to the bills?

Hon Mr Baird: The debt retirement charge is obviously there. I think what we've given customers is perhaps too much information. We've gone from giving them not enough to giving them too much. Mr Badali looked at this issue and came up with a great report that we're implementing now. Hamilton Hydro is doing a pilot. We're at the advanced stages of looking at how they're going to do that.

It can be an opportunity as well with the billing to talk about the -- one thing that Toronto Hydro does is to show you your historical pattern of consumption. Most people have no idea how many megawatts they would use in their home. But if you can show the change from this year or last year, you can see what your performance is like. It can make you more conscious.

There's a great program in Woodstock, where they have, I think, about 20% of the folks on it, where you buy an energy card and you have a meter in your house. You go and buy energy like you would any other card, like a phone card. You swipe it through and that gives you \$50 worth. What they've noticed is people have reduced their electricity by over 14% because they can see it in their house and they know how much they're using. It's like filling up your car with gas. It's a completely voluntary program that some folks in Woodstock seem to be quite excited about.

Mr Gerretsen: Why aren't you promoting this?

Hon Mr Baird: I said it's an exciting idea that's one of --

Interjections.

Hon Mr Baird: There could be people watching.

Mr Miller: It would be my feeling that if we eventually make the transition back to the market, the market naturally acts as a stimulus to conserve and it also acts as a stimulus to new producers coming on the market.

Hon Mr Baird: It does and it doesn't. I think the challenge we have is that when you have prices go high, people don't really find out until six weeks later and they pay a weighted cost average. So people who are good actors and do a lot to conserve still pay the weighted average. They get a benefit but it's not the increased

benefit that you would get on interval meters in residential homes. People are punished if they use electricity at the wrong time and they're rewarded if they use it at the right time. In some respects, if we could just shift the load, we could do a huge amount to solve our energy problems.

Mr Miller: I know I'm running out of time, but another issue that has certainly come up with a number of constituents in my riding of Parry Sound-Muskoka is the security deposit. I think it's a new policy of Hydro One, I believe as of last year. I've had businesses, in particular, that aren't happy about it and think it's unfair and challenging for them in some cases to have to put up the capital. It can be a substantial amount of money. The security deposit, I think, is like two and a half months of their hydro bill. Is that being reviewed at all?

Hon Mr Baird: In response to a letter from the Canadian Federation of Independent Business and the Electricity Distributors Association, my predecessor, Chris Stockwell, advised that the Ontario Energy Board would be setting up a working group to help discuss and resolve this issue. I think you want to be fair and reasonable on one side. On the other side, though, the issue of bankruptcy and non-payment covers every retail industry. I hate to see someone who works hard, plays by the rules and pays their hydro bill have to pay, through higher energy costs, the costs of people who don't pay. Obviously a security deposit is one way to protect folks. I don't think it's something that people are going to warmly embrace, but earlier this month the OEB released for consultation some proposed changes to their distribution system code and the retail settlement code to try to address this. The most significant change is that deposits would be returned once the customer has established a good payment history, which is five years for a small commercial or seven years for a large commercial. That's some of the things, but I think that we've certainly provided through the legislation, Bill 210, regulations governing the amount of deposits that can be charged by distributors as a condition of licence.

Mr Miller: And it's different -- the proposed change to the code is one year for consumer, five years for a small business, seven years for a large business. I'm not quite sure I understand the logic why a large business would be --

Hon Mr Baird: Because it would be a much greater amount of money.

Mr Miller: More risk, although I guess it's all --

Hon Mr Baird: It's more dollars, more use of electricity.

Mr Miller: OK.

Hon Mr Baird: I was hoping to just make a statement to the Chair, if I could.

Mr Miller: Yes, go ahead.

Hon Mr Baird: This is only the first two hours of my 15 hours. I would certainly be willing to have the three party House leaders discuss coming back and finishing the remaining 13 hours if the other House leaders --

The Chair: You mean to have the committee sit during the summer. Is that correct?

Hon Mr Baird: If the other House leaders would like to discuss and negotiate that, we would certainly be happy to discuss that.

The Chair: Well, it's been raised. We can discuss it now, if you wish, which is the government time.

Ms Churley: No. Don't we stop at 6?

The Chair: We do stop at 6. We have one minute by our official clock here. I just want to stress it is the government minister's time, at this moment.

Ms Churley: OK, I have a point of order before we leave.

The Chair: Point of order, then. It's back to the government for the last minute, and then --

Mr John O'Toole (Durham): I just want to commend the minister. I think in the passing of Bill 23, it's the very first significant step to the Ontario Energy Board's role of protecting consumers. I commend you and your ministry staff for that.

The other part is the work being done, the follow-up from the alternative fuels committee that Steve Gilchrist is doing. I think you're on the right track there. The voice of conservation has to be part of the solution; no question of that. Having a riding with a lot of nuclear interest, I know that we have to pay close attention to the retubing and efficiencies in those plants. I'm happy to say that I think Darlington is well on the way to improving their efficiency.

Hon Mr Baird: They got a five-year licence renewal.

The Chair: Mr O'Toole, I'm sorry to have to interrupt. I have to ask a question of the government party: did you wish this to be the end of your half-hour segment, or did you want to pick up your half-hour segment when you next get an opportunity?

Mr Miller: We'll pick it up.

The Chair: The government has indicated that. I have time for a very, very brief point of order.

Ms Churley: My point of order is I believe that the Minister of Energy has borrowed a copy of Howard Hampton's book from the library.

Mr Gerretsen: For shame.

Ms Churley: For shame. Why don't you go buy one? I'm sure Howard Hampton would be happy to sign it for you.

Hon Mr Baird: I asked Howard to get me one for free. He said he would, and I haven't got it.

Ms Churley: For free?

Hon Mr Baird: He said he would autograph it.

The Chair: On that important point of order, this committee stands adjourned.

The committee adjourned at 1802.

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