



ISSN 1710-9477

**Legislative Assembly
of Ontario**

First Session, 38th Parliament

**Assemblée législative
de l'Ontario**

Première session, 38^e législature

**Official Report
of Debates
(Hansard)**

Thursday 26 August 2004

**Journal
des débats
(Hansard)**

Jeudi 26 août 2004

**Standing committee on
social policy**

Electricity Restructuring
Act, 2004

**Comité permanent de
la politique sociale**

Loi de 2004 sur la restructuration
du secteur de l'électricité

Chair: Jeff Leal
Clerk: Anne Stokes

Président : Jeff Leal
Greffière : Anne Stokes

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
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
SOCIAL POLICY**

**COMITÉ PERMANENT DE
LA POLITIQUE SOCIALE**

Thursday 26 August 2004

Jeudi 26 août 2004

The committee met at 1000 in the Oddfellow and Rebekah Centre, Orono.

**ELECTRICITY
RESTRUCTURING ACT, 2004**

**LOI DE 2004 SUR LA RESTRUCTURATION
DU SECTEUR DE L'ÉLECTRICITÉ**

Consideration of Bill 100, An Act to amend the Electricity Act, 1998 and the Ontario Energy Board Act, 1998 and to make consequential amendments to other Acts / Projet de loi 100, Loi modifiant la Loi de 1998 sur l'électricité, la Loi de 1998 sur la Commission de l'énergie de l'Ontario et apportant des modifications corrélatives à d'autres lois.

The Chair (Mr Jeff Leal): I'd like to bring this meeting of the standing committee on social policy to order. I'd just like to remind members of the committee that yesterday I thought the preambles to the questions got a tad lengthy at times. When we have a minute I wonder if we could keep the question to 30 seconds and get the answer in 30 seconds. This is a very important piece of legislation, and I think it's important that all members get an opportunity to ask questions, so could you kind of keep those preambles short?

Mr Ted McMeekin (Ancaster-Dundas-Flamborough-Aldershot): If we got five minutes between presenters for a political exchange, I think it would solve the problem.

The Chair: I sincerely appreciate that the co-operation of all members has been wonderful in the last three days, and I know we'll keep that going today.

**ASSOCIATION OF POWER PRODUCERS
OF ONTARIO**

The Chair: The first presenter this morning is the Association of Power Producers of Ontario: Mr Butters, president. This is part of the expert witness group, sir, so you have 30 minutes. Any part of the 30 minutes you don't use will be set aside for questions. We certainly welcome you here this morning.

Mr David Butters: Thank you, Mr Chair and members of the committee. It's our pleasure to be here this morning. My name is Dave Butters. I'm the president of the Association of Power Producers of Ontario, APPrO. We appreciate the opportunity to appear before the committee.

With me are three of my board members. Colin Coolican is president of Regional Power Inc, a hydro power developer. Prior to joining Regional Power, Colin was executive vice-president with Conwest Exploration Co Ltd. He has significant experience in corporate and securities law as well as finance.

Sam Mantenuto is chief operating officer of Northland Power. He joined Northland Power in 1998 after 17 years with Ontario Hydro and is responsible for power plant operations. He most recently led business development, gas and electricity marketing and engineering. He was also a member of the Ontario government's NUG advisory committee.

Linda Bertoldi is chair of the Borden Ladner Gervais national electricity markets group. I would describe her as a distinguished legal person with a wide and varied career in all aspects of electric power project development, including natural gas, wind, hydroelectric, biomass and cogeneration.

We've supplied you with copies of our presentation, so if you want to follow along, please feel free to do so.

What we'd like to do this morning is briefly tell you a little bit about APPrO, discuss what generators need in order to invest in new supply in Ontario, and then make some recommendations about Bill 100.

APPrO is the collective voice of generators in Ontario. It's a non-profit organization representing more than 100 companies involved in the generation of electricity in Ontario. APPrO members produce power from cogeneration, hydroelectric, gas, coal, nuclear, wind energy, waste wood and other sources. Our members currently produce over 95% of the electricity made in Ontario and include both investor and publicly owned generators.

APPrO's mission is to promote the interests of electricity generators within a truly open and competitive power industry in Ontario. Our objective is a sustainable electricity sector that results in a reliable, affordable and secure electricity supply in Ontario; supports private sector investment and appropriate allocation of risk; provides a healthy and equitable business environment; supports all forms of generation technology; promotes the increasing use of renewable energy generation; and, last but certainly not least, leads to lower environmental impacts from all electrical generation technologies.

Let's put this into context. Mr Chair, you said that this is an important piece of legislation, and we agree. In fact, it's one of the most important pieces of legislation this

government will tackle in its mandate. Electricity is the very lifeblood of Ontario's economy. There's no getting around it: Without an adequate, reliable and affordable supply of electricity, the prosperity and quality of life we enjoy in this province just would not be possible.

While Ontario currently has about 30,500 megawatts of generation capacity, between now and 2020, factoring in the growth of our economy, approximately 25,000 megawatts of electricity capacity is due for retirement or refurbishment. That is simply a huge turnover in capital stock—something like 80% of our current generation capacity.

The need for investment in new production, transmission and distribution infrastructure in Canada over the next 30 years is estimated by the International Energy Agency to be in the range of US\$1.7 trillion. Furthermore, the IEA projects that more than half of energy production investments will be needed to replace existing and future capacity.

1010

In Ontario, the estimate is that an investment of \$25 billion to \$40 billion will be required to keep the lights on over the next 15 years. It would be a statement of the glaringly obvious to say that this is a huge amount of money to ask taxpayers to ante up at the same time we are struggling with a large deficit and debt in Ontario and are under enormous pressure to invest in health care, education and other critical infrastructure.

Mobilizing the very large amounts of capital required to ensure Ontario's energy future will require policy coherence, regulatory coordination and efficiency, and an attractive fiscal regime.

Ontario's ability to draw an appropriate share of North American energy investment rests on the conditions perceived by investors that differentiate it from opportunities in other parts of Canada, be that BC, Quebec, the US or even Mexico. So the stakes are high when we look at moving ahead with a plan to fix the electricity system in this province and create an attractive investment climate to overcome our supply-demand imbalance.

However, our future success is not guaranteed. As the minister noted before this committee on August 9, if we don't act quickly and prudently, we will find ourselves in very serious trouble.

So what is required to ensure long-term supply adequacy in Ontario?

Fundamentally, the overall policy framework for the energy industry needs to be clear, stable, and sensitive to the competition for investor capital. Ontario needs an energy framework that reconfirms its commitment to a rules-based, competitive approach to energy investment and supply. If our policy and regulatory processes are clear, efficient and effective, these and many other attractive features will ensure we are a destination of choice for energy investment.

All investors in generation, public and private, recognize that their investments are for the long term. A stable energy framework is necessary in order that plant capital costs and financing can be spread over a long period.

Uncertainty makes it difficult to predict industry structure or market models, and this deters long-term, large-scale capital investment.

Given the long lead times required to bring new capacity on-line, we need to stabilize our energy policy in order to provide a more certain foundation for the sector over the long term and to attract new investment to Ontario. A period of regulatory and legislative stability will demonstrate that Ontario is a solid jurisdiction in which to invest.

This means five things, really: first, re-establishing a viable investment climate; second, incenting reliable and economically efficient supply; third, ensuring generators are afforded the opportunity to earn a fair rate of return on their investment; fourth, ensuring that the government's role is appropriately defined and stable; and fifth, addressing market power issues in the restructured sector.

Investors need to see a stable political dynamic, with no undue political interference; allocation of resources to government-owned parties based on a rational and transparent application of long-term policy; a stable independent regulatory environment with a commitment to regulation that aims to coordinate and, where possible, harmonize regulatory requirements among departments and agencies within governments and jurisdictions without undue regulatory or economic burden; certainty in energy and environmental policy; creditworthy power purchasers who are willing to enter into long-term contracts; predictable pricing over the long term; the ability to hedge risk; willing financiers; and finally, a level playing field for all participants.

For example, we need to deal with existing generators who, in good faith, made reasonable investments in Ontario and have suffered from the unexpected changes in public policy. Obviously, this isn't part of the bill, but it's an absolute precondition for investor confidence in Ontario. The government has made some important steps in this direction. It needs to continue to work to resolve the problems of the so-called orphan generators. Fixing this will show that the Ontario government is committed to the maintenance of a stable investment climate.

I want to be clear that generators are not asking to be free of risk; what we are asking is that risk be assigned where it can best be managed. Unmanageable risk simply prohibits investment.

Where private investors can do the best job is on project development, construction time and cost, operation performance and operating cost, and environmental performance. Where the buyer can best assume risk is on elements that are currently within its control such as market regulation changes, environmental regulation changes, and other elements such as credit or payment risk and fuel price risk.

Of course, it's not just about what's good for supply. Loads also need to be able to manage their costs as a necessity for their selection of Ontario as an investment location.

At the same time, we recognize the importance—as do all parties—of demand-side management and energy

conservation as key components of meeting Ontario's environmental objectives and future energy demands. But these programs must have commercial and market discipline to ensure their long-term viability, and must be financed in a way that does not compromise Ontario's fiscal and economic health.

Furthermore, we need to factor in all costs and savings when evaluating various options. We need to ensure a level playing field between transmission, generation and other options. We should encourage cogeneration and we should allow local distribution companies or load-serving entities to make the case for capacity in their areas to solve problems and, if justified, allow the cost of capacity to be included in customer rates, similar to transmission.

So how does Bill 100 stack up against these factors? Overall, we applaud Bill 100. APPrO members were part of Ontario's Electricity Conservation and Supply Task Force, and this bill and the government's underlying policy approach reflect many of the task force's recommendations to achieve a balanced energy supply from a variety of technologies.

But it's also fair to say that we and others need to see the whole picture. As has been pointed out already at these hearings, Bill 100 amends the existing statute, but until all the regulations are out and we can understand clearly what the government is really doing and where this sector is really heading, it's difficult to know how the government intends to fit all the pieces of this puzzle together. In that regard, it would be helpful to us and indeed the industry as a whole that the government commit to a process of developing regulations in an open and transparent manner which will allow for meaningful input and debate and in which all of the stakeholders are able to see the comments of all of the other stakeholders on the proposed regulations.

One point we've made, and others are also making, is on the principle of competition. We believe that fostering competition is an important principle for the good of Ontario consumers. While this is not included in the bill's statement of purpose, it is an important point. If the government's intention is to use competition as a tool to achieve its objectives, then perhaps it should be reconsidered.

The government's end-state model also needs to be understood. While APPrO appreciates that in the short term there is a need for the Ontario Power Authority and the enhanced role of the Ontario Energy Board, these efforts will result in large organizations and a large regulatory burden. The government needs not only to address the immediate needs but also the end-state destination as well as provide a road map for the journey that will transition to that end point. An evolutionary policy is fine as long as we have a sense of the end place.

In addition to our general recommendations on Bill 100, the following specific recommendations are of importance to APPrO.

The creditworthiness of the Ontario Power Authority: The issuer rating obtained by the OPA is a good first step, but the conditions attached to that rating need to be addressed.

Appointment of independent directors should not be at pleasure: The IESO and OPA board selections should follow a public process and should not, as indicated in Bill 100, be at pleasure. It's important that these boards be apolitical, and having directors with fixed terms is more reflective of good corporate governance. Expertise and knowledge of the sector should be specific criteria.

The role of the OEB should be clarified further: While we want an independent regulator, APPrO does not want unnecessary duplication. There should be a clear description of what role the OEB will play in regulating the OPA in regard to the approval of proposed expenditures and recovery of costs.

Additional objects of the IESO and OPA: The ability to prescribe additional objects of the IESO and OPA through regulation is of great concern. A change in the role of the IESO and OPA should only be done by change to the act.

OPA recovery of costs: There should be additional clarity provided as to how the OPA will recover these costs.

The Ontario Energy Board and non-discriminatory access: This object has been removed from the OEB. While the IESO continues to have this role, participants in the marketplace may need the assistance of the OEB from time to time in ensuring that the IESO fulfills this role.

Market power: While the government has commenced the consultation process on the price regulation of OPG nuclear and baseload hydroelectric plants, APPrO would want to ensure that the regulation is no less detailed than the current market power mitigation agreement and that something more binding and detailed than a stakeholder public declaration be used for performance for OPG's non-regulated assets.

Finally, the OPA procurement process: As it evolves, I think the point here is simply that this process needs to be fully transparent. Minister Duncan said, "The recent turmoil in our electricity market has shaken investor confidence. We must send a clear and unambiguous message that Ontario is a good place to invest, and that politics will not impair the private sector's ability to earn a fair rate of return on their investment. If we can achieve this, then Ontario's electricity sector will become a place in which private sector resources can invest and earn a fair return."

We agree. We all want to see a healthy, competitive and environmentally friendly power industry develop in Ontario in as efficient and timely a fashion as possible. APPrO members want to build cost-effective new generation supply for Ontario. That's what we do. But if we want to mobilize the very large amounts of capital required to ensure our energy future, as I said earlier, we will require policy coherence, regulatory coordination and efficiency, and an attractive fiscal regime.

With this bill and with the current RFPs for renewable and clean power, the government has taken initial steps to ensure that this will be the case. We now have to get on with making this work in the best interests of all Ontarians.

Thank you, and we'd be happy to answer your questions.

1020

The Chair: Thank you very much. We have about 15 minutes for questions on this particular round. We'll keep the rotation going from yesterday and we'll start with the government side. I'll remind people: sharp questions, and we'll get everybody in on this turn.

Mr McMeekin: We'll be sharp this morning. Being sharp, it sounds to me from listening to you that your basic message to us is the government should get the heck out of the way and let the people who know what they're doing get on with providing the supply, that we need to talk about a level playing field and what have you.

I guess part of my struggle here is, to what extent should a government be intervening? We had Mr Caccia the other day suggest that we should be writing into the bill a statement of values and also targeting 25% renewables. In fact, you reference in your paper here about wanting to see a competitive, environmentally friendly power industry develop in Ontario. We want to see that too, and we can't afford to get it wrong.

Do you really want a level playing field where government doesn't intervene, and to what extent do you think government intervention around philosophical decisions like renewables is appropriate? Could you comment on that for us?

Mr Butters: Absolutely, and I'll ask my colleagues to jump in. Clearly, things like renewables are an aspect of government policy, and it's absolutely appropriate for governments to have those kinds of objectives and to ensure that whatever system we put in place meets those kinds of objectives. Those are matters of public policy.

Where governments tend not to do a good job is in areas where financial issues, market issues, really are better at determining outcomes and those kinds of things. I think what we have here, and what the government is trying to put together, is a hybrid market that recognizes that both have a role to play. In the very short term, there is a necessity for the government to play a larger role, given what has gone on in the past, and this is what it's essentially doing in terms of the 300-megawatt renewables RFP and the current clean energy RFP for 2,500 megawatts. I don't think there's a contradiction there, but as we move forward I think what most parties would like to see is less government involvement, less government interference. Let the private sector and capital get on with what it does best and make sure that the system, to the extent that the government and people want it to, reflects the kinds of social needs and objects that are appropriate.

Mr McMeekin: I'm an old soccer coach, and you never want a level playing field. You want a field that's a little bit slanted so the water runs off. It's amazing how many people talk about the level playing field these days.

Mrs Donna H. Cansfield (Etobicoke Centre): Two questions and a comment, very quickly. First of all, I'd like to make a comment to Linda, if I may call you Linda. What I call your Canadian Tire language version

of the bill is superb. Thank you for that. You've done two now, and they're just excellent.

Ms Linda Bertoldi: Our energy markets bulletin board?

Mrs Cansfield: Yes, it's just excellent.

I have a question on "The ability to prescribe additional objects of the IESO and OPA....A change in the role ... should only be done by change to the act." Why is this a concern to you?

Mr Butters: I think primarily it introduces another element of uncertainty. The more that's fixed in the act and the less that's left to regulation—obviously, in a system as complex as Ontario's electricity system and a bill that is as far-reaching as this, there are going to be many, many regulations, and all with a great deal of complexity. But to go back to a fundamental premise of our presentation, what investors are looking for is long-term stability and certainty. We can work in many different kinds of environments, but we can't deal with environments that keep changing.

So to the extent that regulations can change the objects of those organizations, it introduces just another element of risk. Risk is a cost that has to be built into whatever it is we manufacture and produce and therefore, Ontarians wind up having to pay for that. That's really the point. Maybe, Linda, you want to add to that.

Ms Bertoldi: Just to add briefly, I think people view legislation as a more permanent framework for government direction, and the concern is that regulation will allow changes that could occur more frequently. The hope is that the Ontario Power Authority is going to be given a very important mandate, which I think people recognize, and the hope would be that, once that mandate is enshrined, then it can get on with its job and not be subjected to changes in direction. So that's our thought, that the legislation is the best place to put the mandates.

Mrs Cansfield: The last question deals with the regulations. They are draft, they are out. You've been asked to comment. I know you've been in a number of times to see the folks on both sides, if you like—the political and the bureaucratic—around the regulations. But I was curious as to why you would suggest that other people's comments should be made public to you on those regulations. I find that fascinating. Don't you think that would limit people's openness? Why do you think that someone else's comments should be made public to you?

Mr Butters: I would take an opposite view to that, Mrs Cansfield, and it would be this: These issues are of such public importance, it would be appropriate for all of the comments—and I think it would certainly be helpful for those who are drafting it and having to respond to it to understand what other people are saying. That has been the way in which much of Ontario's electricity process has evolved over the past 10 years. It has been a collaborative process. So I think that what we're really saying is that they don't have to be identified, necessarily, but it could be a Web site kind of forum. But at least everybody who was looking at this would have an

opportunity to understand what other people were saying. I think that would be to the net benefit of everyone.

Mr McMeekin: In a general sense.

Mr Butters: Yes, in a general sense. There are ways of making sure that these are anonymized, if that's an issue. But this is what's happening with the RFP process, for instance.

Mrs Cansfield: Considering that it's a first that these draft regulations have been out for public scrutiny before being made, it certainly is an opportunity that I'll take back and have discussions with—

Mr Butters: Just a bit of democracy, I would—

Mrs Cansfield: They did it on the RFP in terms of the chat rooms, first of all, so I don't see why. I was just curious as to why you thought so, but I will take the suggestion back.

The Chair: Mr Craitor, quickly, because I want to get Mr Arnott and Mr Marchese in, and the expert witnesses. I want to give everybody an opportunity. You're next.

Mr Kim Craitor (Niagara Falls): I will be very quick. Two short questions. On page 4 of your presentation, it says that, "In Ontario, the estimate is that an investment of \$25 billion to \$40 billion will be required" over the next 15 years. If we went to the government being totally responsible for the delivery of electricity—because we hear that concept—I take it from what you're saying that the government, whoever it will be, would have to find somewhere between \$25 billion to \$40 billion if there was no private investment. The taxpayers would have to come up with that kind of money to maintain the electrical system we need over the next 15 years. Is that what that is saying?

Mr Butters: That's what that says. The people of Ontario, the government of Ontario, Ontario Power Generation or the Ontario Power Authority would have to go to the markets and borrow \$25 billion to \$40 billion. That would wind up on the books of the province of Ontario, and the taxpayers would be responsible for that, would bear all of the risk associated with that money.

Mr Craitor: And we'd take all the risks and responsibilities.

Mr Butters: All the development risk, all the construction risk, all the financing risk, all the operational risk—all of the risk.

Mr Craitor: I was interested in your comments about the selection to the IESO and the OPA being a public process, as opposed to at the pleasure of the minister. Do you want to just go over that again?

Mr Butters: I would add these on to Mrs Cansfield's comments. Our view is that these are matters of huge public importance. We want to have the very best people we possibly can on these boards. They're going to be tasked with very important decisions. They're going to be responsible for some very large financial and fiscal issues. That should be a public process and they should be for fixed terms and they should have some expertise in the sector—not all of them. I don't think the boards have to be stakeholder boards. They don't have to have

representation from every group but I think on those boards you want to have people who do have an understanding, because they're going to have to ask the very tough questions of their management: "Folks, why are we doing this? Is this the right thing to do?" That sort of thing.

1030

Mr Ted Arnott (Waterloo-Wellington): I want to express my appreciation to your organization for coming in today to express your views, and to compliment our Chair and clerk for conferring upon you expert status, because your role is going to be absolutely crucial in the next few years as we attempt to keep up with the demand for electricity. Certainly our party has worked with you in the past and would be interested in working with you in the future in that regard.

With regard to Mrs Cansfield's question about the openness of the consultation on the draft regulations, I would concur that, not unlike this process, which is completely open, where groups can hear what other people are saying, the exchange of views is helpful as the debate unfolds and I would certainly support and encourage the government to allow the consultation on those draft regulations to be as open a process as possible.

You've laid out your mandate as an organization. On page 3 of your presentation, you say you support "all forms of generation technologies" and you support efforts that lead to "lower environmental impacts from all electrical generation technologies." I was wondering what you could tell us about your opinion of the government's policy or intention to phase out all coal-fired generation by 2007. Does your association have a firm position on that, and would you like to tell us what it is?

Mr Butters: I would go back once again to the discussion I think we were having with Mr McMeekin; that is, what things are appropriate for government to do and not appropriate to do. There are many arguments for and against a phase-out of coal. The reality is that the government has decided it wants to go forward with this. That's a matter of public policy. I don't think it's for us to comment on whether that's good, bad or appropriate. There will be costs associated with it; there will be benefits associated with it. I think that's for the government to decide, and if that's part of the mix we have to deal with, so be it.

Mr Arnott: The other concern I have with respect to the government's policy, which I want to articulate in this round of questioning, is the previous statements by the current Premier when he was Leader of the Opposition. Apparently he made a statement at some point in advance of the election where he said, "The market is dead." You have stated clearly in a number of ways how essential it is for private sector companies that there be as much certainty as possible in terms of the long-term investment they're going to be contemplating. We have before us Bill 100, which would appear to indicate the government's intention to carry on with at least encouraging market competition in the generation of electricity, and yet we have the statements made by Mr McGuinty

before the election before us as well. To what extent do you feel confident that the government is going to continue with the policy they've started with in Bill 100 and to what extent are you concerned that before the end of the mandate the policy will experience radical change, perhaps because of past statements made by Mr McGuinty?

Mr Rosario Marchese (Trinity-Spadina): He's OK now.

Mr Butters: That's a very good question. What we're saying is that investor confidence in Ontario is the result of a number of twists and turns in electricity policy over the past few years. I would say that what we had previously was a market that actually worked. It did work and it did do what it was supposed to. What we wound up with was really kind of a failure of will to deal with it, but that's maybe another story. I think—and this is our view—that if the government can move forward with a policy that's consistent and coherent, if they can stick to that policy over a period of time, then that confidence in Ontario will return. Obviously, we can't look too far down the road with a crystal ball; all we can say is that if they do what they say they will do and they stick to it, then I think people will be able to deal with that kind of framework.

Mr Arnott: Returning to my previous question, if they're going to get rid of 25% of our electrical generating capacity in three years' time, do you not think it would be reasonable for them to be assured that replacement capacity is in place and ready to be turned on before they do it?

Mr Butters: Absolutely, and my understanding is that the minister has been very clear that those units won't be phased out until there is sufficient capacity to replace them. You can't just take them off-line; the lights will go out. That's what happens. They won't go out all the time; they'll just go out in peak periods. As I said, it's a perfectly legitimate government policy decision as long as we understand what the net benefits and costs are to that. Replacement power for coal is going to be more expensive than those units. Those units came on-line in 1969 or so.

Mr Arnott: I think my time is up. Thank you very much.

The Chair: Mr Marchese, you have four minutes.

Mr Marchese: Four? I didn't think I had that much time. I wanted to say, Mr Butters—and it may not be a surprise to you or to the other panellists—that we New Democrats support public power and we would keep the private sector out if we were in power. I thought I'd let you know that in the event that you didn't.

Mr Butters: I think I understood that.

Mr Marchese: But I did want to agree with you on three areas that you raised; first, that this bill merely provides a regulatory framework. You and Ms Bertoldi, the lawyer, made the comment that most of the real content of this bill is in regulations; that makes you nervous. It makes us nervous. While it is true that what's in the bill and what's in regulations is part of the ongoing

process around bills, we see much in this bill as regulatory framework that worries us about what's coming down the line. So we are as worried about that as you are.

I also agree with the other point about the appointments process; that is, that appointments should come in front of the government agencies committee, where the government appoints them and gives people an opportunity to raise questions to those individuals. I imagine that's the kind of process you're speaking to, right?

Mr Butters: Yes, or a similar process. Something like that would be right.

Mr Marchese: That's the only public process we have. I don't know how else you would make it public.

Mr Butters: In that case, that would be the appropriate process.

Mr Marchese: The third point is that if the government is indeed committed to the idea of private investment and indeed supports competition, as they say they do—you say, "If that is so, why not just put that in the objectives as part of the framework?" I'm a bit puzzled why they don't do that either. I wanted to support your contention that if they support that, they should state it in the bill and not hide from it.

Those are the three items I wanted to say I agree with them on. On everything else, we are in disagreement.

The Chair: Thank you very much for your very informed presentation this morning.

ONTARIO WATERPOWER ASSOCIATION

The Chair: Our next presenters are the Ontario Waterpower Association: Mr Paul Norris, president. Welcome, Paul. Good to see you again.

Mr Paul Norris: Good to see you.

The Chair: As you're part of the expert witness list, you have 30 minutes. Any time you don't use up will be reserved for questions from the committee.

Mr Norris: We'll endeavour to leave you time to ask us some questions.

Thank you very much, Mr Chair and members of the committee. You certainly have an important task in front of you over the next little while, and it's a pretty critical time and juncture in the evolution of Ontario's electricity sector, so it's a pleasure and a privilege to be before you here today.

My name is Paul Norris, and I am president of the Ontario Waterpower Association. Just by way of background, our organization was formed in May 2001 primarily as a response to the commercialization of the electricity market at the time. We were formed with eight founding members, two of whom are to my right and left, and we've grown over the last two years to represent a broad cross-section of water power generation and interests in the province. Big or small, industrial or municipal, they're all members of our organization. Our smallest generator is a 50-kilowatt generator on the Mississippi River and our largest would be OPG.

To my right is Mr John Mattinson. John is the president and secretary of the Orillia Power Corp, a former

municipal water power generator, and he's currently chair of our board of directors of the Ontario Waterpower Association. To my left is Colin Coolican, whom you've already met. Colin is president of Regional Power. It's a water power generator with assets in Ontario, Quebec and British Columbia. Colin is a past director of the Ontario Waterpower Association.

1040

As I said at the outset, we hope to leave time following our presentation for any questions you might have. I'm particularly pleased to follow representation from APPRO. We work very closely with that organization. As they've pointed out, they represent the broad cross-section of electricity generators; we're specific to hydroelectricity.

In addition to the presentation I've brought today, I have tabled with the clerk for the Chair's and the committee's reference some past reports that our industry has tabled with previous governments and this government. Those are reports that were generated in co-operation with the wind industry and the biomass industry as a renewables collective. Many of the policy initiatives I'm going to speak to today have already been referenced in the past.

In addition to the handout I've given you, you'll see our last newsletter. Fortunately, our feature article in that newsletter was on Bill 100, and you can read that at your leisure.

The first slide you have in your presentation is just an overview of Ontario's water power resources. In this province we're truly blessed with a significant amount of water power resources. Our installed capacity exceeds 8,000 megawatts and our annual production is about 40 terawatt hours; about a quarter of the province's electricity production. In the northeast part of the province, our industry still accounts for more than 80% of the generation. In total, there are just fewer than 200 operating facilities in Ontario. As the graph in front of you shows, the vast majority of that capacity is still controlled by Ontario Power Generation. I would bring to your attention, however, that the vast majority of facilities are not. The majority of water power facilities in Ontario are owned and operated by the private sector, and have been for some time. Whether or not you include municipal in that, that's the way it's been in Ontario, and that balance of public and private ownership has been in our industry since 1894.

In the second slide you'll see a representation of the portfolio that we have in this province. So in addition to the geographic distribution of our resources and our facilities, we've got a wide variety of installed capacity—this is the pie graph. Twenty per cent of the 190 or 200 facilities I talked about are less than one megawatt in size, installed capacity in the province. Another 35% are less than 10 megawatts. In our view as an industry, this diversity is an important advantage in our sector, in our industry. In our view also, it's important to consider that diversity when crafting broad, sweeping electricity policy. The 500-kilowatt generator and the 500-megawatt

generator have different needs but are just as valid in the production of renewable energy in our province.

Briefly, in slide 3, I just wanted to remind the committee—although I know you're probably well aware of these—of some of the key attributes of water power generation and I want to relate it to the bill in front of you. Typically, water power generators enjoy a relatively long plant life cycle. The vast majority of facilities in Ontario were built before the 1950s, and several date from the late 1800s and are still running—and many of them are still running with original equipment. It's an extremely effective method of realizing potential energy, with generator efficiencies typically rated in the 80% to 90% range.

Unique to our industry is the ability to store energy and release it when it's most needed. That's an attribute, in particular, that warrants consideration in public policy dialogue and one that, in my view, has not received the attention it deserves. We have engaged over the last two or three years in several discussions about the relative merits of run-of-the-river versus storage-based water power. Again in our view, they're both valid, they both have a specific value and they both serve specific needs.

The geographic distribution of our facilities provides a form of energy security to the province. I'm sure that's a topic you've heard a lot about from the advocates of distributed generation. Our 190 facilities are located right across the province; 126 of them are south of the French and Mattawa Rivers. Most of them are in our backyard; there are a lot of them just up here from me in Peterborough.

Additionally, as was demonstrated last August, the ability of many facilities to provide black start can be of particular importance. If you looked at the IMO's chronology of how we got back up and running after August 14, you can look to the Beck, you can look to the Saunders, you can look to the northeast water power generation. That's what allowed us to get back up and running.

More tangible to me is the fact that in my home town of Peterborough, Ontario, our local utility used the 800-kilowatt water power generator to run the hospital while we were out of power. And that happened across the province; it wasn't unique to Peterborough.

Finally, and I think importantly, water power can respond very quickly to changes in fluctuating demand. We can ramp up and ramp down more quickly than any other form of generation, and I'll build on that point in the following slides.

My real message here is that water power isn't the panacea for Ontario's energy challenges, rather that the dialogue we've been having around 25,000 megawatts or 30,000 megawatts of installed capacity we need to replace over the next five to 10 to 20 years needs to be broader. It needs to be a dialogue about energy and about the attributes of those energy sources. It's not just a number.

In the next two slides I'm going to emphasize the observation I've made with respect to water power's

contribution, and specifically the contribution of storage and ramping. The first slide in front of you, slide 4, is from the IMO Web site illustrating the fluctuation in demand during a day this August. As you will note, the demand increases from a low of approximately 16,000 megawatts to a high that approaches 22,000 megawatts on this particular day. You could develop a similar profile weekly or seasonally if you wanted and you would see a similar fluctuating demand. Again, the point is that it's not all about the numbers; it's how you meet the fluctuating demand.

Next is slide 5, and I'm going to show you the documentation of what water power does in those days. This is a similar daily profile from August a year earlier. It happened to be August 13, 2003, so that was the last date we had a profile for some time. Note here that the water power generation moves from approximately 2,500 megawatts to about 5,500 megawatts over a similar time and scale to the changes in provincial demand. But as important as that changing and fluctuating demand is that ramping I talked about, or the slope of the graph. If you look between hour 5 and hour 7 into hour 8, that change in electricity production exceeded 3,000 megawatts. The point is that water power responds, and responds quickly, to changes in demand. It's unique to our industry.

Before moving to our observations on the draft legislation, on the next slide, I'd like to take the opportunity to dispel a popular notion, namely, that there are no water power opportunities left in Ontario. Our organization has conservatively estimated that perhaps 4,000 megawatts of new renewable water power could be responsibly realized between a combination of new development and development of existing assets, and both are important. In fact, if you look back to the hydraulic component of Ontario Hydro's demand-supply plan in 1990, it indicates that more than 4,500 megawatts were available for development through the public and private sectors. The listing I've offered you here of known developable sites, redevelopment, inventoried sites, the Moose River basin, opportunities in parks, northern rivers and pumped storage, isn't intended to represent that which will be developed or that which should be developed; rather, that's what's out there if we choose through public policy to go after water power development. It's been a long road, I'll tell you, in getting water power recognized as having that opportunity. Despite that, there are still those who figure there are no opportunities left in Ontario. Talk to the gentlemen next to me and I'm sure that they'll say otherwise.

In the next slide is just a brief word about some current key impediments faced by the industry in Ontario and why, quite frankly, many Ontario-based companies are investing elsewhere. The reason I'm including these slides in the context of your deliberations on Bill 100 is to emphasize the need for strong and explicit provisions in the legislation in support of renewable water power. Based on our experience in the past, the use of implicit instruments—for example, environmental policy—has not resulted in the recognition of government direction in

the mandates of key ministries and agencies with legislative responsibilities related to the sector.

Our first example is the inability of our industry to pursue new development opportunities on provincial crown land. In effect, there has been a moratorium on new water power development on over 85% of the province's land base for more than a decade. And this has not been a result of explicit government direction, rather it has been the absence of a policy framework for water power resource allocation and development. A direct result of this inaction has been the inability for water power proponents to bid new projects into the government's 300-megawatt RFP for new renewables. This potentially skews the results of that process, because you're not going to have that resource brought to the analysis.

I will say that a draft policy framework has recently been posted for public comment, and we are hopeful that it's in place to support the full participation of water power in the next RFP. It is, however, a classic case example of the need for strong direction through electricity legislation.

This brings me to my second point. In our view, renewable energy should be considered a matter of provincial interest in the same context as we view other significant resources that are to be responsibly developed and managed for the benefit of our present and future generations.

1050

Across the province, our members are actively engaged in resource management planning exercises designed to achieve a balance of economic, environmental and social objectives potentially impacted by a commercial electricity market. Our experience to date in these and other initiatives has been that the stated provincial objectives related to renewable energy are not easily translated into regional or local discussions. Renewable energy in and of itself is a value that should be articulated.

Finally—and I know you've seen this before—there are myriad policy and program silos that need to be addressed. I've heard recently that a new addition to the bureaucratic lexicon is horizontality. If ever there was a need for such a concept, it's in renewable energy. In our sector in particular, we are facing the elevation of the water agenda—appropriately so; socio-economic objectives related to First Nations; and an increased infrastructure emphasis, to name a few. As I'll suggest in our recommendations, cross-agency coordination is imperative.

Now to some advice from our industry for your consideration. We will be providing a written deputation to the committee and, in the time allotted, will just provide an overview of some key areas.

First, there are a number of provisions in the draft legislation we would strongly encourage the government to retain. We fully support the provision allowing for ministerial directives for renewable energy sources and see this as the basis for the potential evolution of the

current RFP process into a provincial renewables portfolio standard. We would also suggest that the objectives already articulated by the government be confirmed through such directive immediately upon implementation of the bill. In the interim, it's important, in order to maintain the momentum, that the government continue to take steps to achieve the identified targets.

We also support the provision directing that there be a simpler procurement methods for renewables. One such example would be to move toward a feed-in-tariff model once government had a full appreciation of the potential of renewables; another would be to implement the RPS in the future.

In addition, we support the provision allowing for voluntary marketing by LDCs or load-serving entities as they evolve. In our view, consumer choice should extend to generation type, and any provision that can facilitate this choice is positive. We understand and appreciate the potential concerns of LDCs in this regard and are committed to working with them through the EDA to develop a mutually satisfactory approach.

In slide 9, we would also like to offer some suggested basic amendments to the draft, again for your consideration. Most of these are fundamentally related to the enabling nature of the proposed legislation, as was discussed by APPRO, providing for a number of key policy issues to be addressed through regulation. For our industry, there are some areas that would benefit from legislative certainty.

The first area is in the definition of renewable. While we applaud the inclusion of water power, both new and incremental, we are concerned that the definition could be restricted by regulation. Basically, water power scientifically is renewable. Say it's renewable; enshrine it in legislation. Other objectives, be they environmental, social, economic or otherwise, should be developed through separate policy initiatives, such as environmental legislation or sin tax legislation, but they should not be dealt with through electricity legislation.

We also seek certainty with respect to the regulated assets. As currently constructed, the bill seems to suggest that any generator could be prescribed by regulation to a regulated rate. Based on the earlier deputation from the Ministry of Energy, it is our understanding that it is the intent of the government only to include, from our sector, the OPG Niagara and St Lawrence water power plants as heritage assets. If this is the case, we would recommend that this be defined in legislation.

I would caution the committee on the discussion around baseload generation versus peaking generation as a potential approach to heritage assets. Baseload generation would include all your small hydro. I think the discussion around what is or what isn't heritage assets needs to get away from generic definitions and into what the perceived or desired role of OPG is in the market and what the relationship of that company is to the government. If, for example, the company has a role on boundary waters, you're going to have a different definition than if you decide that it doesn't.

We would also advocate that the legislation enable the participation of key sectors, including renewables, on the proposed advisory committee to the government. This is consistent with our recommendations for better recognition of renewables.

As a number of others have pointed out, the credit-worthiness of the OPA requires better definition. Suffice it to say that water power, as a capital-intensive sector, is particularly interested in this area.

Finally, as noted earlier, we would recommend that the current targets of 1,350 megawatts and 2,700 megawatts of new renewables by 2007 and 2010 respectively be defined in legislation or be directed through a minister's order upon implementation.

Our final advice focuses on potential additions to the legislative framework. The first is in the area of transmission. While we understand and appreciate that this issue is to be addressed later this year through separate consultation, we would encourage the committee to consider its relevance to your deliberations. As outlined in our earlier report to government, the renewables industries have suggested a balance between the existing generator-pay approach and a rate-based approach to transmission costs, recognizing that, for the most part, renewables are where they are. We would also suggest that the committee seriously consider the incorporation of a renewable energy secretariat within government, defined in legislation, again, as outlined in an earlier report of the renewable energy task team. In my view, the government's efforts to establish a conservation culture should be matched by a strategy to create a renewables renaissance.

In closing, some key messages for your consideration:

In my view, conservation and renewables are both public policy objectives, as articulated by the government, and they should be afforded the same degree of consideration and support through government policy.

In my experience, electricity legislation is going to be key for other ministries' policies and programs. Unless you have a strong, articulated, consistent, concise electricity policy in this province, there isn't really a lot of impetus for the other agencies of government—who, after all, implement the legislation—to be on the same page.

I know you've heard this before: Investors need certainty. Ontario is competing with other jurisdictions. Several of our members are building somewhere else. It's not that they don't want to invest in Ontario; it's just that the climate of uncertainty would not support the level of risk they are willing to incur.

I guess the final observation from my experience, having been fortunate enough to sit on the Electricity Conservation and Supply Task Force and speak to the Manley commission and make a deputation to the select committee on alternative fuels, I see this bill as an evolution. I don't see it as an endpoint in and of itself.

I would encourage the committee to reflect upon the good work that has been done over the last three or four years on this sector. It has not all been work dealing with

public versus private; it has not all work that's dealt with the commercialization of the market; there has been a lot of good work done by a lot of good people that, I think, warrants some consideration. I think, at the end of the day, Bill 100 can take us forward but, again, I don't see it as an endpoint; I see it as part of an evolution of the sector which is going to continue to evolve as we struggle with public policy.

The last slide I have is just a quote that I was happy to see from Minister Duncan on August 12, 2004. It's starting to filter down that we do have water power, and I think it is a good example of the relationship between economic policy, environmental policy and energy policy—the three Es, as I call them—because economically it makes sense, environmentally it makes sense and from an energy policy perspective I think it makes sense. Again, we're not a silver bullet; we're part of the solution.

Thank you very much for your time and for your attention.

The Chair: Paul, thanks so much. We have nine minutes for questions. On this particular rotation we have Mr Marchese first, followed by the government and followed by Mr Arnott.

Mr Marchese: Thank you, Mr Norris and other members. You raise some good points because, even yesterday, I believe it was, in Ottawa, somebody commented about the limitations of water power and obviously said what you're saying, that people actually believe there isn't much left to garner from water. When I look at your slide—I'm not sure what number it is—it says, "There are opportunities." It talks about known development sites, about 1,500 megawatts of potential redevelopment and additional inventoried sites—2,700 megawatts. Looking at this chart, there's a lot of potential there.

Let me understand: The government in consultation with you doesn't see that as part of that option? Did you actually say you can't bid or are limited in bidding?

Mr Norris: There are a couple of things. Again, it goes to the notion, at least, of cross-ministry coordination and a renewable energy secretariat, that model. The Ministry of Energy certainly recognizes water power as a key element moving forward. They've included in the 300-megawatt RFP both new and incremental water power which would get to redevelopment. So I don't think that's a particular challenge.

Whenever I see the quotes around there being no hydro left, I consider the source as to where those quotes are coming from.

Mr Marchese: And that might be where?

1100

Mr Norris: Well, it may be an advocate of another type of generation. It may be somebody who may not be as informed about—I mean, quite frankly, if you think of 106 years of Ontario Hydro, and if you think about the relationship in people's minds between the word "hydro" and the word "electricity," they're one and the same in most people's minds. So it's an education strategy as

much as anything for us to get out there and make sure that people understand.

Mr Marchese: I agree with the potential, and we should be looking at that very carefully.

I also agree with your suggestion about having a renewable energy secretariat. There is a proposal to have a conservation bureau. There are some limitations—many people have spoken to that—and one of them is that it's not independent, that it's attached to the Ontario Power Authority. In addition, it doesn't seem to have much power in terms of what it could do. It's there mostly, as many people have talked about, as a watchdog, as recommending and making suggestions and so on, but there isn't a lot of money or power to actually be proactive in that field. Your point about it being connected to conservation is a very good one. I think we should be—

Mr Norris: Yes, I think they're parallel policy objectives that the government has articulated. We've advocated for some time, based on our experience either through red tape commissions or other initiatives, that while the Ministry of Energy articulates energy policy, the implementation of that policy resonates across ministries.

Mr Marchese: Sure. I agree. The other point you talked about—and I forget the terminology—is that they've done it in Germany in terms of the feed.

Mr Norris: Feed-in tariff, yes.

Mr Marchese: The feed-in tariff model. First, I've got to admit some of us are not experts in this field. When you listen to that, you don't know quite what it is, but it is something governments have to be proactive in doing, and if you don't take that approach, you're not going to get more renewable. Your point about this is that unless we do that, we're not going to have much renewable energy coming on board, right?

Mr Norris: Well, no. I think the point is that the legislation we think appropriately identifies, consistent with the government's objectives for renewables, that procurement methodologies for renewables will be simpler. One of the models that is simpler, as opposed to a competitive bidding process, is to establish a feed-in tariff. In fact, what we had recommended is that, based on the experience of a full competitive bidding process, where water power was actually part of—the government could sit back and reflect upon the experience of that process and determine what the appropriate approach would be to a feed-in tariff.

I think we've seen an astounding amount of response to the 300-megawatt RFP, according to the figures I've seen. I would have liked to see a lot more water power at the table and, hopefully, there will be in the next one.

Mr Marchese: In fact, there are 4,400 megawatts of power recommended under that green power initiative. My hope is that we could expand that beyond 300 megawatts. I agree with that.

Mr Norris: Absolutely. I think, for us, what's needed is continuity. This is the first 300-megawatt RFP. Let's learn from that, let's get the next one out and let's get the

next one out. Gentlemen to my right and left, I want to be able to look out three, five, 10 years to see what the policy framework is going to be, and nothing creates that certainty like continued effort.

Mr Marchese: I agree, finally, with your last statement about the bill. You see the bill as an evolutionary process rather than an end in itself. Often bills tend to stay that way for quite a long time and would make changes very slowly into it. So it's good to see it in an evolutionary state rather than an end in itself. Thank you.

The Chair: Quickly, Mr Craitor, and then Mrs Cansfield.

Mr Craitor: Thank you for your presentation. I just want to comment on water power. As the member who represents not just Niagara Falls, but I think across Ontario we're sort of recognized, for whatever reason, as the hub of electricity, I will tell you that in the short time I've been a new member, water power is significantly recognized by the minister. In fact, in the short time since we became the government, one of the first things was the announcement of the new Niagara tunnel; a third tunnel to utilize the water that we have with the existing Beck 1 and 2. I think it was the front-line workers who explained to me—as my friend from the NDP indicated, we're not all experts—that there were some great opportunities to generate more electricity. We just had to get more water into it and balance not shutting the falls down. So we've done that, and there's going to be opportunity to generate more electricity, which is, as I've learned, the most cost-efficient way to do it. That's a real benefit for the taxpayers. That was just a comment to make you aware that the government does recognize the importance of that.

The only thing I wanted to mention was—and I won't go into all the detail, because, again, my colleague from the NDP mentioned this—I liked your suggestion about the renewable energy secretariat. I just wondered if, when you get an opportunity, you could just elaborate a little more specifically in writing on what you see the role as and how it would function. Maybe it's something we could take a look at.

The Chair: Paul, if you could do that for us quickly, I want to try to work in Mr Arnott, because your presentation is very important. They'll get back to you in writing, I think.

Mr Craitor: Right. So we'll leave it at that.

The Chair: Mrs Cansfield, please, a short question, and then we want to get to Mr Arnott.

Mrs Cansfield: I'd like to see your comments on the regulation that deals with the prescribed generators and facilities, Paul.

Mr Norris: OK.

Mrs Cansfield: The other is, you have identified some interministerial barriers. I'd certainly welcome an opportunity to have those identified as well, as we move forward. You're right; it's the interconnectedness. One hand doesn't know what the other hand's doing, and if they do, they don't care.

The other is—and again, it builds on what Kim was saying—how to work the renewable into the conservation secretariat, because the conservation secretariat is only identified in the bill as “It will be established.” What it will do and how it will function will be in regulation. So I think that's an important part that you could be a contributor to. It's only described in its existence. So could you do those three things?

Mr Norris: Absolutely. I'd be happy to.

Mr Arnott: I just have a quick clarification question. When I look at your presentation, under the section, “Our Advice—amend,” you said, “Definition of renewable should include all water power.”

Mr Norris: That's right.

Mr Arnott: Which kinds of water power currently are excluded?

Mr Norris: The way the bill is drafted right now is that all water power is included except that to be defined by regulation. All we're saying is that if it's in, it's in. My observation would be that that provision is likely related to either environmental objectives, economic objectives or, I don't know, some other objectives. As Ms Bertoldi pointed out, to then have that being potentially changed by other governments as to what the definition is doesn't seem to be a productive use.

Mr Arnott: That to me sounds crucial, because the whole door could be closed on you by government fiat or through order in council at some point.

Mr Norris: That's right, and it's the same for wind and biomass.

The Chair: Thanks very much, Paul, for your presentation today.

Next, we'd like to call upon Eco-Energy Durham, Chris Coltas, president. Is Chris here? Chris is not here.

PRINCE EDWARD COUNTY WIND CO-OPERATIVE

The Chair: I would then ask the Prince Edward County Wind Co-Operative, Paul Johnson, board member, to come forward, please.

Mr Paul Johnson: Mr Chairman and members of the committee, I want to thank you for the opportunity to speak to you today. My name is Paul Johnson. Also with me today is Bill Vloeberghs. We represent the Prince Edward County Wind Co-Operative. Bill is the president. He's hiding in the corner. I'm a board member, and I'm here to make the presentation.

How did Prince Edward County Wind Co-Operative come to be? I think, first of all, I just want to focus on wind power—I know the broader context of Bill 100—because it's what's close and dear to the hearts of those of us on the board.

From 2000-03, I was a councillor in Prince Edward county, and an application was made before council to establish what is often called a wind farm in Prince Edward county. It was at that time that it became necessary for me to study many documents. I wanted to be sure that I could objectively come to some conclusion

with respect to the status of wind turbines and whether they were suitable and indeed good for the municipality of Prince Edward county.

1110

Vision Quest, a company from Alberta, made the first attempts to establish windmills in Prince Edward county. They had contracts with landowners. Unfortunately, some nearby landowners objected and now they are in the midst of an Ontario Municipal Board hearing, which is coming very close to its third year—at a pre-hearing, so far, I might add. We haven't even got to the full-blown hearing yet, and that is extremely unfortunate.

The reason we established the Prince Edward County Wind Co-operative was because there seemed to be a sense in the community that this company was going to establish the wind farm and there was going to be nothing really for the broader community. So we entered into negotiations with Vision Quest and they agreed to allow us to purchase one of the larger wind turbines out of approximately 13 that they were going to put up. This way, people in the community could actually purchase shares in the wind co-operative and benefit from wind power. Unfortunately, some objectors have taken us down a road we didn't expect to go and we are now in this Ontario Municipal Board hearing.

The status of our wind co-operative is such that we are only a board at this point in time. The reason we're only a board is because we don't want to go to the public and ask for public membership because we're not certain at this point what the outcome of the Ontario Municipal Board hearing will be. We're extremely optimistic that it'll be successful and the wind turbines will go up, but there's no certainty with respect to that. Therein lies the problem. I studied extensively, for a number of months, documentation from what I considered experts from around the world with respect to the matter of wind turbines and concluded that, other than the objection of how they looked on the horizon, there was nothing really environmentally negative that could be attached to the wind turbines that was significant.

So my objective conclusion was that this was something I would support as a councillor, and indeed the majority of councillors in Prince Edward county did support this. However, opposition has, as I said, brought us to the Ontario Municipal Board.

The unfortunate thing—and I think the Ontario government has to understand this. They have to move forward in a very meaningful way through both policy and regulations to expedite what has become a long and protracted event that needs to be brought to a conclusion much quicker than has happened at this point in time. In fact, we haven't come to a conclusion. The costs, both personal and municipal, are quite significant. The municipality has spent, as I understand it, many hundreds of thousands of dollars on lawyers to deal with this issue. Some of the contracted farmers—three farmers I know are beef farmers. As soon as I mention beef farmers, you know the difficulties they've been having. They were counting on the revenue from having these wind turbines

located on their property to assist in their income, and this was prior to mad cow disease, which we know has devastated the beef industry across the country and in Ontario.

One thing we know for sure in Prince Edward county is that it's a windy place. It's a great place to place wind turbines. Windy places anywhere are good places, and we have probably one of the windiest places in Ontario. I think largely the community is in support of wind turbines. I gather this from some solicitations we've made with respect to asking people whether they're in favour or not, and the majority by far think this is a good thing. We know that wind turbines are an efficient way to produce electricity. They don't, relatively speaking, produce a lot of electricity, but if you have enough of them, they can produce significant amounts of power. Detractors will say, "They don't produce any electricity when the wind's not blowing." That's absolutely correct, but they're almost 100% efficient when the wind is blowing. I might suggest that nuclear plants, when they're not operating, don't produce electricity either, and it's something you might want to keep in mind.

Mr McMeekin: That has never happened in Ontario, has it?

Mr Johnson: I think I heard something on the news yesterday with respect to that, as a matter of fact.

The health benefits: You may know that Belleville won the award for having the worst air in the province of Ontario. Prince Edward county is just south of Belleville. I can only surmise from that that Prince Edward county probably had the worst air in the province of Ontario too, and we're a rural vacation play land. I find it terrible to think that that's the state we find ourselves in.

We know that wind turbines don't create any pollution. They are relatively benign with respect to their environmental impact. I think that it's incumbent upon the province to, as soon as possible, speed up and allow for the development of wind turbines where they can be located in the province.

On Bill 100 specifically, I think the Ontario Power Authority is an interesting undertaking. The conservation bureau within that organization is also interesting. I might suggest that although our focus and our most important consideration is wind turbines, we also advocate for conservation. I think it was Paul Gipe from OSEA who said that if every household in the province of Ontario just changed two incandescent bulbs to fluorescent bulbs of the same wattage, we could save 750,000 kilowatts or something like that. That's a significant saving. So we can't underestimate our conservation efforts.

I would implore the province to take any education they can undertake with respect to the public of Ontario and encourage them to conserve. Maybe we have to be a little more draconian. Maybe we have to have rules and regulations that force some of the changes that people are reluctant to otherwise make. It may seem draconian, as I say, but we're somewhat at war. Although we're just on the brink of war, we're at war with ensuring that the

environment is saved, or improved upon at the very least. I can't say enough how I believe that wind turbines can make a huge contribution with respect to that.

Wind turbines as a stand-alone entity have been examined and used around the world. They come in various shapes and sizes. It's absolutely correct that they have some small environmental impact, depending on where they're located. However, in the grand scheme of our industrialized society, we think of all the things we have built and operate within our society, whether it's our large SUVs or our skyscrapers in Toronto. Other means of producing electricity—God knows that oil and gas are going to become prohibitively expensive in the future. By comparison, windmills are benign. Anyone who would come forward and argue at an OMB hearing, in my opinion, that there are environmental reasons as to why we should not have wind turbines would simply be selfish. I just want to emphasize that.

What we have now are good words from the Ontario government. Lots of governments in the past have said lots of good things. I think it's time now that the Ontario government and all parties work together. That's so important to ensure that some of these good words become the good actions that are necessary.

I can't emphasize enough how important conservation is. I think there have to be some very strong policies, rules and regulations with respect to that. Education of the public is so important.

With respect to wind turbines, it's often said that they don't produce enough electricity to be that important. But we know that just one drop in the ocean raises its level. Thank you.

The Chair: In this rotation, Mr Arnott, you're first.

Mr Arnott: It's good to see you, Paul.

Mr Johnson: It's good to see you, Ted.

Mr Arnott: I want to thank you for your continued public service through your involvement in the Prince Edward County Wind Co-operative. It sounds like it's something you've put a lot of effort into. Your experience and knowledge I'm sure have benefited that organization as you move forward.

I don't want to say anything that would appear to be interfering in an issue that's before the Ontario Municipal Board, but surely we would want to carry on the ability, I suppose, of an individual or a community group to object to a decision that's been taken by a municipal council by appeal to the Ontario Municipal Board, even if it is a wind power generation proposal. So is it a matter of resources or streamlining the hearings, or what would you suggest is needed to make these processes expeditious?

1120

Mr Johnson: Certainly streamlining the hearings would be good. The process seems to be long and protracted. I also believe we don't have to reinvent the wheel. There is significant expert opinion around the world that indicates how wind turbines of the various sizes and designs may impact on the environment. Again, of course there are prejudices, as there always are, and

people opposed to them will find every opportunity to use whatever information they can that supports their arguments. Those in favour of course will find every opportunity to use favourable comments. I can only say that I had no opinion and I objectively read thousands of pages of material and came to the conclusion that for our community in Prince Edward county, it was a good thing. I know it's before the Ontario Municipal Board and they will in due course come to some conclusion with respect to the matter. However, it is disheartening to see how long it has taken to get to the point where we are today, which is that we haven't even got to the full hearing yet and we're almost into the third year.

It's very, very long and protracted—very unnecessary. If we're to continue down this road in the province, if the next time we have a wind farm to be established, let's say, in another municipality and we have someone oppose it and it goes through the same long, protracted process, wind turbines will never exist in Ontario. So the government has to take a stand. They have to do something very proactive and they have to make sure that—maybe that windmills can exist as of right.

Mr Arnott: I suppose it underlines the challenge we all face in the province if you accept and recognize that we need to replace 25,000 megawatts of power by 2020, and how are we going to do it?

Mr Johnson: If we're going to use windmills, we certainly have to—

Mr Arnott: Yes. It takes years in some cases even to get to the point where you're ready to construct because of approvals processes.

Mr Johnson: We're in very serious difficulty if the government doesn't move and act quickly, because without quick action the requirements for 2020 will not be met.

The Chair: Thank you very much, Mr Johnson.

ECO-ENERGY DURHAM

The Chair: We now call our next presenter. I understand that Mr Coltas from Eco-Energy Durham is here. Chris, welcome. You have 15 minutes, and any time that you don't use will be reserved for questions.

Mr Chris Coltas: Thank you. I'd like to thank the committee for letting me speak today. My name's Chris Coltas, and I'm here representing Eco-Energy Durham. We're a non-profit, community-based renewable energy cooperative. We formed in 2002 following a green energy workshop that was held in Ajax. We incorporated last July, again as a community-based, non-profit renewable energy co-operative. Our goal is to work toward reducing particularly Durham region's dependence on nuclear and fossil fuel energy. We want to do this through local, community-based initiatives. We advocate and promote renewable energy and energy conservation and efficiency. Our particular focus is wind energy. Our primary project we are looking at is a wind turbine project that we would like to implement in Durham region. It's a large region, with over half a million

people, so we feel there's room. There's a long stretch of Lake Ontario, there's the Oak Ridges moraine, so there are certainly areas to prospect for wind energy resources. So I'm here today to speak to Bill 100, the Electricity Restructuring Act, and to emphasize what we, as Eco-Energy Durham, feel is needed.

We need local ownership of renewable energy. That's a very important thing, community-based projects, not just the large players in the field. Farmers, local citizens, anyone in the community who is interested in having a stake in power generation, should be able to get in there, and that local ownership should be encouraged and promoted through certain mechanisms.

The local ownership of energy production would encourage the production of energy to be distributed more widely. This has many benefits in that it will create a more stable power grid and you also reduce line losses from very highly concentrated producers pushing energy far across the province.

We also feel that so far a lot of the concentrated sources of electricity generation are ones that we don't favour at this time. As a community, Durham region, we're sort of reliant on nuclear and coal being the only sources, and we feel that's very restricting. Renewable energy has a very big part to play in the production of electricity, and it's about time that there is a way this can be put forward; so far, it hasn't been. There's a lot of resistance, a lot of difficulty, if you want to move forward.

This bill is a good start. We support the government for doing this work. However, we feel there's more that needs to be done, because smaller groups are effectively prevented from engaging in creating a wind energy project due to complications, due to the costs and due to a lot of the red tape. This bill doesn't prevent groups like us or other people in the community from doing such work, from working on projects like this, but we need a way to move forward faster.

Just to point out, section 25.9 is a little vague in this bill. Some of the details are left to be determined later, and it's not really specifically set up. What we need is a fixed-price mechanism. We want something where there is a guarantee. Community members in Durham region, farmers and individuals we talked to, are very eager to do something, and they want to be involved, but it's very daunting to try to compete against a large producer.

We feel that section 25.9 should explicitly state that fixed-minimum-price standard-offer contracts, the type you'd find in advanced renewable tariffs, are the preferred mechanism. This will allow for rapidly developing, locally owned renewable sources of electricity generation.

Bill 100 does not explicitly talk to the non-monetary benefits of electricity generation, and we feel that renewable energy has the benefit of reducing pollution that is caused by the other sources of electricity. This is an attribute of the community-based renewable energy projects that is basically being glossed over; it's not really included, it's not important. So when you're

factoring in decisions to go ahead with projects, the renewable energy projects, this isn't weighted as highly. It should be extremely important because it has an impact on the economy and health care and on our general well-being.

Also the bill is vague in that it allows for too much ministerial discretion. This kind of system should be more in the public view, where it's evident what's going to happen and how it's going to work. It shouldn't be developed in secrecy behind green catchphrases. This should be up front. This allowing of too much discretion will destroy the effectiveness of this bill.

The tools that we feel we need are ones that would get around the discouraging financial and legislative barriers which complicate and severely disadvantage us as a community organization working on a renewable energy project.

1130

Two requirements would be needed; first, the right to interconnect a renewable generator with the grid, and that involves more than just the physical aspect and the technical aspect. We have to have legislation that guarantees that if it's technically possible, we should be able to do it. We also need a fixed minimum price for electricity that is delivered from this project so that it's adequate to justify the investment. Basically, what we need is a renewable energy tariff system. This is the way we could rapidly deploy renewable energy. We should endorse, with this bill, a kind of fixed-priced mechanism, the same kind that has led to the huge amount of renewable energy you see in Europe.

If you look at Germany, it's a massive installment of wind generation, probably leading the world still at this point. I believe 14,000 megawatts of generating capacity has been installed since 1991 in Germany. It has worked in other parts of Europe, apart from Germany. Spain is becoming a wind powerhouse as well. Canada does not have anywhere near the amount of wind generation at this point, and there's no reason for this shortfall in comparison to Europe. Nine countries in Europe and South America are using these renewable energy tariffs, and this is allowing them to lead the world in wind energy generation.

In the fall, Prince Edward Island's Parliament will consider Minister of Energy Jamie Ballem's proposal to supply 100% of PEI's energy with renewable energy. Ballem plans to use the renewable tariff in order to meet these goals.

What Eco-Energy Durham wants is a minimum fixed price for a fixed time. This rate is paid by all consumers of electricity. We have to have an electricity act that makes our proposed community-based projects bankable. We can't invest in a community-based project if the outcomes of the project and the profitability are too risky. Other large players can take these risks and balance them out on all of their projects, whereas small community groups cannot.

In our case, wind is our main concern, but we need a standard-offer contract that's tailored to all the different

sources of energy: wind, solar, biomass. In the standard-offer contract it would be set out that if the area is of a certain wind regime, let's say low, you would get a slightly higher fixed price, and the areas that have a higher wind regime would have a slightly lower payback. This evens the playing field and encourages the rapid deployment of these renewable energy projects.

Basically, in a nutshell, we, as Eco-Energy Durham, applaud the work that's being done and we think it's a step in the right direction. However, without specific fixed-price standard offer contracts in the form of a renewable energy tariff, we don't believe anything's really going to happen. You will see some projects coming from the large players. However, if you want rapid deployment of renewable energy which is going to result in a very positive impact on power production and a reduction in pollution, you need to even the playing field, and in the proposal of Bill 100 you need advanced renewable tariffs. That, in a nutshell, is what we're looking for. We feel other community groups have already had stumbling blocks with trying to develop a wind energy project. When it comes down to it, with interconnection costs and when you look at the rate of return they're going to have on their project, it just doesn't add up. So if we want rapid deployment of renewable energy, we need advanced renewable energy tariffs in the bill.

The Chair: Thanks very much. We have about two minutes left on this rotation. The government side is first. Ms Cansfield, the parliamentary assistant.

Mrs Cansfield: I think the areas you've identified as barriers are important. We'll make sure they get through to the folks who are looking at how we can break down those barriers. I appreciate the challenges that you face, because I met a gentleman in Owen Sound and it took him six years, a lot of tenacity and a great deal of money before he could put up one windmill. So we're hoping to make the changes to enable the smaller player to have a level playing field.

The items that you've identified are in your brief, and presumably your brief will be coming to us?

The Chair: The clerk will be making copies.

Mrs Cansfield: Thank you very much for your presentation.

The Chair: Mr Arnott, quickly. You have about a minute.

Mr Arnott: I just want to express thanks to you for coming in today to express your views to us. They are sincerely appreciated.

Which jurisdiction do you think has the best system of advanced renewable energy tariffs today? Is there one country or one jurisdiction that you would say is doing it best of all, and we should look to that one to see how we could structure one here?

Mr Coltas: Yes. I believe it would probably be Germany, not only for wind, but they have solar as well. I don't think you should single out any one area. Look at Spain as well—very good with the solar.

Mr Arnott: I believe there are a number of people in Ontario who would be prepared to pay more per kilowatt

hour for what they perceive to be green energy. I don't know how many that is as a percentage of all the hydro customers in the province. I don't know how high they would be prepared to go before they would switch back to the more conventional, lower-priced energy. What would you guess would be the number of people, as a percentage, perhaps, of all the hydro customers who would be willing to do that? Do you have any idea, based on what's happening in Germany or some other jurisdictions?

Mr Coltas: I guess you're asking who would be onside with the idea, because basically an advanced renewable tariff would be a fixed price for everyone. I don't know if I can put a percentage, only because this system has never been tried before. If you ask people, "Would you be onside with going forward with renewable energy? This is the mechanism to do it," I feel the percentage would probably be the majority of the people. I can't put a figure on it but, yes, that's the closest I could come to that.

The Chair: Thank you very much, Mr Coltas. We appreciate your presentation.

CAMECO CORP

The Chair: Next, I would ask Cameco Corp to come forth: Mr Shpyth, the director of government relations. Welcome, sir. You will have 15 minutes, and any part of that you don't take will be reserved for questions.

Mr Al Shpyth: Mr Chairman, members of the standing committee, thank you for the opportunity to speak with you with respect to your review of Bill 100. I have given the secretary to the committee copies of our substantive submission, as well as a copy of the few slides I'll speak to today. I certainly hope to leave some time for questions. I also wanted to welcome the participation of Donna Cansfield, the parliamentary assistant, and Lou Rinaldi, who is our member for our Port Hope plant. I'm pleased to see Lou out for the hearings today.

You may find some small comfort in knowing that Ontario is not alone in facing energy challenges and in finding policy solutions to meet these challenges. World-wide energy demand is projected to grow by two thirds in the next 30 years. Electricity use will grow faster than any other energy end use. Financing the required new energy infrastructure is a huge challenge, and success in this area largely depends on the framework conditions created by governments. Your review of Bill 100, therefore, is a vitally important step toward creating the conditions that will allow Ontario to meet the challenge and have a secure and diverse electricity supply in the future, and, we believe, set the stage for other provinces as they wrestle with their energy challenges.

As noted, in addition to this short presentation there is a copy of our submission on Bill 100 for your consideration. Allow me to briefly introduce Cameco. We are the world's largest uranium producer, with the uranium coming from both primary production—what's

called mine production, which is largely from Canadian sources—and secondary sources, including dismantled Russian nuclear weapons. Some 102 million tonnes of air pollutants are avoided each year as a result of the uranium we supply to nuclear utilities in some 15 countries around the world, including Canada. So as we appear today, we bring experience from many countries.

1140

Within Ontario, we believe we're somewhat uniquely positioned. We are a large customer, with our two uranium processing facilities in Blind River and Port Hope; we are the principal supplier of uranium used to fuel Ontario's nuclear power plants; and we are a partner in the generation of clean electricity through Bruce Power. In general, our views on electricity in Ontario can be summarized as follows: An electricity market that works for all Ontario stakeholders is in our interests as well as the province's, and while nuclear power is not the only solution for Ontario, we believe there is no solution without nuclear.

We appreciate that with Bill 100 there is a recognition of the clear need to address the growing gap between power supply and demand. We note, as others before us have, that the long lead times for siting, permitting and constructing new generation sources dictate that we start now. We recognize Bill 100 is a step forward; however, as proposed in the legislation, the hybrid approach, to employ a combination of regulatory authority and market forces, may not bring about the desired results unless some refinements are made that will lend greater support to the workings of a competitive market.

We think there are several strengths in Bill 100. I'll mention just a few. They include the recognition of distinct submarkets, the recognition that there can be markets for residential and small businesses versus large commercial and industrial users; commitment to appropriate demand-response programs, which might be different for small customers versus those that may be available to large ones that might be in the market; and reliance on competitive wholesale solicitations, we think, is important to supporting the market and bringing about the focus on consumers paying the true cost of electricity going forward.

Our recommendations: We believe that in order for Ontario to gain the benefits of market forces, it must have a functioning and competitive electricity market from which the necessary price signals for both conservation and new investment can be obtained. To do this, we recommend applying price regulation to the residential and small business customers on a transitional basis and relying on and promoting a competitive market for major commercial and industrial users such as ourselves. This would not require an amendment to Bill 100, as it allows for the application of different pricing models to different customer classes. However, the recognition of load splitting, which is on the slide, would require an amendment to the legislation.

Our major issue here is that in support of a market, if you're offering a blended price to medium- and large-

sized customers, while it would support price stability, it would distort and interfere with the operation of a market segment that has become quite competitive in a number of other jurisdictions, including Ontario. It would also interfere with the introduction of smart metering and other price-responsive measures that are best suited to large customers and large consumers of electricity.

Cameco believes there are many benefits to a competitive market. From a nuclear power perspective, which is our industry, it encourages a strong focus on costs and operations, resulting in cost reduction and operational improvement in order to be competitive; that is, there's a natural incentive to performance improvement and investment in nuclear power. We offer our involvement in Bruce Power as evidence, and we offer the performance of the entire 103 US nuclear power plant fleet.

From the perspective of governments—it was touched on earlier this morning—but also of customers and taxpayers, competitive markets offer the opportunity to share investment risk. We offer the restart of Bruce A units 3 and 4 as evidence where the risk was entirely borne by private investors, and in return for taking the risk the province has an additional 1,500 megawatts of generation capacity.

Thus we believe there is both a need and a role for a competitive electricity market in Ontario, and Bill 100 should not only provide for it, as it does, but encourage it as well, so as to ensure that Ontario has a secure and diverse electricity supply.

In conclusion, we recognize that the government of Ontario needs energy solutions. We recognize Bill 100 as evidence of the government working to find a way to make electricity work for Ontarians. Cameco and its partners in Bruce Power want to work with the government in not only finding but being part of the solution.

As presented to you earlier in the week, Cameco and its partners have made significant investments in improvements and additional generation at Bruce Power, but more supply is needed. Additional nuclear refurbishments are needed. New nuclear will be needed alongside other new sources of supply and demand management.

Ontario will benefit from diversity in supply as much as it will benefit from additional supply. But a market is also needed. From sharing investment risk to providing the price signals so the true cost of electricity drives investments in conservation and new generation, a competitive market must remain a feature of Ontario's electricity policy and legislation.

Thank you for the time, and I hope I left some for questions.

The Chair: We have about seven minutes for questions.

Mr Marchese: I wanted to get your reaction to some things that Mr Butters from the Association of Power Producers of Ontario raised. He was concerned about the fact that this bill merely provides a regulatory framework and that much is left to regulation, and he's worried about that. He was saying that the government should

“commit to a process of developing regulations in an open and transparent manner which will allow for meaningful input.” Do you agree with that? Are you concerned about that? Is that an issue at all?

Mr Shpyth: Generally, yes, we agree that the process going forward should be open and transparent, as is this set of hearings. From our review of electricity restructuring efforts in other jurisdictions, we recognize that the legislation often is a high-level overview and it provides for the details to come out in regulation. That’s not an unusual structure. But certainly, I think we would share the view that was expressed by others that the more that is in the legislation, the more certainty it provides to people who are looking to invest. There’s greater confidence overall, yes.

Mr Marchese: They also say, “We believe that fostering competition is an important principle,” and you agree with that, obviously.

Mr Shpyth: Yes, we do.

Mr Marchese: “While this is not included in the bill’s statement of purpose, it is an important point, and if the government’s intention is to use competition as a tool to achieve its objectives, then perhaps it should be reconsidered.” I’m assuming you agree, and I’m wondering whether the government is nervous about putting that in the bill. If they believe in competition, shouldn’t they state so in the objectives?

Mr Shpyth: Certainly there are, if I remember correctly, two areas in the purposes of the bill, in the first clause, that recognize the role for private investment and the future viability of the electricity industry. But as we noted, yes, we think it should be more than recognized; it should be promoted somehow.

Mr Marchese: There you go. They should be clear and strong about it. They shouldn’t hide from it either, I don’t think.

With respect to the blended price, you talked about how it interferes with the smart metering the government supports. Could you expound on that, because I think you’re the first who talked about how that interferes with smart meters.

Mr Shpyth: It may, and that’s why we noted it’s not so much an amendment for the legislation as a focus on implementation. And that, I think, in part will depend on how the blended price would be determined. If it’s a simple average, so to speak, that’s available to all—

Mr Marchese: I think that’s what it is; it’s an average.

Mr Shpyth: —at all times, then there are not the price variations that encourage load shifting and the things that can come from the benefits of smart metering. Smart metering relies on two things: not only the consumer knowing what’s going on, but the people on the other end managing the system knowing what’s going on. That’s what makes it smart. It’s a two-way meter. You need those price differentials to help people think, “OK, what do I do to better manage my consumption of electricity?”

Mr Marchese: Sure. My sense is that the blended price is the average; is that not so, Liberal members,

parliamentary assistant? The blended price is the average; is that not so? So if that is the case, you’re not concerned.

Mr Shpyth: Again, we understand that the benefit of the hybrid market, as proposed, is price stability. But price stability may not bring about some of the benefits of the differentials in price that would make people think about doing business differently.

Mr Marchese: Right. You also talked about how the blended price could interfere with and/or distort the market, and that concerns you.

Mr Shpyth: Yes. When you get an opportunity to read our submission, we go into that in a little bit more detail. But fundamentally, it comes from a view that we agree with the objective of the bill to move people toward the true price. And that’s why I guess we’d say, on a blended price approach, that it then be considered transitional, to help people move, over time, to a true price and be responsive to the true price. Again, we think, particularly for large consumers, they’ll get—

Mr Marchese: And that’s a true price that’s obviously connected to the spot market. As we see with oil, for example, when you leave that to the markets, it can be easily distorted, where we don’t have a supply problem, we simply have a problem of a scare of scarcity, and already prices jump right up. Does that not concern you at all in terms of how the market can play with prices?

1150

Mr Shpyth: A market need not be limited to a spot market. There are many markets out there in electricity. People have already talked here about day-ahead, hourly. There are long-term contract markets. Other markets have contracts of several months to several years. There are various ways that markets can work and, if you have that openness to market solutions, you get more opportunities for people, again, to find ways to manage their electricity consumption.

Mr Marchese: Thank you.

The Chair: Mr Rinaldi, please, two minutes.

Mr Marchese: How many minutes?

The Chair: Two.

Mr Marchese: I thought there were only three minutes left.

The Chair: Well, there are two minutes left. We’ll go to 11:50. Mr Marchese. I’m timing exactly. Mr Rinaldi, please.

Mr Lou Rinaldi (Northumberland): Thank you very much, Al, for taking the time out to bring your comments forth. They’re very critical based on your company and corporation’s involvement in generating power for the province of Ontario and beyond.

I guess just a quick comment I’d like to make is that part of Cameco’s operations is in my riding, and they’ve been excellent corporate folks, regardless of how we cogenerate power in the future, from that perspective. I want to commend them for the great job that they’re doing in cooperation with other partners in Bruce that are providing power for the province of Ontario. So it was just a statement that I really wanted to make for the record.

The Chair: Thank you, Mr Shpyth.

ALEXANDRA MCKEE-BENNETT

The Chair: Next, we would ask Alexandra McKee-Bennett to come forward, please.

Interjection.

The Chair: I'm sure, Mr McMeekin, that during debate on second reading you'll be bringing that forward.

Welcome, Ms McKee-Bennett. You'll have 15 minutes, and any time you don't use will be reserved for questions. If you want to start, please.

Ms Alexandra McKee-Bennett: Yes, thank you. My presentation is titled "The Future for Our Children: The Need to Establish a Sustainable Energy Future."

Good morning. Thank you for the opportunity to comment on Bill 100. My name is Alexandra McKee-Bennett. I have been a nurse for 24 years, with my clinical focus on maternal/child health. I'm also a midwife and practised for two years in the United Kingdom, where I received my education, and in Zaire and Zambia, prior to returning to Toronto, where I was involved in implementing over a five-year period family-centred maternity care at Women's College Hospital.

During this time frame, the hospital was recognized as a centre of excellence by the World Health Organization. There are only two hospitals to receive this recognition in North America. The other hospital is Johns Hopkins in Baltimore.

My focus, therefore, will be on the need to protect the health of children; to inform and educate politicians to ensure they do recognize that preventing ill health and injury is infinitely more desirable and cost-effective than trying to address the diseases and their escalating health costs.

We need to recognize that children are entitled to grow and live in healthy environments, in the spirit of the Convention on the Rights of the Child of November 1989, then emphasized at the United Nations General Assembly Special Session on Children in May 2002 and at the World Summit on Sustainable Development in September 2002. We need to be aware that protecting children's health and environment is crucial to the sustainable development of not only Canada but our world.

I am increasingly concerned about the effects on children's health of unsafe and unhealthy environments. I understand that developing human organisms, specifically embryonic and fetal periods and early years of life, are often particularly susceptible, and more exposed than adults, to many environmental factors, such as polluted air, chemicals, contaminated and polluted water, food and soil, ionizing radiation risks, including risks related to the transportation of nuclear products and nuclear waste. Male and female children also differ in susceptibility and have different risks in terms of exposure to these environmental risks.

In the 1998-99 National Population Health Survey, 10% of Ontario children aged from four to 19, and 7% of Ontario adults, reported having been diagnosed with asthma by a physician. In Kingston, childhood asthma rates were 16%; in Guelph, 11%.

A study written by Dr Theresa To of the Institute for Clinical Studies at the Hospital for Sick Children found in the last five years that childhood asthma has increased by an alarming 35%. This now becomes a health care expense of 5.42 million OHIP dollars, compared to \$1.7 million for health care expenses on the non-asthma children over the five-year study period. It is important to understand that these costs only include physicians on an out-patient basis and diagnostic tests. The costs for drugs to manage their asthma, the emergency room time and hospitalizations are huge and externalized costs.

I'm very pleased that the coal-fired plants will be phased out by 2007. The replacement of these plants with nuclear power plants in Ontario, however, shows that unless the Ontario Electricity Restructuring Act is substantially changed, we will have learned very little in terms of the human health costs of coal-fired plants. Indeed, the human health costs will be staggering.

Driving to my new home in Port Hope, I pass the "Nuclear Power = Clean Air" sign outside the Darlington plant. Quaint, pretty Port Hope is the home of Ontario's best-preserved main street and home to the world's only urban uranium refinery, located on Lake Ontario, the drinking water source for over six million people.

In Port Hope we measure uranium in our air, water and soil. We are told it is safe to live here. We are told that the 60 kilograms of uranium emissions in 2003 were absorbed. We are told that one kilogram of uranium in water emissions is very small. We are told that the ammonia in air released in the centre of our historic town and waterfront, all 9.3 tonnes, is not very harmful. We are told that the nitrous oxide released into the air, 113 tonnes, is within MOE standards. We are told that the fluoride released into the air totals 507 kilograms.

Remember, I am a health care professional hearing these statements and I'm very aware that sunlight and volatile organic compounds and nitrous oxides react, creating ground-level ozone. Do children in Port Hope suffer from asthma? Indeed they do. Children are at a higher risk from ground-level ozone because they breathe faster and spend more active time outdoors. Ground-level ozone affects the body's respiratory system and causes inflammation of the airways that can persist for up to 18 hours after exposure ceases. There is evidence that exposure heightens the sensitivity of asthmatics to allergens. Ammonia is also well documented to cause respiratory system inflammation.

In 1982, Dr Phyllis Mullenix, PhD, a pharmacologist and toxicologist by training, was head of the toxicology department at the Forsyth Dental Center, a world-renowned dental research institute affiliated with the Harvard Medical School. Dr Mullenix was asked to perform a test related to the neurotoxicity of fluoride. She is considered one of the foremost experts on the neurotoxicity of fluoride compounds. Her 1995 paper on neurotoxicity and teratology was the first laboratory study to demonstrate in vivo that central nervous system function was vulnerable to fluoride; that the effects on behavioural changes common to weanling, that is,

relating to young weaned rats—her research was on the rat population—and adult rat exposures led to behaviour-specific changes more related to cognitive defects. Brain histology was not examined in this study, but findings suggested that the effects on behaviour were consistent with interrupted hippocampal development. This is a brain region generally linked with memory.

Establishing a threshold dose for effects on the central nervous system in rats or humans was not the intent of Dr Mullenix's initial investigation, yet one fact relevant to human exposure emerged quite clearly: When rats consumed 75 to 125 parts per million and humans five to 10 parts per million, the resulting doses were equalled in their plasma blood levels.

Let's look at that for a second. We're looking at a very tiny rat and wondering why it would require 75 to 125 parts per million for them to have an effect. The information is that their GI system is extremely resistant to fluorides. So the earlier fluoride studies based on rats really didn't give us a true picture of what occurred when human beings ingested fluoride. Remember, rats consuming 75 to 125 parts per million in their drinking water is the equivalent of five to 10 parts per million of fluoride in the adult drinking water source. This range was observed also with some treatments for osteoporosis, and it is exceeded 10 times more one hour after children receive topical applications of some dental fluoride gels. Thus, humans are being exposed to levels of fluoride that we know alter the behaviour in rats. Dr Mullenix's rat study flagged potential for "motor dysfunction, IQ deficits and/or learning disabilities in humans."

1200

Let's move to research in China. Two epidemiological studies in China, entitled Fluoride 1995-1996, showed "IQ deficits in children overexposed to fluoride via drinking water or soot from burning coal." The central nervous effects, again, in humans excessively exposed to fluoride were also documented over 60 years in International Clinical Psychopharmacology in 1994, and the common theme appeared to be the reported effects "impaired memory and concentration, lethargy, headache, depression and confusion. The same theme was echoed in once-classified reports about workers from the Manhattan Project." The fuel for the Manhattan project, we need to remember, was refined in Port Hope.

Recent human studies published in the August 2004 issue of Toxicology show the latest research done by a Chinese and Swedish scientific team headed up by Zhizhong Guan, a toxicologist who has investigated the impact of fluoride from 1986 to the present, and who is the most noted scientific researcher on fluoride in the world. He discovered neuron receptors called nAChRs in the brain, which are important for functional processes, including cognitive and memory functions. These receptors decreased greatly with fluoride exposures. The nAChRs are found to be involved in a complex range of CNS disorders, including Alzheimer's disease, Parkinson's disease, schizophrenia, Tourette's syndrome, anxiety, depression and epilepsy.

This finding has also been proved by Dr Agneta Nordberg in 2001: "A consistent, significant loss of nAChRs has been observed in cortical autopsy brain tissue from Alzheimer's patients relative to age-matched healthy subjects."

Important studies on children's intelligence published by Dr Xiang in 2003:

"Higher drinking water fluoride levels were significantly associated with higher rates of mental retardation (IQ < 70) and borderline intelligence (IQ 70-79)... In endemic fluorosis areas, drinking water fluoride levels greater than 1.0 mg/L may adversely affect the development of children's intelligence."

Three years earlier, J. Calderon published findings on fluoride exposure on reaction time and visuospatial organization in children.

In 2003, Port Hope had 507 kilograms of fluorides released into the air by Cameco over its people, including its children and its water source, Lake Ontario. Due to the fact that Port Hope has a higher than average population of youth under the age of 19 and seniors in Ontario, this has grave health impacts to our population and imposes enormous burdens on our local health care system.

In February 2004, Dr Eric Mintz, an epidemiologist, critiqued the June 2002 mortality study for Port Hope. During the 42-year period from 1956 to 1997, there were marked elevations in cancer incidence. I will report only on the health impacts on children from that report, but the report showed incidences across all sexes and ages in our community:

"Many of the diseases that might be of concern in Port Hope are normally rare ones like brain cancer and leukemia."

"Since children generally have greater exposures and shorter induction times, the childhood data is of particular interest."

"Brain cancer was found to be highly elevated in Port Hope children during the period of 1971 to 1985, five times the provincial average."

"Children generally have greater exposures and shorter latency periods... That the brain cancer excesses were greatest in children and appeared earlier is supportive of a real excess that is environmentally related."

Ionizing radiation has been associated with brain cancer in research published worldwide.

"For all childhood cancers there was a 48% increase over expected rates and for childhood leukemia a 63% elevation over what might be expected."

It is important to understand that these rates reflect mortalities—fatal outcomes—and would not reflect survival rates. The fact that they are elevated in Port Hope is cause for concern and is worthy of further study. Port Hope is a sacrifice zone for the nuclear industry in Canada.

The Petkau effect: Dr Abram Petkau discovered that at 26 rads per minute, which is the fast dose rate, it required a total dose of 3,500 rads to destroy a cell membrane. However, at 0.001 rads per minute, the slow dose rate, it

required only 0.7 rads to destroy the cell membrane. The mechanism at the slow dose rate is the production of free radicals of oxygen, O₂ with a negative electrical charge, by the ionizing effect of the radiation.

The sparsely distributed free radicals generated at the slow dose rate have a better probability of reaching and reacting with the cell than do the densely crowded free radicals produced at the fast dose rate. This discovery was made by Dr Abram Petkau at Atomic Energy of Canada Ltd's Whiteshell nuclear research establishment in Manitoba in 1972.

Ontario Power Authority mandate: The Ontario Power Authority must target the phase-out of nuclear electric power generation by 2010. The Ontario Power Authority must make conservation, efficiency and renewable energy its top priorities and take all environmental and human health costs into account. The time to plan for sustainable energy is now. Europe is ahead in transforming to renewable energy sources. Their environmental policy is focused on protecting the health of their children now and in the future.

A study by the Canadian Environmental Law Association and the Pembina Institute indicated the following outcomes: renewable energy could provide 30% of supply by 2020; electrical demand can be reduced by 40% by 2020; residual supply of 4,500 megawatts by 2020 can be met by efficiency gas plants.

Proposed structure and recommendations on Bill 100:

(1) The Ontario Energy Board should continue to have a clear mandate to promote conservation and renewable energy.

(2) The Ontario Power Authority must make conservation, efficiency and renewable energy its top priorities, taking human health impacts and costs as well as environmental costs into account.

(3) The government of Ontario should set minimum goals for conservation and renewable energy.

(4) Both coal and nuclear power must be phased out by 2007 and 2010 respectively. As a former regulator of the nursing profession in Ontario for many years, I realize that, again, the teeth are in the regulations, and this must be explicit in the new legislation.

(5) Coal and nuclear power must be explicitly excluded from any part of an alternative energy strategy. The government of Ontario must chart an energy course based on conservation, efficiency and renewable energy to ensure a healthy environment for its public, to whom it is accountable.

(6) The conservation bureau must be an independent agency, not a subsidiary of the Ontario Power Authority. Its mandate clearly is to implement all cost-effective conservation and efficiency measures, taking all environmental and social costs into account.

(7) The government of Ontario should enhance accountability and public involvement by ensuring that a majority of the members of the OPA, conservation boards and the OPA advisory boards are comprised of public interest group representatives knowledgeable about Ontario's energy needs and committed to a renew-

able and sustainable energy future to ensure that the health and well-being of Ontarians is protected.

Conclusions: We need to acknowledge the lessons learned from existing policies and interventions and recognize that effective action to protect children's health from environmental threats requires firm political commitment and close collaboration between health and environmental authorities, as well as cooperation with other sectors such as finance, transport, education, urban renewal, rural planning, labour and social services. We need to strengthen the professional capacity of the health and environmental sectors by promoting the incorporation of children's environmental health issues into curricula and continuing education programs of professionals in all cross-cutting sectors, particularly environmental health professionals, environmental specialists, land use planners, public health officers, family doctors and pediatricians. We need to develop a strategy on advocacy, information, education and communication that will ensure adequate dissemination of information with the support of, and in collaboration with, the World Health Organization and relevant organizations, including NGOs.

I will close with these final thoughts:

"Nuclear energy illustrates the enormity of our ignorance about the biophysical processes at work on the planet. Nature cannot be shoehorned into human, political, and economic agendas. Nuclear power should fill us with humility and teach us that crude technological muscle power is a tremendous hazard in the real world."—Dr David Suzuki.

Thank you.

1210

The Chair: We have time for a quick question. Mr Arnott, you are first in this rotation. You have about 30 seconds.

Mr Arnott: I just want to say to you that this is probably one of the finest and most professional presentations by an individual that I've ever heard in my 14 years in the Legislature.

Ms McKee-Bennett: Thank you. I've had 24 years of experience doing it.

Mr Arnott: I know that some of the scientific information you presented is perhaps in dispute amongst scientists.

Ms McKee-Bennett: I don't think any of the things I've talked about today are in any dispute. That's why I chose them.

Mr Arnott: I wouldn't suggest that you're anything less than 100% supportive of your own comments. I'm just saying that there might be some scientists out there who would have another conclusion, perhaps, based on the data.

Ms McKee-Bennett: Well, perhaps they would work for Colgate; I don't know.

Mr Arnott: I do want to thank you very much for the information that you provided our committee, because it's very helpful.

The Chair: I want to thank Ms McKee-Bennett for a very thoughtful and insightful presentation this morning.

Ms Kathleen O. Wynne (Don Valley West): Just while we're changing presenters, there are two pieces of information that I'm wondering if we could have before the committee at some point.

The first one follows up on this presentation, and that is through the Ministry of Health. If there are papers or references that deal with the Port Hope area in particular vis-à-vis the issues that have been raised by this presentation, could we have those referenced?

The Chair: Anne is making note.

Ms Wynne: I hope everybody on the committee has read Anne Marzalik's paper on externalities around the different power sources.

The second question that I have refers back to a comment by Mr Shpyth about the risk borne by the private investor around the Bruce reactors. I have a question about the waste management, the decommissioning costs and the expectation of the government of the time around the absorption of those costs. If we could find out what the arrangement was, that would be very helpful.

The Chair: We'll pursue that, and Anne will provide that background.

Mr Marchese: To all the members?

The Chair: To all the members, indeed.

CANADIAN AUTO WORKERS DURHAM REGION ENVIRONMENTAL COUNCIL

The Chair: I'd now ask the Canadian Auto Workers Durham Region Environmental Council and Mr Stan Nieradka to come forward, please. Welcome, Stan. You'll have 15 minutes. Any time you don't use will be reserved for questions.

Mr Stan Nieradka: My name is Stan Nieradka and I represent the CAW Durham Region Environmental Council. I thank you for the time, and I hope I won't be cutting into your lunch period.

It's not the intent of the speaker to overwhelm you with figures, stats and pie charts. Past and future speakers have and will supply this public hearing with these irrefutable facts. I, on behalf of our membership, would like to speak not of their beliefs but of their convictions.

Change must occur. For far too long, we've been led in a never-ending cycle of spending and not reaping any results. If the speaker sounds all too negative, you must remember that the costs of electricity have steadily escalated by way of debt load, and supply has steadily gone flat or down.

The purpose of forming the CAW Durham Region Environmental Council was to unite the various CAW locals in Durham county and surrounding areas into one collective voice regarding environmental issues. I'll leave the rest for your time to read.

One of the issues that we're speaking about right now is Bill 100. We believe that in today's society, electricity has become as important to the well-being and survival of the people of Ontario as water. From in-home medical

equipment, hospitals, schools and our transportation and communication, we interact with electricity every day, from the time that we get up to the time we go to sleep.

As you have heard on previous days and will hear on future days, "Universal access to electricity is a right" should be one of the central themes of this public hearing.

Change is good. Consistent government failures are exhibited by the fear of embracing new technology when available to tackle today's problems. We continue to pour huge amounts of public monies into antiquated entities: nuclear and coal-powered generation. These can be phased out over time and replaced by renewable resources power generators, such as wind and solar, and conservation.

The Pembina Institute showed that Ontario can cut consumption by 40% by 2020, and do so affordably; \$18 billion invested in conservation does the same job as \$32 billion spent on nuclear, and you don't have to pay fuel or re-tubing, while consumers make 96% of the investment back through lower bills.

Not unlike the replacement of LPs by CDs, the horse-drawn carriage by the automobile and the typewriter by today's personal computers, we continue to bury our head in the sands of nuclear and coal power. "Time stands still for no man" is an exemplary quote for our position today. We must change with the times or fall behind and pay dearly for the goodwill of others.

Additionally, both nuclear and coal have their darker sides. With their radioactive rods and acid-producing smog, we are poisoning the environment of which we are an integrated part.

Planning for the whole system would mean ensuring everyone has access to sufficient, safe, reliable and affordable power generated by a new system that neither cooks the planet nor leaves future generations with multi-billion-dollar legacies of poisonous air and radioactive waste.

Accountability: For many years, Ontario Hydro has pursued its own agenda, with no accountability to anyone. Because of these policies, we, the public, find ourselves saddled with massive debts. No public trading company would be able to operate in such a fashion and exist financially for the amount of time that Ontario Hydro has had the privilege of doing. The public fully funds these closed-door entities, has no direct say in the running of this crown corporation and yet is a major shareholder. Visions of Enron float through our minds.

Governments come and go, but no one is held responsible for bad decision-making, plans and policies. Bonuses and golden parachutes are the norm in today's world when someone brings down a corporation.

It is inconceivable to imagine today a family having to choose between food or heat, yet traditional conservation programs almost never touch low-income consumers and we have no long-term plans to ensure that poor people have access to this basic necessity. Furthermore, low-income consumers must have access to both the conservation programs that will sustainably reduce their bills and ensure them an adequate supply.

Just transition: Proper phasing out of both nuclear and coal power production with proper energy conservation will allow workers to change and adapt to new methods of power generation: wind, solar, biomass, hydro, geothermal. Benefits of this change would be the creation of green jobs by way of “just transition,” the retraining and re-education of nuclear and coal power generation people to that of other renewable resource methods. This transition would be the responsibility of all levels of government and industry. It should reflect the political obligation to ensure that society, as a whole, pays the price for changes from which everyone benefits.

Furthermore, unlike nuclear power, with its spent radioactive rods and storage needs and decommissioning of buildings and land, alternative renewable resource power generation has little impact on the environment. Wind power generators, at the end of their life, can be rebuilt. At worst, the components can be recycled with no radioactive waste, storage requirements or health effects on the environment or public.

Recommendations:

Public control: We should be exempt from all past, present and future NAFTA, national or international agreements and clauses that would allow multinationals to control our production, supply and dictate price.

Public health: The phase-out of nuclear power plants would result in zero spill levels as opposed to minimum safe levels. Durham residents have the distinct disadvantage of living between two nuclear power plants at opposite ends of the region. Health is naturally paramount to our physical and mental well-being, despite the insignificant tritium spill or escape.

Environment: Nuclear power plants use an exorbitant amount of water, not only in the production of electricity, but also in the cooling of the system. The usage of Lake Ontario as a cooling exchange media cannot be overlooked, to not have detrimental effects on the environment and life around it.

Conservation: Monies should be redirected from endless upgrading with little electricity end product to that of public and corporate conservation. Incentives should be available to convert and/or purchase energy-efficient products. This would go a long way to lessen the dependability on electricity. In addition, incentives to public green co-op power producers should be available.

Appendix A is a Canadian Labour Congress policy on “just transition” and some of the requirements to implement this “just transition.”

The Chair: Thank you very much, Stan. We have about six minutes for questions. On this particular round, the government side is first. Any questions?

Mr McMeekin: If none of my colleagues have a question, I'd be pleased to ask—and thank you for your presentation. It's good to hear some of your suggestions.

You mentioned incentives, that the government has to intervene. Part of that intervention is to define the values that are driving us, and part of it would be an intervention around building in incentives for alternative energy. I'm just wondering, because it's a recurring theme: What

specific suggestions would you have around how the government should go about building in incentives? I think the phrase you used is “that society, as a whole, pays the price for changes from which everyone benefits.”

Mr Nieradka: Right now, society as a whole is paying the benefits of having a massive debt.

Mr McMeekin: I understand that.

Mr Nieradka: A lot of the money that we're redirecting into retubing, restarting, recommissioning the buildings could be taken in and communities could be allowed to decide on a method of power generation. If you're living by an area where you're close to a lake and there's a lot of wind, the community should be able to, as in Durham, commence, with the aid of government finances, to procure land, or on government land itself put up windmills. In Whitby, the LCBO has a massive storage facility. It has nice grass, lots of parking and lots of room for one or two windmills that would not only supply power to the building itself, but the rest could be sold off to the grid.

Mr McMeekin: So we should be proactive, we should be intervening. I remember that Elbert van Donkersgoed from the Christian Farmers was sharing his frustration that rural and farm constituents, no matter what their intent was, couldn't access the grid. So we should be making sure that alternative groups can do that and putting some incentives in place to help that.

Mr Nieradka: That would help communities that are not accessible to a grid. If they had their own little power supply stations, they could access this power, and any power that's left over, the grid itself—we have different entities now to take care of different things. We have the power suppliers. We have the power line companies; they could go out there and string up the wires and we'd have the benefits.

Mr Arnott: Thanks for your presentation. It's my understanding that the Power Workers' Union of Ontario has pretty significant reservations about the government's stated intention to phase out coal-fired generation by 2007. The members of that union are the people who are employed directly doing the work that generates the electricity in the province. You disagree with their conclusion. You would suggest that they're wrong. Is that correct?

Mr Nieradka: First of all, the power generation people are not part of our group, and I guess it's because they don't believe in environmental issues as much as we do; the same thing with the people running Darlington. If we were to phase them out, chances are that they would be losing not only work, which is probably the biggest concern right now, but the opportunity. What is there available for these people?

I'm not too sure if anybody spoke on this issue. As a last resort of power production, they said they would be looking at conversion to natural gas. They would rather go first to solar, bio, wind, and as a last resort go into natural gas.

We've got plants standing right now that could be converted. We're paying for storage of these buildings

and they're not being used, east of this facility. That could be converted, as a last resort.

The Chair: You're referring to Wesleyville?

Mr Nieradka: Correct.

We're not looking at disadvantaging people by having them lose their jobs. "Just transition" is a big thing that the CAW and a lot of the environmental organizations are looking at as taking people out of their present jobs and transferring them, through the aid of government, whether it's unemployment insurance that we're paying into—and a lot of these people, whether they're power workers or any of the CAW—I myself, for the CAW, have worked over 24 years. I've never been laid off and I've never had the benefit of using that unemployment insurance. That money is accumulated by the federal government and the federal government is not unto itself, that they have their own power production. They use Ontario's power production to light the buildings in Ottawa and any other federal building. They're just as apt to benefit from this as the people of Ontario or the communities. So using the money that the federal government has and incentives from the provincial government to lessen the dependability on our nuclear and coal power—you've heard from the previous speaker about the health effects—would help the people being displaced through "just transition."

The Chair: Mr Marchese, we can fit you in. We have about a minute and a half.

Mr Marchese: Less than that. I just wanted to agree with you that sometimes we have to look at the broader public interest. Some people might lose out in the short term, in terms of their immediate interest around it. But we believe that we should be phasing out nuclear interests. We agree with you and Alexandra McKee-Bennett around the concerns with respect to it and think that if we looked at the Pembina Institute report very carefully, we could get there. It's a matter of committing ourselves to it.

I also want to thank you for introducing the NAFTA concerns. A few people have done that. I just don't believe we're looking at that at all in terms of privatizing a lot of our hydro generation and believing that that'll be OK. There's a great deal of interest in the World Trade Organization and GATT to put energy into that mix, and once that happens and we commit ourselves to some privatization of energy, we're locked in. Because politicians and others don't understand, we simply disregard its potential effects and I'm a bit saddened by that. I want to thank you for raising it.

Mr Nieradka: Just one more comment: Ontario should look at what the rest of the world is doing. Just south of the border—I happened to be travelling through New Hampshire—New Hampshire offers a rebate for anybody who changes from incandescent light bulbs to compact fluorescent. There's a coupon at Home Depot. You take the coupon, you buy your light bulbs, change them. You lessen the demand on power and you get money back from the government, but you have to be in the state of New Hampshire.

The Chair: Thank you very much for your thoughtful presentation. We'll now recess for lunch. I would ask folks to be back by 5 after 1.

The committee recessed from 1223 to 1305.

LORETTA MUTO

The Chair: I'd ask Loretta Muto to come forward, please. Ms Muto, you'll have 15 minutes, and any time you don't use will be reserved for questions by members of the committee. Welcome to Orono this afternoon.

Ms Loretta Muto: Good afternoon. I like this: no air conditioning. This is a good thing.

My name is Loretta Muto. My family and I have resided in Clarington, in the shadow of one nuclear station and downwind from another, for 14 and a half years.

With increasing awareness and involvement in our community has come increasing awareness and concern about energy issues in this province. You have heard from a number of very knowledgeable people in the past few weeks, representing a variety of stakeholders. I don't pretend to be an expert, but I do believe that I am a stakeholder, and I thank you very much for the opportunity to speak with you today.

When my husband and I first moved to Courtice, we used to joke, "Well, if Darlington blows, we'll go painlessly. We won't even know it happened, unlike some folks in the rest of the GTA." But then we started to learn about radioactive waste and its longevity, about incineration of low-level radioactive waste, toxic releases, concern about radionuclides in the Great Lakes and the possible links between cancer and environmental contaminants. We stopped joking.

More recently, our community engaged in a series of public meetings to discuss the potential of an experimental thermonuclear reactor. To my relief, it didn't go forward. But during those public hearings, I asked why we were investing in an expensive and hazardous experiment instead of, but for the investment, the renewables that are available to us today. I was told, "Well, we need a wider energy basket."

I agree we need a wider energy basket, but we don't need any poison apples in it. So I applaud that this government is at least looking at a better energy future. I am happy to see they're setting some targets for renewables and that the bill at least acknowledges conservation. But I am still concerned about the poison apples, and I also think that the commitment to renewable energy and energy conservation, to be kind, is conservative.

Last summer's blackout caused needless hardship and, in some instances, great suffering. I am acquainted with one family, the Wheelan family—Bob and Melanie lost their 21-year-old son Lewis. He died alone in the dark and heat. This was after he battled a horrific incident at work where aging but live power lines took both his legs, his arms and, for a while, his dignity.

Robert Putnam, a US public policy analyst, says that from suffering and a shared sense of peril we can often find the political will to do what needs to be done. He

points to the American experience of World War II, and I would venture to say all of the Allied experiences, where individuals were willing to make voluntary sacrifices and governments were willing to take incredible initiatives, a veritable war chest of them, to deal with a common foe.

I suggest to you that the shared experience of the blackout still offers us that opportunity, but we need a grander vision.

Within the confines of Bill 100, I, like others who preceded me in these hearings, would encourage you to go back and take a look at the purpose and objectives of the bill. Ecological, human and social well-being must be paramount. To my way of thinking, these objectives would rule out any expansion of the nuclear industry and so-called clean coal technology. Surely we can do better than the Bush administration. Further, these objectives would set the stage for a just transition to a sustainable energy future. Workers employed by current providers or communities which host them must not bear the brunt of the costs of switching to a cleaner future, especially when all of us will gain by it. Moreover, the economically vulnerable have to be protected from potentially rising energy costs or the lack of resources for achieving that energy efficiency.

1310

When it comes to definitions of “alternative” and “renewable” energy, I would much prefer to see these things written into the act. Regulations developed behind closed doors usually don’t produce what we need. If we don’t do it in the act, then we need another set of public hearings. I urge you, please, think about when you’re holding the hearings and don’t do them in such haste. People in my own circle were unreachable during the holidays. If they are able to participate, like me, they’re frustrated; they’re not able to put together their best shot at expressing to you what’s important to them. I’d also suggest that the hearings need to be wider. They’re in too few communities, and all of us are affected, not just some of us.

Other things to take a look at are: specific timetables for phase-out; a stated and significant distribution of energy; and specificity on how we’re going to transition workers and where those energy jobs are going to be located.

With respect to differentiating between alternative and renewables, we need to say right up front that renewables are paramount. But when I look at a number of presentations that were made to you, I’m beginning to think we don’t even need alternatives in the act at all. I read with great interest the study by Pembina and the Canadian Environmental Law Association and then another that’s soon to be released by the David Suzuki Foundation. They’re telling us we can fill the energy basket to the brim with renewables. These organizations don’t represent vested interests. Their arguments must carry more weight when you’re considering all of the presentations made.

Other suggestions that were made that I thought looked good—one in particular was an independent

sustainable energy bureau, which would really move forward with renewables and conservation in a serious way.

I’d also like to step back and say that when you’re looking at these things, you need to be looking outside of the box, outside of this bill. One ministry and one bill cannot do it all, just like one individual cannot do it all. If we’re ever going to realize an energy policy that promotes ecological, human, social and, by extension, economic health, then this province has to mobilize all the tools before us, not just some of them.

So, although important, conservation initiatives that encourage people to seal their homes, buy compact fluorescent lighting, energy-efficient appliances and water-saving devices—these are all great, but how about government-secured loans or smart leasing programs that would help people obtain the really expensive stuff? If you’re not familiar with it, I encourage you to take a look at Toronto’s Better Building Partnership. They’re doing tremendous work in energy conservation.

We also need to rethink building codes. California regularly updates their codes and follows current technologies. In the United States, over the past 30 years, per capita they’ve doubled their energy consumption; Californians remain constant.

I also think we need to take a look at green rooftops in building codes. They conserve anywhere between 10% and 50% of energy consumed when you’ve got a garden growing right on top of your home or your business.

We also need to take a look at the design of buildings, building to take advantage of passive solar heating and getting to understand straw bale construction, for instance. It may not be achievable in all things, but certainly homes, and it saves 50% of the energy costs.

We also have to look at what we’re making and how we’re making it. When you step back and look at it, whether it’s the associated energy or the compounded energy, all of this is what we call “embodied” energy in a product. We can better support items and processes and make great choices when we know what the energy is in these products. So I would suggest to you that we need enforceable label laws that tell us how much embodied energy is in a product.

Certainly items that use recycled rather than virgin materials use less energy. Aluminum is a case in point. When you use recycled versus virgin, you save 95% of the energy. In Ontario, though, recycling programs are on the backs of municipalities and us, the taxpayers. Further, they’re not very effective: nine out of 10 water bottles go to the trash, to be either burned or buried. In at least 28 countries, they now have take-back laws: Products have to be taken back at end of life by the producer. When you do that, you give incentive to these producers to make better design choices and energy efficiency choices. They avoid toxic materials, for instance. So they avoid the suffering and the liabilities, but they also have parts that are uncontaminated that they can reuse. If they can do it in other jurisdictions, why aren’t we doing it here?

Other government initiatives to promote energy efficiency might include: procurement contracts that take a

look at energy-embodied measures as a criterion upon which to judge them; funding for research and development for more renewables—I don't think we need to rest on our laurels—and more conservation; ecological tax reform. When you take a look at the United States, between 1950 and 1996 labour productivity in the US tripled. For instance, in the auto industry, a worker can produce three cars in the time it used to take to produce one. To maintain employment levels, then, the consumption of goods must grow. Well, that leads to an environmental catastrophe. Current taxation policies actually promote this folly. We tax labour, but we don't tax energy. Why can't we do it the other way around? When we do that, we give employers incentive for job creation and energy efficiency and, by extension, material efficiency.

The ways to a sustainable energy future are only limited by our imagination. Many of the ones I mentioned to you today are included in the Great Lakes United action agenda. It's entitled The Great Lakes Green Book. You can get it at glu.org.

1320

Another useful resource that I think provides a really wonderful overview of things is Stormy Weather: 101 Solutions to Global Climate Change. That's available at earthfuture.com/stormyweather.

So I conclude: I urge you to get creative, comprehensive and committed to energy that does no harm to those who produce it, those who consume it or the environment which sustains us all, including our economy. There are no profits, there are no jobs for any of us on a dead planet.

The benefits of this varied approach are as interconnected as our ecosystems. When we reduce our energy use and make wiser energy decisions, we reduce greenhouse gases, ozone depletion, smog, acid rain and toxic waste. When we create proper systems for recycling and reusing products, we conserve energy, but we also save the earth's limited resources for future generations. When we detoxify processes, we reduce the risk of cancer and other diseases.

These kinds of decisions, though, are by far and away more political than they are technical. Please use the power that is yours. Please give power to the people in ways that benefit all Ontario residents.

The Chair: Thank you very much. Mr Marchese, you're first up in this rotation. You have about a minute and a half.

Mr Marchese: Thank you, Ms Muto. Now, first question: Do you have a relative in the area of St Clair and Vaughan?

Ms Muto: We might. It might be my father-in-law's cousin.

Mr Marchese: Angela and Joe Muto? They're teachers—or he was a teacher or vice-principal.

Interjection: I don't believe so.

Mr Marchese: My second question is on nuclear. I've asked many questions to nuclear proponents. Many of the questions I've been asking are: Do you feel any qualms

about nuclear? Are there any dangers that you're afraid of? What about nuclear waste or radioactive waste? The majority of them—all of them—say that, no, they've got no problems with it.

Yet, when you talk to people like yourself who are very sincere and passionate about the concerns you've got, including Ms Alexandra McKee-Bennett, you realize that there are a whole lot of people out there who don't have a stake in the business and are able to separate themselves and speak about the calamitous effects of it. So it's important to hear people like yourself, because I think we all need to hear it. Some of us—our party, the New Democrats—are committed to phasing out nuclear. It really takes a great deal of effort by a majority of people to convince us all that that's something we should all be committing ourselves to. It won't come easy. It doesn't come easy.

When we look at the Pembina study, it does show, as you pointed out, that we can get there if we commit ourselves aggressively to it. So I wanted to thank you for coming and for the sincerity and the passionate way in which you presented the issues.

Ms Muto: Just as a comment, I think part of the problem is that people's livelihoods are invested in the current situation. That's why transition and getting really serious about that is really important. If people are not worried about their livelihoods, if they understand that they will have a job, then people will, I think, be much more open to talking about what's before us.

Mr Marchese: There was another study that talked about how Germany is able to use displaced workers from one field in others, and I don't think we talk about that enough, in terms of allaying the fears of workers who think they're going to lose their jobs by suggesting there are other ways in which they could be working.

The Chair: Thank you very much. We certainly appreciate your thoughtful presentation today.

SUZANNE ELSTON

The Chair: Next, I'd like to call upon Suzanne Elston, please.

Ms Suzanne Elston: First of all, I have presentations that I was asked to bring. I'll be distributing part of my presentation.

Mr McMeekin: Do you have any relation to Murray Elston?

Ms Elston: My only relationship with Murray Elston is that he once tried to drive me off the road because my husband's vanity plate is "Elston." He rolled down his window and went, "I'm Elston too."

Mr Marchese: That's very good. Good question.

Mr McMeekin: That's where I was going.

The Chair: Ms Elston, you'll have 15 minutes. Any time you don't use in your presentation will be available for questions.

Ms Elston: Terrific. Thank you for the opportunity to speak today. I would particularly like to thank Mr Marchese for his comments and questions to Ms Muto

about nuclear power. I, like Loretta, live in the Courtice area. I've been here for about 21 years. I started out as a mom asking questions, and because of my concerns about nuclear power was one of the founding members of Durham Nuclear Awareness. I have been a newspaper columnist writing on environmental issues for 15 years, and served six years as a public utilities commissioner for the municipality of Clarington. The last year of that was as a founding member of the board of directors of the Veridian Corp, the first public utility to both amalgamate and privatize under Bill 35. So I believe I have both a local interest and some considerable expertise to speak on this issue.

I would very much like you all to look at the handout that I've given you, if you would be so kind; just look at the front page for a minute. This was the back page of the July issue of *Wired* magazine. It was entitled "Artifacts from the Future." It isn't until you look at the picture for a few minutes that you realize exactly what it is. It's a gym with a bunch of people on exercise bicycles, and they're all tied up to the grid. What they're doing is, with their exercise, generating electricity, which is being fed back to the grid. This is a vision of the future that I would like you all to take a really—

Interjections.

Ms Elston: The point of this is that we have far too narrow a scope. Today is the first day in the rest of our energy future. This committee and this government have inherited a huge dinosaur, if you will; a huge legacy, if you will. This province has relied very heavily on nuclear power for many decades. It's always easier to ride the horse in the direction in which it's running, and so we have this vast momentum around nuclear power and nuclear issues and we don't think outside of it. We don't think, "What are the possibilities other than nuclear?"

Gene Roddenberry was the creator of *Star Trek*. I'm a big fan of visionary men. He said that we'll head in the direction in which we look. This isn't about where we've been; this is about where we can go. Again, I remind you of this great example. We can look at this and say, "Yes, that's really cute and you've made your point, but it's not doable." I'd like to remind you that 25 years ago, this province's educational broadcaster, TVOntario, did a landmark series called *Fast Forward*. In it, they interviewed a man who had taken his television out of the wall, unplugged it, and hooked it up to a generator on a bicycle. His children could watch as much television as they could generate electricity for. That was 25 years ago. We have an amazing amount of ingenuity as a species, and because the electricity is always there when we turn the lights on—unless it's August 14, and then we're all in trouble—we have to stop looking at what we already have. That's why I came here today, because I want to empower you to, as Apple Canada would say, "Think different." Keep this picture in mind.

Amory Lovins, who is the founder of the Rocky Mountain Institute, has often said that we do not need electricity; what we need are the services that electricity provides. You can take your 100-watt incandescent light

bulb or your 15-watt compact fluorescent, and they generate the same amount of light, one using one seventh of the energy. The compact fluorescent also does not generate heat, which on a day like today would be a really nice thing to have. The point is, we already have these examples, but unfortunately we haven't embraced them, because we see that as one isolated thing. Again, we need to "think different." We need to become what I call "prosumers": producing consumers. We have the example with hybrid gas vehicles, where you're generating the electricity when you're consuming gas, so you have this very efficient use of energy. We need to start looking toward this on our electricity consumption.

To carry the light bulb example a little bit further: Again, as a utilities commissioner, we're not necessarily selling electricity. That's the mindset that we're in, because we come from a huge public utility where the primary product was electricity. Let's look at the services that electricity provides. Why not have a system in place where, instead of paying for electric heat, we pay for a solar water heater on our utility bill? There's still a bottom line; you're still generating revenue; you're still fuelling the electricity machine, if you will. But what you're doing is you're creating independent, sustainable energy so that you don't have blackouts like you did on the 14th.

1330

I'd like to turn my attention toward our nuclear mentality. I don't know if any of you had the opportunity to take a look at the second-quarter nuclear report cards that have come out of both Pickering and Darlington. We keep hearing about how incredibly efficient nuclear is and how we can get up our production and it's going to be great, and this is the engine of the province, and we've made a commitment to shut down coal so we really need to focus on our nuclear.

You've got to read these things. For example, at Pickering the capability factor was targeted at 73%. It only hit 67%. But what's interesting about this is that the industry benchmark is 91%. Similarly, with Darlington we have a capability factor of—the target was almost 88%; the reality was 84%. Again, the industry benchmark is over 91%. So we keep saying that this is a wonderful thing but we are believing the people who are in the industry. Ms Muto touched on this and I'd like to hit on this for a bit: the idea of vested interest.

The people who come here, who are paid to come here, who have expense accounts and somebody to do their overheads and somebody to do their presentations, have a vested interest in seeing that nuclear continues in the paradigm that it is. People like myself and Loretta, who have taken the day off work, who take money out of our pocket to pay for colour photocopies to make our point and drive here, and drag our 10-year-olds here, who would much rather be playing outside—you have to understand where the heart is on these issues. The technology is out there, I believe that the incentive is there, and what we have isn't working.

In Bill 100—if we can address that, because that's actually why we're here—you've committed to 5% of

Ontario's energy coming from renewables. The RFP that went out asked for 300 megawatts, or about 1% of our current capacity of 30,000 megawatts. In response, 4,400 megawatts of proposals were received. That's wonderful. Why not say, "Great, let's raise that"? Instead of having a ceiling, let's have a basement. Our bare minimum is 300 megawatts. We got 4,400 megawatts; let's move ahead with it. Let's move in that direction. Let's move in the direction in which we look. If we predict an energy-renewable, sustainable future, that's exactly what we're going to get.

To quote Albert Einstein, whom I'm a very big fan of, we cannot solve the problems we have by using the same kind of thinking that we used to create them—again to go back to nuclear technology. We have the idea of a large mega-utility. We tried public power, then we tried private power and now we've got this public-private power. The bottom line is that we need to get out of the mindset of it being some big, large thing. I want to generate my own electricity with my exercise bicycle. I want to generate my own hot water through my own solar water heater. "We have the technology," to quote The Six Million Dollar Man; "We can rebuild him." We need to definitely look into the future.

Albert Einstein also observed that the true definition of insanity is doing the same thing over and over again and expecting a different result. I put it to you that we have been doing the same thing over and over and over again for decades. Nuclear power is not the answer; it is not sustainable. It is extremely expensive. We haven't even come up with a solution for high-level nuclear waste. The one time that all three parties in the federal government, when there were only three parties, ever agreed on anything was in the standing committee's report on forestry and mines in 1988 called *The Eleventh Hour*, which in 1988, 16 years ago, said, "Hey, we still haven't come up with a solution for nuclear power. Let's stop making this mess." We continue to stockpile the waste. We are no closer to a solution for high-level waste now than we were 16 years ago.

We are creating a legacy for the future. All the things I've done, all the interests I have, fundamentally come from the fact that I'm a mom and I've got three kids and I want them to have the same world and the same opportunities that I had when I was a kid.

I call your attention to, again, the second-quarter reports for OPG—the main report. We talk about the sustainability of nuclear power and how we're going to use it as our baseload because we're shutting down the coal plants. On page 18, very subtly hidden in the body of the copy, it says—we're talking about Pickering A now. This is the good plant; this isn't the one that has all the problems. Talking about fuel channels: "As a result of recent inspections of fuel channels, conditions were identified that will require acceleration of planned remediation programs at the Pickering B station. These findings will result in additional inspections of the fuel channels, lengthening previously planned outages, and will advance certain maintenance procedures from 2007 and 2008 to 2004 through 2006."

The translation is, they're going to be shutting down Pickering B sometime this year because of problems with the fuel channels, and that's buried on page 18—one line on a 64-page report. These are the kinds of things that we need to be looking at.

In addition, in response to the August 14 blackout last year, this is OPG's solution: "Let's buy a standby temporary generator, at a cost of \$50 million, and use that for a couple of years until we can get another one for \$200 million." This is a quarter-of-a-billion-dollar solution. Do you know what we could do with a quarter of a billion dollars in terms of public education, renewables, energy reduction and energy efficiencies? We have to look in the direction in which we want to head.

Again, page 6 of the second-quarter report: "The total cumulative expenditures for the preparation and refurbishment of all four units to the end of June 30, 2004, including the common operating systems for the station, were \$1,723 million"—\$1.7 billion. The entire climate-change budget for this country is \$2 billion, and yet we're throwing almost that entire amount at one nuclear plant for this province?

I put it to you that we need to think differently. I put it to you that we need to look at this picture and dream a little bit. I sure am glad it's you guys and not me that have to come up with these wonderful ideas. Thank you so much for your time.

The Chair: Thank you very much, Ms Elston. We have three minutes left. On this rotation, we have Mr Arnott first, followed by Mr Marchese, and any time left over for the government members.

Mr Arnott: I won't take all the time because I want to give my colleague Rosario Marchese a chance to speak too. I just want to thank you for your presentation. I was pleased that the committee agreed to come to Clarington so that we would have an opportunity to hear from people like you, in your own community. Also, this committee, you may know, is going to be touring the Darlington generating facility this afternoon. I think that's going to be an excellent experience for all of us to give us an opportunity to learn a little bit more about what's happening there and perhaps, in the course of conversations with the staff, pass along some of the concerns that we've had from people like you at this committee.

So again, thank you very much for your presentation and the thoughtful ideas that you brought forward.

Ms Elston: Thank you.

Mr Marchese: I want to thank you as well for a knowledgeable, passionate and sincere presentation. That's in fact what we need. It's useful to repeat this, because you need to convince us all—not just opposition parties, but the government—that we're on the right track, or that you're on the right track with your suggestions.

The point you made about the request for proposals for the 2,500 megawatts of clean power is an important one to be reminded of. Given that we have surpassed the 300 megawatts that we're asking them to give us bits for, if there is a high demand or a high interest and we can

produce much more through renewables, why wouldn't we do that? I haven't heard the members speak on this, and we hope that you might address it as well, because I think we need to convince the minister that this is the right way to go.

Producing power through renewables, looking at conservation: Many people have spoken to that—you, not as much, but others have talked about how renewables and conservation go hand in hand and that, if we do the two aggressively, we can accomplish so much. So I think there's a lot that can be done rather than relying on the old power and relying on the fact that we're going to have to refurbish all these nuclear plants and they're very expensive. Committing ourselves to that commits us to the kind of problems that people have spoken to earlier, and that's of concern to me as well.

So whatever reaction you have to whatever I might have said would be great.

Ms Elston: I'll tell you a little story; it's about the man who sold hot dogs. There was a man who was a hot dog vendor who worked on Bay Street. Every day, his financial analyst would come by and he would say, "The market's good," or "The market's bad." This guy sold the best hot dogs in the city; always sold out. One day his financial analyst came and said, "You know what? I hear there's going to be a downturn in the economy. You'd better stop buying as many hot dogs because you're not going to be able to sell them." The guy said, "He's a good man," so he cut his purchases by about 75%. Sure enough, that week he only sold that many hot dogs. So the guy came back and said, "How are things?" He said, "I was 25% down this week." The next week, he only bought 50% of the number of hot dogs, and sure enough, he only sold 50%. The next week, 25%. He said, "There's definitely a downturn. We've got 100%, 75%. This week, I'm only going to buy 25% of the hot dogs that I usually buy." Lo and behold, he only sold 25%. At that point in time, he realized he couldn't make a living at it, and he closed up business and went away.

1340

This is the exact opposite of what Mr Marchese was saying. Again, Roddenberry: We'll head in the direction in which we look. If we say we can only do 300 megawatts, guess what? That's all we're going to do. But if we had this overwhelming response in this province to people who are willing to open up and embrace, then let's forget about the ceiling; let's call it a basement and just go from there. There are so many opportunities. You are empowered with a very serious decision, but you also have the universe to look at.

Again, I thank you for your time.

The Chair: Thank you very much, Ms Elston.

SOCIETY OF ENERGY PROFESSIONALS

The Chair: The next presenter is a maintenance specialist from Ontario Power Generation. Mr Heilandt, I believe, is ill, and Mr Tomlinson is unavailable, but we do have a presenter, if you'd just identify yourself, please.

Mr Andrew Müller: My name is Andrew Müller. I'm the president of the Society of Energy Professionals. We spoke to you on day one of the committee hearings. Mr Heilandt and Mr Tomlinson send their regrets. I'm as surprised as you are to be speaking to you today. They fully intended to come and speak from the perspective of people who work in the nuclear industry, but due to unforeseen circumstances they both can't be here. So I offered to do my best to cover their presentation.

I just wanted, by way of introduction, to point out it's a bit surprising to be following the previous speakers you've heard here today, and hopefully more surprising for you to find out that, in a lot of cases, we don't disagree with what they have to say. But I think there are a few things you can extract from what they said that are important to the committee here today.

The first thing is that Lewis Wheelan, whose family was significantly supported by the labour movement here in Ontario, died from the lack of electricity. He was injured from the lack of investment in maintenance in the electricity industry, and then he died from the lack of electricity. My members, who are 6,000, work in all aspects of the electricity industry: Bruce Power, Ontario Power Generation, Hydro One, the Independent Electricity Market Operator. We see all aspects of this industry and it's our job to keep the lights on for Lewis Wheelan and for everybody else in this province.

The second thing I want to say is, in speaking to Mr McMeekin, he educated me on the fourth P of the three Ps that people talk a lot about, and that is people. I wanted to educate the committee on the fourth dimension, about the world we live in. Most people think we live in a three-dimensional world—it's got height, it's got width, it's got depth—but the fourth dimension is time, and it's something we have to consider in doing everything we talk about.

We certainly support conserving energy. We certainly support the development of renewable energy. All of that takes time. During that time, the lights need to stay on. This microphone is powered by electricity, the lights in this room are powered by electricity, all the clothes we wear and all the materials we use were produced by electricity. Someone needs to produce that electricity while the government rightfully debates how we should produce it. That's really where this presentation comes from.

We're facing a crisis that not a lot of people want to talk about. It's not just the crisis to supply the growing demand in this province, it's the crisis to keep the generation we have in place while we work on that problem. So we believe that nuclear needs to be a key component of the supply mix. It already is. It already supplies roughly half the electricity we use in this province, but we need to maintain that and in fact perhaps even expand that while we work on these other solutions, while we implement the green solutions, while we implement conservation.

We need to give OPG the mandate to continue to do that. They're now operating in a vacuum. Since this gov-

ernment took office and changed the plans of the previous government, OPG has been working in a vacuum. They do not have clear direction on what they should do. They're not able to adequately invest and maintain their units and to keep the lights on while we debate what to do. And then we need to look forward and talk about the inevitable increasing demand for electricity and how we're going to meet that.

I want to quote a few things out of the task force reports that have come before you. They go to two areas.

One is that nuclear facilities supply the baseload generation in a reliable, low-cost and virtually emission-free manner. The Electricity Conservation and Supply Task Force report supports that. Olaf included two quotes from that to assure you that this doesn't only come from people who have a vested interest in the industry; it comes from people throughout the industry who are affected by it.

The second thing is that nuclear facilities should be rehabilitated and expanded to ensure continued baseload supply to meet Ontario's needs. The OPG review committee supported that, and we included a number of quotes there that talk to that, about OPG continuing to play a role in maintaining and developing these assets.

The fact of the matter is, as some people have pointed out, some new discoveries have come up this week but they weren't really unexpected; just the timing has changed. All of our nuclear facilities are going to need rehabilitation if they are going to continue to operate.

Most people look at the supply picture today and assume it will stay this way forever unless we build windmills or more hydroelectric stations or what have you. The truth is, time is going to change that mix, because our plants will stop operating as they get older if we don't fix them. Ontario is struggling to have the capacity to repair the plants we're working on now. You'll recall Pickering A, unit 4, and now Pickering A, unit 1. All of the nuclear plants are going to need rehabilitation in the next 20 years and that's a major challenge. So we think OPG needs to have a clear mandate to do that for the units they look after, including the rest of Pickering A, which represents 1,500 megawatts of baseload power. We also should work to encourage that Bruce Power refurbish the two remaining units that are not operating at the Bruce facility, which, I'll point out, are owned by OPG on behalf of the people of Ontario. They are going to need the government's support and buy-in to do that, and we're going to need co-operation between both OPG and Bruce Power to effect that rehabilitation, because there are limited resources in the province with respect to people with the skills and knowledge to the work, and that's in the private sector as well as in the public sector.

The second aspect is that OPG and Bruce Power should be encouraged to pursue new generation projects. These projects take a lot of time to come to reality. It takes something in the order of 10 to 15 years to build a new nuclear facility, so we can't wait five years to suddenly decide, "Well, things didn't work out as we

wanted them to and we now need a plant." We should have been doing that planning 10 years ago in order to achieve that target.

It's easy to poke holes in a large target. OPG, Bruce Power, nuclear facilities are very large targets, but I think we need to remember that they supply a large component of the electricity in this province. As workers in that industry—I'm a nuclear engineer with 17 years of experience both at Bruce Power and the Darlington generating facility—we know that things take time, we know things take investment and we're fully supportive of change in the industry, but in the meantime the lights need to stay on. Lewis Wheelan needed the lights; we all needed the lights on August 14, and we'll continue to need that as we make changes. Thank you.

The Chair: Thank you very much, Mr Müller. We have about five minutes for questions. In this round the government members are first. Any questions from the government side? Ms Wynne—or, I'm sorry, Mrs Cansfield, the parliamentary assistant.

Mrs Cansfield: Ms Wynne can go first.

Ms Wynne: Thank you very much for being here. I think it's interesting what's happened in the last couple of speakers: We've moved away from a discussion that has been ongoing in these hearings about public versus private and we've moved on to, I think, the more fundamental issues which are safety issues and keeping-the-lights-on issues, which I think are critical. Really, the public/private discussion is a power issue, if I could use the term. All things being equal, if I can have a clean, reliable source of power, as a human being turning my light switch on, I don't really care who's supplying it. It's sort of like who pays for the swimming pool, and I don't really care who pays for it but I want to be able to swim. I think those human issues are critical.

1350

I have a hypothetical question for you. As an individual I struggle with this. If there were a way to fairly deal with employees in the power industry and if it were possible to replace nuclear with water, wind or solar, would you suggest that a government anywhere look toward reducing reliance on nuclear over time? Nobody is going to deny that there needs to be a role for nuclear in the short, medium and probably long term. But going back to what Suzanne Elston said in terms of the direction we should be looking, if those other things were in place—the employees were going to be looked after and we had those other sources—would you increase or decrease reliance on nuclear, knowing what you know about the industry?

Mr Müller: I have a couple of comments to make. Number one, you'll notice that none of the speakers who work in the power industry, the professionals who have come before you, and certainly not—when I spoke to you on Monday two weeks ago, did we ask for just transition? Did we show concern about the loss of our jobs?

Ms Wynne: We all should be concerned about them, absolutely. It's a real concern.

Mr Müller: I want to explain why. My members are professionals. Their skills are highly sought after by their

companies—engineers, scientists, accountants and so on. They are less concerned about the security of their jobs; they are more concerned about the security of the industry. My members can adapt. In fact, many of the members in my organization were there when they were building hydroelectric power plants and then they helped build the coal plants and then they helped build the nuclear plants. It's not such a surprise to think about this when you look at where the first commercially operated windmills were located in this province: the Bruce Power nuclear facility and the Pickering nuclear facility. These things are just evolutions of generating power. My members are fully prepared to move forward and change that.

We absolutely support reduction of the environmental footprint of electricity generation by any means possible. But as engineers, and many of my members are engineers, we have to introduce the reality factor that it takes time. No other jurisdiction has done what the Pembina Institute is recommending. I'm not saying it can't be done, but we haven't found a practical example where it has been done yet.

Ms Wynne: Thank you for answering my question. You've said "decrease," because over time there may be ways to do those other things.

Mr Müller: Certainly.

The Chair: Mr Arnott, maybe a minute and Mr Marchese, maybe a minute.

Mr Arnott: Very quickly, your presentation doesn't mention conservation. What is your honest assessment of the potential savings in load that can be achieved through conservation in the next five years?

Mr Müller: Fundamentally, our organization supports the Electricity Conservation and Supply Task Force report on that. It's something in the order of a 1% per year reduction in demand, but considering that demand is growing by almost 2%, we're still going to see some amount of growth. The best jurisdictions are in that order, whether you look at California or Denmark or what have you. So it's in the 1% to 2% range.

Mr Arnott: Some of the presentations to this committee have told us that we could conserve 40% of the electricity that we now consume by 2020.

Mr Müller: It might be theoretically possible but it hasn't been demonstrated. We're certainly willing to help try, but we have to be real about this because if the lights go out, people die.

Mr Marchese: I can't help being concerned about some of the contradictions I think I'm hearing. You're saying that your professional members are more worried about the security of the industry than security of their jobs, which to me speaks to the fact that they support nuclear. So that's a concern.

Secondly, you say, "We support the previous speakers and, yes, we'd like to move to the other renewables and possibly conservation," but you then advocate for an expansion of nuclear. They seem to be inconsistent, or are they not?

Mr Müller: I don't think they are inconsistent. When I talk about security of the industry, I mean security of

the provision of electricity that we all use, and that's whether it's increasing in demand or decreasing in demand. So we're not fixated on any particular technology to produce it as long as it is there for the people of Ontario who need it.

Mr Marchese: All right, but if you support the idea of phasing out nuclear—we need nuclear, but you support the idea of possibly phasing it out on the assumption that we have all the other things coming into play: the renewables and other conservation strategies. So if we have that, and we slowly get rid of nuclear down the line, why are you proposing the building of more nuclear? That's what your conclusion says.

Mr Müller: Because of that fourth dimension; it is going to take time to build windmills. It takes—and this is a rough calculation—2,000 windmills of the kind that are on the CNE grounds in Toronto to replace one unit at Nanticoke generating facility. So in order to do that, to build those windmills, it takes time. During that time, demand is growing. There's not a jurisdiction in the developed world where electricity demand is decreasing. So during that time, we need to meet that demand to keep the lights on. Therefore, we need to build plants while we build windmills.

The Chair: Thank you very much, Mr Müller, for your presentation today.

CANADIAN COUNCIL OF GROCERY DISTRIBUTORS

The Chair: I'd next like to call on the Canadian Council of Grocery Distributors. Mr Sherwood, welcome.

Mr Justin Sherwood: Thank you very much. My name is Justin Sherwood. I'm the vice-president of foodservice and public policy for the Canadian Council of Grocery Distributors. I suppose I'm one of those vested interest groups; that is, on salary to come here and present the perspective of our industry relative to Bill 100. Thank you very much for providing me with the opportunity to speak to you.

In terms of the deck that I've put together, I'd like to tell you a little bit about who the Canadian Council of Grocery Distributors is, what we do, and then a few quick comments on our perspective on Bill 100.

In terms of the Canadian Council of Grocery Distributors, we're a national trade association representing the interests of chain grocery retailers, grocery wholesalers and foodservice distributors. We were established in 1919 to represent their interests. We have offices in Toronto, Montreal, Halifax and Calgary, and we work to represent our members in a variety of public policy issues, both nationally and provincially.

Our members in Ontario are as diverse as Loblaw Companies Ltd, the Great Atlantic and Pacific Tea Company, Colabor, Canada Safeway, some of the foodservice distributors who are supplying to restaurants, institutions etc.

In the province of Ontario, our members represent approximately \$2 billion worth of sales. We operate or

supply approximately 7,000 stores. We have a presence in almost every single community in the province. Our members account for 85% of the food products consumed and distributed within the province of Ontario. That means 85% of the food consumed in the province, in one way or another, has gone through our members' hands.

Our foodservice membership supplies 70% of the foodservice institutions, 70% of the restaurants, 70% of the hospitals, 70% of the nursing homes, 70% of the prisons. We employ about 160,000 Ontarians with a payroll of about \$3 billion, and we spend about \$1 billion a year on building new stores and, obviously, energy is a top consideration as we design and build our new facilities.

As an aggregate, our industry is perhaps the largest commercial user of electricity within the province of Ontario. The average retail location uses between 30 and 50 kilowatt hours per year per square foot of the store, with an average summer load factor of between 70% and 90%. Well over 50% of that energy usage is to keep the food that we sell safe to eat. It's a legislated requirement under the Ontario Health Protection and Promotion Act, Ontario regulation 562 of the food premises regulation, which requires that refrigerated foods be kept at four degrees Celsius or less, and frozen foods at minus 18 degrees Celsius or less. The balance of that energy usage is for heating, ventilation and air conditioning purposes, lighting, and other store systems and operations.

To give you an example of the average usage per year, we have a quick table included within the presentation, and it indicates, obviously, that your average 60,000-square-foot grocery store is using about two million kilowatt hours per year. And remember, I said 7,000 retail locations in the province. So that will give you an indication of the amount of power we use.

1400

In terms of points that I would like to talk to, I would like to talk to the need for certainty in the market, the issue of attracting investment to the province, conservation and coal phase-out, if I can beg your indulgence.

The first is the issue of the need for certainty in the market. Our members, when the electricity market opened in the early part of this decade, negotiated contracts based on projected demand with energy generators. Those electricity contracts are now coming due and as they go out to the market in an attempt to procure what they would consider to be reasonable contracts to service their needs—and remember, they are large users—they are having an extreme amount of difficulty in soliciting those contracts, the reason being that players in the market really are struggling to get their heads around what the future potential impacts of Bill 100 are. So from our perspective, the quicker this process can be wrapped up, the better, because it provides certainty in the market and will allow business to continue to go on and get the certainty they need to run their businesses.

Secondly, on the issue of investment, if the government is looking to private investment in order to solve

the future energy crisis—and we know there is an energy crisis coming down the road—then we need to make sure that the bill really works to promote investment; either that, or we should be looking at a completely public utility. We're concerned that the provisions of Bill 100 will act as a disincentive to future investment in the market. First of all, you're adding another layer of bureaucracy: the OEB, the IMO, now this new administrative body that's being created, you've got the heritage power group, and the government is really no longer speaking about the break-up of OPG. From our perspective, if you are a competitor looking to invest in the market, if you see a government-backed, large, significant competitor, why would you be making investment decisions in Ontario? So that's really a concern. We recommend that we should take a critical look at Bill 100 to make sure that there is proper incentive for investment if we're going to get private investment to solve our energy needs.

In terms of the issue of market signals, one of the concerns we have when you provide a fixed rate to residential consumers is that you're really separating them from the supply-demand curve. That means they are being insulated from market signals relative to peaks in power. If you spread that across the year—let's say you're insulating the residential users in the summertime, you're really insulating them from those peaks that would send them the signal to turn down or turn off the air conditioning. This insulation reduces the incentive to reduce power consumption during peak times. We really feel the government should take a look at how to minimize that insulation and shorten the periods in which the fixed-price power is smoothed over in order to ensure that market signals are transmitted on a timely basis to residential consumers.

On the issue of conservation, we all know there's a shortfall coming and we're very concerned that the present conservation efforts will not yield the results required. Additionally, we're concerned that the government appears to be taking into consideration in advance those conservation figures as if they've already occurred. From our perspective, we think there is a requirement for a province-wide strategy in advance to deal with the conservation issue. We don't think that simply providing funds and incentives to local distribution companies will have the desired effect. So we recommend the development of a province-wide conservation strategy and also that the government does not include conservation figures within their overall supply-demand calculations until they've been achieved on a sustainable basis.

The last issue I'd like to address is one I'm sure you've heard a lot about, and that's the issue of coal phase-out. From our perspective, we can put it quite simply: We do not think the time is right at the moment, given the fact that we're facing a 5,000-megawatt to 7,000-megawatt shortfall over the next few years, as predicted by the Ontario Power Generation review committee. We don't think the time is right yet to consider the phase-out of coal until significant or substantial alternate power is available. I won't enter into the debate

as to whether that should be renewable or nuclear. I'm sure you've heard enough about that today.

That concludes my brief presentation. I'd be happy to answer any questions.

The Chair: Mr Sherwood, thank you very much. We have about six million—six minutes for questions.

Mr Sherwood: Six million?

The Chair: I was thinking about cost. On this round, Mr Marchese, you're first, followed by the government and then followed by Mr Arnott.

Mr Marchese: I've got a few questions. One of the concerns you stated was—it is true that when this party was in opposition, they did talk about the breakup of OPG, quite right, but they are saying now that the new OPA, the Ontario Power Authority, will not be able to bid into the clean power gas-fired initiatives. You're not concerned about that. You're saying that unless they recommit themselves to the breakup of OPG, somehow, for that reason, the private sector might not want to get involved.

Mr Sherwood: If, as a business person, I'm looking at a potential market and trying to determine whether I'm going to be making an investment decision in that market, if there's a large government-backed competitor in that market—and the government has, with all due respect, changed its position on that issue already—I would be cautious about making investment decisions in that market. My concern is that the signals that are being presented out there as you're trying to look for potential foreign investment to—

Mr Marchese: No, I understand. Mrs Cansfield is going to tell you that there's a great deal of private interest in the production of the 2,000 megawatts of clean power, so she might ask you some questions in relation to that.

You're saying that the blended rate is a problem because it insulates certain consumers and you're saying it will prohibit consumer conservation. That's your concern around the blended rate?

Mr Sherwood: I didn't say it would prohibit.

Mr Marchese: I used that word, I guess.

Mr Sherwood: What I said was, it will act—

Mr Marchese: As a disincentive.

Mr Sherwood: —as a barrier, because it smooths the peaks and valleys and insulates the residential consumer from the true cost of the power at that particular time.

Mr Marchese: So your concern is not really consumer conservation so much as that everybody should get hit by the market with whatever legitimate price or real price is out there for electricity, right?

Mr Sherwood: Conservation, I would like to think, for your average consumer will really come down to— one of the primary motivators for conservation will be the pocketbook, as much as I would like to think it would be noble causes. Speaking personally, I just renovated my house and installed a brand new central air conditioner. It wasn't there originally. If I am subjected to a smooth rate, I may not feel the peaks and valleys of the true cost of energy, and I think most consumers are the

same way. What you're really doing is taking away that financial incentive or lessening that financial incentive to conserve when there is a peak in demand.

Mr Marchese: I hear you. Thank you. I want to leave some time for the others.

The Chair: We have two minutes.

Mrs Cansfield: I would like to know if you've read the regulations that have been put out around the procurement process. They've been on the Web. In fact, they might alleviate some of the concerns you've expressed.

Mr Sherwood: I personally have not. My members have.

Mrs Cansfield: I think it may be an opportunity for you to review them, and then if you still have some issues, they could be discussed.

The other is the issue around—I think you've heard we had a discussion around the fact that there would be time-of-use rates and that the issue around the interval metering process would enable people to make those choices and decisions as they choose. They can opt in and out of that.

The question I have is around the industry itself, and I don't know whether I should speak to it as a parliamentary assistant or as a person who shops in stores.

Ms Wynne: Cold.

Mrs Cansfield: They're ruddy cold. Interestingly enough, the industry uses 50% of the electricity, and one of your clients is the largest user of electricity in this province. I happen to go into that store on a regular basis, and it is cold.

1410

My question is, do they do internal audits? Do they check their equipment? I recognize in large buildings—and certainly some of them have large footprints—it's hard to accommodate back and forth, but I find it interesting that the temperature has to be kept at 60 degrees—because that's definitely what it is in some of those stores—and then have someone turn around and tell me they can't afford that price.

Mr Sherwood: I think what you're seeing is, if you walk into a newer-format store—and there's continual investment in equipment. The lifespan of equipment and fixtures in a retail environment is quite long and it's written down over quite a long period of time. If you walk into newer stores, you will see some of the considerations you're alluding to.

Interjection.

Mr Sherwood: Yeah, doors on coolers, efforts to have more energy-efficient equipment. What you do have is a significant legacy of—and when you're talking about 7,000 retail locations, you're talking about billions of dollars of investment in existing equipment. We had this discussion before, I think, when we met. The issue is there's a significant hurdle rate when you're dealing with basically a low-profit, high-volume business in terms of justifying an upgrade of that equipment. We've made it very clear that we think there are considerable conservation opportunities available in our industry. The

issue really becomes making sure that that cost hurdle and that investment hurdle is there.

Mrs Cansfield: Certainly within EnerCan there is the opportunity to do the audits and to use the minimal payback type of situations, to work with your folks to do that. Are you doing that?

Mr Sherwood: Yes. All of our members are participating in the Natural Resources Canada energy innovators program. Again, I don't want to be too shameless in my promotion here. Any further incentives will just speed the process.

Mrs Cansfield: I don't disagree, because I think that's one of the other issues you've identified, and many others have. This piece of legislation is enabling legislation; it will be the regs.

The Chair: Thirty seconds, Mr Arnott. Quickly.

Mr Arnott: You've said your members are concerned about the government's proposed phase-out of coal by 2007. You may know that our party, when in power, suggested coal should be phased out over a longer period. I think we felt it was responsible to attempt to phase it out by 2014 or 2015, I forget which. Obviously, you would concur that we were right.

The Chair: Thank you, Mr Sherwood. We appreciate your presentation today.

EMPCO

The Chair: Next, I'd like to call upon EMPCO, Mr Edgar Wünsche, president. I hope I pronounced that right, sir.

Mr Edgar Wünsche: No, but that's OK.

The Chair: You have 15 minutes sir. Welcome to our committee.

Mr Wünsche: I'm representing the small company, EMPCO, which manufactures electric arc furnaces for steelmaking. Quite frankly, I'm using this opportunity to eventually wake up the government agency to the facts of life. The facts of life are that for three or four years, since we finished our contract with Demag in Germany, we have been trying to save energy by switching to different types of energy for steelmaking.

As you can see in our presentation, in the steel mills of Dofasco, Stelco, Ivaco, Slater, Cambridge and Ameristeel, Ontario is producing about 4.5 million tons of steel. This steel is produced by electric arc.

Electric arc is extremely inefficient for producing the thermal energy for melting steel. Electric arc was good for commercial purposes when electricity cost about 15 mills, 1.5 cents a kilowatt hour, and electric graphite cost 20 cents a pound, and back in the beginning when there were bundles of scrap. However, today, with an energy shortage—I don't like to call it a crisis because it is not exactly a crisis. That is some kind of an improper term for it.

I would like to suggest the following, and then I can answer questions. I presented a paper and we wanted to show the slides, but we don't have the opportunity here. Basically, it's the following: Practically two alternators

of the Lakeview generating station could be saved if electricity was switched by natural gas and oxygen. Furthermore, the production of carbon dioxide would be reduced to one third, nitrogen oxide and nitrogen dioxide wouldn't exist and sulphur oxide could be removed by implementing lime in creating calcium sulphide, which is actually drywall.

I tried all these things for three years. I addressed Mr Eves, Mr Flaherty, Mr McGuinty; every one I can prove. Some of them answered my letters; some of them did not. I told Mr Eves personally that he should go to hockey. Why? Because he has the most beautiful passing game on his team.

The Chair: It just shows you there's a career beyond politics, then.

Mr Wünsche: Pardon?

The Chair: A career beyond politics: hockey. Go ahead.

Mr Marchese: Don't worry. Ted will pass that on.

Mr Wünsche: No, I told him personally. You see, I sent the letter to Mr Flaherty, he sent it to Janet Ecker, Janet Ecker sent it to Baird, Baird sent it to Chris Stockwell and Chris Stockwell sent it over there. One or the other finally answered, after three or four months—an urgent story. I'm telling you, instantly, practically for free—you understand what I'm saying? My English is not the best—steelmakers are going to make more money because it is cheaper, and ecology is going to be served well. If you look at our slides, there are some graphs—the slide projection. Instantly, two generators will be freed from the burden of electricity.

Mr Marchese: Is this technologically being used here or somewhere else?

Mr Wünsche: That is used in Europe. I can tell you one thing: I am a member of the European coal commission. That is my second point. I haven't come to it yet. We are getting 45 million euros from the European Community for about 40 steel mills, to develop this in ultra-low carbon dioxide. I am the initiator of it. EMPCO of Canada is the initiator. We have an invitation to go to Germany immediately, everything paid. I say, "Why should I? I'm living here. I was an immigrant since 1968. I'm from Czechoslovakia. Why should I go there?" Five years ago, we sold our patents to Denmark. That's over. Now we are free again. I want to do it here in Canada, but nobody wants to listen.

My grandmother told me—and forgive me if I'm going to touch anybody; I don't intend to—"I'm not afraid of evil people, I'm afraid of the stupid ones, because stupid people hurt you and they don't know why. Evil people hurt you because they want to hurt you; stupid people hurt you without knowing why."

I'm on the border, somehow, to question myself how that is possible, because that is so evident. When you look at these slides, they're so evident and provable. It is simple physics and simple mathematics.

Actually, in this committee in Toronto, on August 12, Mr Pejovic—he's a professor from Ryerson University—also said that it is a question of the generators, and

nothing was invested. That has to be invested to use as rotating condensers.

The other thing is, we are going to present eventually—but I am bound yet by secrecy to the European commission—the replacement of nuclear power with clean coal. This is just my personal opinion. We are talking about Pickering. What is the problem with Pickering? Is it the electrical part? No. The electrical part is the same. Like anything, only the steam. What is the problem? Nuclear. So if I replace the nuclear with clean coal, I immediately have a new power station, right? No problem.

1420

The Japanese have huge barges on behalf of these recreational floating hotels, with, let's say, 500 megawatts of steam. They can bring them over here and put them down, and you have steam and immediate energy, definitely for a fraction of the cost.

There is information from Europe that the United States now has \$3-billion or \$4-billion lawsuits against the government, for not taking to the final dépannage the nuclear waste. It is still so wet in a nuclear power station, or dry in temporary storage. But permanent storage, or whatever it is, is not yet done. There are about \$3 billion or \$4 billion in lawsuits against them, and that goes against the nuclear.

Anyway, that is not the main thing I have used this opportunity for, for which I am grateful to everyone. I have designed and built the first Canadian steel furnace for IPSCO. I started IPSCO's fame—IPSCO in Regina. We did Lake Ontario Steel. We did all the plants. We did them all around the world, all from Canada, from little Whitby.

What I would like to say—and I would like to read that, because that is a very interesting point I want to make—is that in summary, EMPCO is most respectfully suggesting that the final content of Bill 100, 2004, electricity restructuring, incorporate the following:

Establishment of appropriate, by law, enforced limits for all types of pollution, matching limits of industrial countries—not to talk to Sudan or Timbuktu or whatever, but let's say, Germany, France, Sweden.

The second one: by meaningful incentives—the answer I had before from Queen's Park was that you're going to give out tax incentives. That's useless, because the steel industry was so battered. Nobody is protecting the steel industry. In the countries that don't have any regulations for pollution, they're polluting so lousily and so wastefully. Now we have to compete with them. They work for this much rice a day. You cannot compare the standard of our workers here in Canada with them. Nobody was protecting it, so the steel industry was battered. The steel industry didn't have money. I finally found one company willing to put it in—Lake Ontario Steel, here in Whitby.

But “No, no, that is not our policy.” We say, “We don't want a money grant. We just want a guarantee of a loan, what everybody else has.” In Quebec, Bombardier had billions in guaranteed loans. Why not here? Is

anybody going to answer why? Because of policy? Policy of what, of a head in the sand like an ostrich?

Anyway, meaningful incentives encouraging conservation of energy, primarily by replacing inefficient types of energy with another type of energy with the highest primary energy efficiency—gas.

If you look at the second graph, from one unit of energy, of 100% in the electric arc, making thermal energy is only 17%. If I go with natural gas, I have 66%, with a pipe bringing in oxygen.

Ontario Power Generation or Ontario Hydro—whoever—spent \$250 million to reduce nitrogen oxides. Where does nitrogen come from? From the air. Air is 80% nitrogen and only 20% oxygen. If you use pure oxygen, you have nitrogen, you're going to have a problem.

However, I have to say one thing. I know many people in the energy sector who are afraid to talk. If you're talking behind closed doors, they'll say, “Edgar, you won't believe what is going on.” But we are not allowed to talk. I've got a family, I've got a mortgage. I don't want to get fired by opening my mouth and telling the truth.

The final point I want to say is that meaningful incentives mean helping industries.

OK, one last comment; I've got two more minutes to talk. Japan's MITI, their Ministry of International Trade: In Japan, you are not allowed to own American dollars. If you sell something for American dollars, they give it to MITI; they give you only 90% of the value and keep 10% for themselves. If you want to buy something for a dollar, you have to pay for it. However, if the photo industry is flying—right?—they sell. MITI is collecting from them and giving to the steel industry, which is in deep, and vice-versa. So it is not a free country; it is an organized, planned economy in Japan. I worked there; I built furnaces there. I built furnaces in Japan, I built furnaces in China, in Brazil, in South America and all over Europe. That gives you the sense, because Canada is a beautiful country; however, you have to have what we in Europe call collegium technicum: people who understand what they are talking about.

I am using this opportunity to somehow try to usurp and to awaken the awareness of what is going on, because there is no crisis if everybody does what he's supposed to do. Government has to come and say, “OK, is pollution allowed?” Leipzig is going to build a \$2-billion business now, because Germans are setting the standards for pollution. If you are better, you can sell them. It is a \$2-billion business, starting in January.

Anyway, I'm ready for questions if anybody has any.

The Chair: Thank you very much, sir, for a very passionate and very informative presentation. On this rotation we have Mr Arnott first, and we have about a minute.

Mr Arnott: I hope I'm not one of the people your mother warned you about.

Mr Wunsche: I don't know yet.

Mrs Cansfield: You are.

Mr Wünsche: My grandmother.

Mr Arnott: Thank you very much, Mrs Cansfield. I appreciate that.

What I hear from you is that the private sector has the drive, the innovation and the ideas. It needs to be unleashed to assist the province to deal with this problem. You've got an exciting technology that should be attractive to a lot of the steel companies in Ontario and Canada and across the world to clean up some of our problems in terms of our environment. I would certainly wish you success as you continue to advocate for your technology.

Mr Marchese: If only Ernie Eves had listened to you.

Mr Wünsche: Oh, he did. I had a personal discussion with him. You see, the point is that eventually, to answer this thing here, everybody was giving me a hand; that's all I got, just a hand. Is that enough?

Mr Arnott: No loan guarantee?

Mr Wünsche: No. However, the point is that legislators have to appoint people from industry who know what they are talking about and not to take for granted, even if I don't know, as Mr Trudeau put it, fuddle-duddle-all about it, to make decisions. It's wrong. That's why I'm trying somehow here to provoke thinking.

The Chair: Thank you very much, sir. We appreciate your presentation.

Mr Wünsche: You don't want any more questions?

The Chair: Well, quickly. We're out of—

Mrs Cansfield: Actually, it's not a question, sir, but there's a place for you to approach. The federal government has a fund called the sustainable development fund, and I will give you the name of a director you can call directly.

Mr Wünsche: That would be very appreciated, because we tried and we were told, after filling out about 75 and a half forms, that we don't qualify for it.

Mrs Cansfield: You've already gone through the sustainable development fund?

Mr Wünsche: Yes.

Mrs Cansfield: And you don't qualify?

Mr Wünsche: No, we don't qualify, because, you see, "You are not in distress. You don't have enough people so that we are concerned about your votes. We are not concerned about anything else, so forget it."

The Chair: Maybe, sir, you and Mrs Cansfield will have some discussion, or we can maybe provide some way to provide some assistance to you.

1430

Mr Wünsche: Could you tell me, sir, how is what I presented here going to be used? That's my question.

The Chair: It's been submitted to the committee. It will become part of the committee process. Every presentation that's made to committee gets reviewed and analyzed in how it might assist us in producing a better piece of legislation at the end of the day.

Ms Wynne: Amendments to the legislation.

The Chair: Amendments to the legislation. You can be sure that your input today will be considered very seriously.

Mr Wünsche: I thank you for your time. I hope that—as my grandmother used to say, God is listening; it goes into God's ear, what you are saying here. But I don't believe it.

Ms Wynne: Also in answer to that question, the whole issue of incentives and what's needed to make this happen is a discussion that the committee will have and that the parliamentary assistant will be having with the minister around the regulations and the legislation.

The Chair: Quickly, Mrs Cansfield.

Mrs Cansfield: Again, the Ministry of Economic Development and Trade will be setting up a centre of excellence. I believe it will be announced soon. That will be a place for you to apply with your new technology. Hopefully it's not 75 pages you have to fill out. That will be announced in the next while.

The Chair: We'll get it down to 10.

BILL SCOFFIELD

The Chair: Mr Scoffield is next. Welcome, Mr Scoffield. You have 15 minutes. Any time that's not used will be available for questions.

Mr Bill Scoffield: It's Bill Scoffield, retired teacher from Orono high school here, and presently organist at Trinity-St Andrew's United Church at the Brighton Speedway.

I'm very pleased to be here. I just can't help commenting on what I've just heard. It's not in my presentation, but certainly with those coal generators that the Liberals have promised to close and probably won't be closed, because we know they can't always keep their promises—I'm still behind them—why aren't we burning garbage in those things instead of coal? If we have to have pollution, has anybody thought of that?

And if OPG is too big to scare away all of the investors, why don't we go for smaller investors who don't mind somebody big mothering them? In fact, that's kind of what I'm saying in my presentation here.

Third, after hearing Mr Wünsche, restructuring looks like it just occurs on the spur of the moment. Why aren't we putting two top jobs there, one for a really good businessman and, second, a really good technologist, like Mr Wünsche obviously is? We have hundreds and thousands of those people in this province who are so busy they don't have time to talk to their elected representatives and they don't have time to play golf. They're normally up to their elbows in dirt, and they're actually working with their own workers. That's the kind of person you need at the top of Ontario Hydro, I think.

I'd like to start by reminding you that this is Orono, pronounced OH-ro-no, not Or-OH-no. You're very close to Kirby, the home of the Kirby senate, which was a source of inspiration and advice for many successful governments in the past. Nobody knows about that?

Mrs Cansfield: I've been to Kirby.

Mr Scoffield: Well, the Kirby senate was a bunch of old fellows who sat around the warm stove in the grocery store that used to be there and that Highway 115

displaced. They really did have some influence and power. I won't mention any names, because mine wasn't among them.

At any rate, thank you—

The Chair: We're all used to Kirby burgers, by the way.

Mr Scofield: OK. Thank you for this wonderful opportunity. I don't know by what stroke of luck I got invited to be here. Thanks to my employer, Andrew Mead of Mead Music, who does pipe organ service, for rearranging our work schedule so I can be here.

For convenience, I'm going to refer to the group of companies and agencies that you hope to restructure as "the utility." I have no idea why I'm here, but especially thanks to Energy Probe—I get their little e-mail every now and again—I did hear about the opportunity and applied to the right person at the right time. How many others are there, with more to offer than I possibly have, who will not have the chance? I speak on behalf of the approximately 500 ordinary citizens of medium and low income whom I call friends—hockey players, golfers, choristers and the rest—that all of you are only too familiar with and hear from every day. Many took my request for comments quite seriously when I told them I had this opportunity, and I begin by reporting some of their comments, which you've probably heard already.

Most cared much more about the effects of restructuring than about the actual act of it. That fact alone should underline the necessity for simplicity in your results; that is, in the way you go about it and what you end up with. Of course, simplicity to us means lower prices for hydro but perhaps higher prices but lower cost in order to aid conservation.

Some of the more cynical people I've been speaking to felt that dividing the former Ontario Hydro into several entities simply offered more opportunities for the government to reward its friends—very cynical, but that's what's out there.

Here are the comments that I tried to summarize for you:

(1) Many seemed to be quite upset about the high salaries of the executives running the utility and about the number of chiefs as opposed to the number of Indians. This seems to be a fairly universal perception of the utility, as it was and is, and not difficult to prove with all kinds of available numbers, which I don't have time to scratch up for you. Searches for personnel which are more open and widely advertised might produce more capable and efficient leadership. And, as I said before, you need some technology at the top.

(2) Several folk I spoke with hoped that smart meters would soon be available, and I don't mean just smart meters, but really smart meters that tell you exactly how much each appliance is using and so on. They expressed a willingness to take advantage of them and even pay for them. These have been discussed and available for a very long time. Why aren't we using them? Restructuring must produce a utility willing to plunge into new territory without such frustrating foot-dragging.

(3) One person with whom I spoke suggested that renewable energy be subsidized, as this is what is done nearly everywhere else, to encourage its production. And he compared Ontario to a Third World country. He's the man who lives in a straw bale house, by the way, and he's off grid. Does he ever care about hydro generation in this province.

(4) A former employee from Hydro stated that the training given to Hydro employees who were laid off was of such superior quality that when they were laid off, other employers were lined up to hire them. This would not have happened in a private utility in a competitive atmosphere, and I do not believe the consumers of Ontario should have to foot the bill for such an unusual amount of training, no matter how proud their bosses are of it.

(5) The most distressing reply I had came from a successful and busy entrepreneur when I told him that I hoped to unload on this committee my own dissatisfaction with the reward-your-friends approach to running our utility. He said that most on the committee would just shrug their shoulders and say, "So?" This kind of cynicism was thinly veiled in many of the people with whom I spoke before I came here.

Now I continue with some comments from my own mind. I also want to say, although I mentioned thanks to Energy Probe at the start, that I do not agree with them on the mothballing of nuclear. I think that's something that needs to be developed and used to the fullest and with great care, even though I live in Port Hope, where we have that waste problem. There are ways of dealing with it, not like we did at Bruce, where the stuff was burnt without a licence.

My personal feeling of deep gratitude for the excellent electrical service we all enjoy has come to be overshadowed by grave doubts about the future of the service at reasonable cost. We've got a silver-plated service that's at a gold-plated price. It seems that one of the main reasons for this high price is that our leading politicians—and so on. Is this merely a perception, or can it be easily established? Considering the amount of hydro power available in this province, the cost for consumers should be much less than it is, or at least the cost to the utility. I hope your restructuring will redress that problem in a few ways.

First, there can be no political appointments of any kind. Surely there is a way to set things up like the CBC or LCBO so that political interference is not possible. If there must be appointments, why can't we give more priority to someone like the Lieutenant Governor to make them, or someone even more impartial, like a group of clergymen or something? The salaries do not need to be so high. If you have a huge competition and advertise the jobs you've got available, highly qualified people will come out of the woodwork, much more qualified than the people you've had in the past to run your utilities.

Second, the Auditor General must have the authority to include in his reports all the various branches of the utility which are government owned.

Third, the efficiency of the utility overall and in its branches should be carefully measured against large private utilities elsewhere, and part of their public relations literature. Howard Hampton says that when the people own the utility we save the 20% that would have to go for profits. What he always misses is the fact that publicly owned businesses very often, almost always, are terribly inefficient and the 20% savings are quickly eaten up by 100% inefficiency. The public part of the utility must be much more efficient, and demonstrably so.

Above all, I believe restructuring should create an entity which aggressively pursues new and green generation. Except for very large-scale hydro and nuclear electricity—we have enough big companies in this province—new generation should definitely be private, green and small. It should exploit every possibility. Financing for it should be available at minimal rates from the utility. The rewards for producing it should be significant. Small producers, even individual homeowners, should be encouraged to invest and produce, using the smart meter which runs in reverse, so the amount they receive per kilowatt hour is the going retail rate.

1440

Every south-facing roof in the province should be covered with solar collectors owned by the homeowners, able to borrow the capital from the utility, able to repay the loan on their bills over long periods—and, please, better solar collectors than we have now. We have the technology to improve them and lower their cost. If we did a lot of them and made them here, they'd cost a lot less. I know it sounds like communism to some degree, but there are ways to keep it in private hands.

Silent and effective wind collectors, not the big ones we presently have, should be on every other roof. We need a new technology here. Nobody has thought of it yet, but surely we can develop that with the brains we've got in this province. Some kid with a science project in grade 7 can probably take some Styrofoam and make those little skittle balls they have in a game in Harry Potter, stick four million of them on your roof, and suddenly each one is putting out a couple of millivolts and we've done a lot. Maybe the whole thing only costs a few hundred dollars, but you get a little bit of hydro from it. Your roof doesn't look as nice as a cedar roof, but it does the job.

Every home should have its own fuel cell for power production, and solar and wind collectors can produce the needed hydrogen, I hope, on site at our homes as the technology develops. Also, hydrogen can be produced by larger sun and wind facilities, remote from built-up areas—and there are lots of those. If you have to have big windmills, please put them up around James Bay where we don't have to hear them. Probably one of the easy ways to get the energy from there down to here is in the form of hydrogen. Fuel cells in our homes certainly makes a lot of sense, and I'll buy mine when you help me finance it.

There is no reason why solar-collecting capacities of parking lots and roads should be overlooked. We don't even think about stuff like that. The technology to do this

can be developed by a restructured Hydro. Municipalities should be collecting compost in specially coloured bags or something and using the methane to produce electricity in small generating stations or at Wesleyville, for goodness' sake. Other burnable materials should be incinerated, the heat captured to make power and the by-products of combustion completely removed or utilized in other ways. Think of the value of having millions of small power sources, by the way. The new organization should be structured to actively grow these sources. It's so unfortunate that this kind of thing has not been happening since the time of Adam Beck, who we know created the monster that did a very good job but didn't create a future for us.

What about the required financing and advanced technology to realize these things? These are two important items I believe restructuring should address. The minister did not include most of the new generation that I've mentioned as objectives for Bill 100. There is no reason why we shouldn't look at them now. This is the opportunity to set up a utility that will accomplish what was only dreamt of earlier. Accomplishing the goals of the Kyoto accord with a forward-looking utility should be a piece of cake.

Financing for small projects is often difficult, whereas government and its branches can borrow quite easily. When you find the entrepreneur or the small guy who is willing to go out on a limb and borrow money and do something, I think you ought to be there to help him in a big way, and it should come right from the utility. For instance, if solar collectors, smart meters and fuel cells are going to show up at my house, it will only be if I can borrow the funds easily and cheaply. Landowners with small amounts of hydro power available will be much more inclined to consider developing it if they know financing is available. Restructuring needs to be designed to promote advances of all kinds through aggressive financing of customer improvements and efficiencies and new green generation. I sure like the idea of buying a new freezer with some help from the Ontario government.

Technological advances to make fuel cells, wind and solar collectors, hydrogen production and storage units, methane generators and so on, all possible on any scale and in any quantity, should be quite feasible within a restructured utility which has a really good research and development branch, just like most large industries. I know it was there before, but it seemed to be stuck on big hydro.

The hardware should be built here, not by friends of the government. For instance, if smart meters are going to be sold here on a time-purchase plan, they should be built here.

The Chair: Sir, you have about one minute left.

Mr Scofield: In conclusion—I'll skip down to there:

(1) The cost overruns of the nuclear facilities are disgusting and shameful.

(2) The sale or lease of publicly owned facilities to private companies, as has happened with the 407 and Bruce nuclear, is immoral and should not recur.

(3) The perceived lack of integrity and hard work at the top of the organization needs redress. This may only be perceived, I don't know, but a good example shown by frugal superiors might improve the attitude of those below. How many workers on the Darlington project have revealed to me that stealing from the site was considered normal because it was a government job or the amount was insignificant or they needed to make up for the huge difference in salaries between the top guy and the bottom guy? These attitudes can be pointed toward oblivion by the restructuring in your hands. I leave you to read the rest when you wish.

The Chair: I want to thank you very much for your presentation today.

Mr Scofield: Thank you for the opportunity.

Mrs Cansfield: Sir, just before you go, some of the ideas that you have are quite good. I just wanted to assure you that they will be taken back through to the ministry, especially around some of the opportunities for innovativeness on wind and such, OK?

The Chair: I'm sure we could have this discussion.

HEARTHMAKERS ENERGY COOPERATIVE

The Chair: I want to welcome Mr Hart, please, the chairman of Hearthmakers Energy Cooperative.

Rev Brian Hart: I wish to thank the committee for allowing me to speak to the matters pertaining to Bill 100. I was really enjoying the few minutes that I was here to hear people from across the community speaking to you.

I'd like to address four matters today: namely, that Bill 100 reflect, in all its aspects, societal values for promoting the well-being of people's health and the safeguarding of the environment when regulating the electricity market; that Bill 100 mandate the Ontario Energy Board to promote energy conservation and cleaner energy sources; that it support co-operatives for local ownership of renewable energy technology; and that it utilize advanced renewable tariffs or minimum price standards as an acceptable mechanism for reaching provincial renewable energy goals.

My name is Father Brian Hart, and I am the chairperson of Hearthmakers Energy Cooperative. Hearthmakers is a co-operatively-owned and community-based organization that works to provide renewable energy and environmental services and products to its members in the southeastern Ontario region, including the counties of Hastings, Prince Edward, Lennox and Addington, Frontenac, and Leeds and Grenville.

Hearthmakers Energy Cooperative was incorporated as a non-profit co-op in 1999, and our efforts seek to bring to Ontario's energy sector true democratic decision-making through a co-operative structure. We labour hard to educate the members and the general public about the issues of the day. In fact, before I came here, I was very pleased to be able to tell a retreat group that I was coming to talk to the committee. They didn't

know anything about Bill 100 and were very pleased to learn about that and pleased that the government was listening to the people of Ontario.

Currently, Hearthmakers is working with municipalities and homeowners, faith communities and businesses alike to help reduce their dependence on fossil fuels by increasing the energy efficiency of their buildings and appliances and by utilizing renewable energy technologies whenever and wherever it makes sense to do so.

Hearthmakers Energy Cooperative applauds Bill 100 as a good first step. However, I would like to address some shortcomings that are inherent in Bill 100 that do not make easy the work of either Hearthmakers or similar non-profit co-operatives.

To begin with, Bill 100 speaks to the good business sense of having a reliable, cost-effective, adequate supply of electricity. This is laudable. Yet good governance of our electricity sector would do well to enshrine positive societal values in its purposes, for in the end, we are talking not only about the electricity system and markets but also about people who use the power and what they expect from their government.

Like growing numbers of Ontarians today, I suffer from chronic bronchial asthma. When we are experiencing smog days in Ontario—and I think today we are—I am aware of it before I even get out of bed in the morning. The Ontario Medical Association is warning that air pollution is a public health crisis in Ontario. In fact, air pollution kills 2,000 people each year in this province, according to the OMA. Thousands more suffer from respiratory ailments such as asthma and bronchitis, which are associated with the pollutants in the air. In the face of this reality, Hearthmakers' membership and many Ontarians are concerned about the negative effects on our health and on our environment created by electricity generation using fossil fuels.

Some of the societal values, then, that we're seeking to be identified in Bill 100 are the safeguarding of people's health, especially those who are suffering because of pollution caused by our dependence upon fossil fuels, and the safeguarding of a clean environment for Ontarians today and for generations to come through the reduction of our dependency on those fuels.

1450

Hearthmakers recommends that Bill 100 be amended to identify those social values of a concern for the health of the people of Ontario and the safeguarding of their environment, and not just the business values that are there. The inclusion of these values would support the efforts of the Ontario Ministry of Health and the Ontario Ministry of the Environment.

Hearthmakers Energy Cooperative is aware that our dependency on fossil fuels can be diminished in two ways—and we've heard many of them today and I'm sure you've heard many more: promoting energy conservation, and promoting the development of renewable energy sources. So our co-operative promotes energy conservation in the region we serve. We are the licensed

provider of Natural Resources Canada's EnerGuide for Houses for our region. As a not-for-profit organization, we are encouraging thousands of homeowners to make their homes and appliances more energy-efficient.

As part of the commitment to helping promote sustainable communities, Hearthmakers has been instrumental in prompting the city of Kingston to commit to energy efficiency and renewable energy, particularly that of wind power. Hearthmakers has covered the costs of auditing most of the buildings owned by the city of Kingston, and we have succeeded in engaging that municipality and other small towns to commit to reducing their dependency on fossil fuels by retrofitting their buildings. Furthermore, we have trained dozens of new workers in this field, creating energy consultant firms, and provided much of the needed public education in this area through media releases, workshops and presentations. But our work in this area is not made easy by Bill 100 in its present form.

Hearthmakers applauds the creation of the Ontario Power Authority and its mandate as proposed in Bill 100. The Ontario Power Authority will contract for new electricity supply and promote energy conservation. The proposed OPA is a crucial element of a pragmatic and cost-effective strategy to promote energy conservation and cleaner energy sources.

However, Hearthmakers is concerned that Bill 100 proposes to repeal the OEB's current legislative mandate to promote energy conservation, energy efficiency and load management with respect to the use of electricity. This proposal is inconsistent with the government's policy objectives, since the OEB is the prime regulator of the Ontario electricity market, and it can and should play a pivotal role in guiding Ontario toward a culture of conservation. Repealing the OEB's mandate to promote energy conservation is contrary to the public interest, since the aggressive and cost-effective promotion of energy conservation and energy efficiency is the only option that can simultaneously, first, reduce the energy bills of Ontario's residential, commercial, institutional and industrial consumers; second, maintain and increase the competitiveness of Ontario's industries and create jobs; and third, protect public health and the environment by helping to phase out Ontario's coal-fired power plants.

Hearthmakers recommends that Bill 100 firmly establish the Ontario Energy Board as the prime regulator of Ontario's electricity market with the following mandate: to promote energy conservation, energy efficiency, load management and the use of cleaner energy resources, including alternative and renewable energy sources, in a manner consistent with the policies of the government of Ontario; to—and these other two are already mentioned in the bill—protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and to promote economic efficiency and cost-effectiveness in the generation, transmission, distribution, sale and demand-side management of electricity and to facilitate the maintenance of a financially viable electricity industry.

With respect to promoting cleaner energy sources, Hearthmakers Energy Cooperative is working in a private-public, not-for-profit joint venture partnership to install a 1.5-megawatt wind turbine in the Kingston area. We're also working to install a 36-megawatt wind farm on Wolfe Island. This partnership has been made possible by the pioneering work of Hearthmakers and other co-operatives like it. At the end of the day, if we should be successful, people in the Kingston area can own asset shares of some of the wind turbine through that co-operative. The co-operative members would share in the revenue from the sale of electricity to local industry and households. Economists say that this money will remain within the community, circulating up to seven times, creating jobs and supporting business, before eventually leaving the community.

This turbine represents the best of distributed generation, reducing power losses in the transmission system, strengthening local supply and increasing public commitment to, and knowledge of, conservation practices and other renewable energy modalities.

Our turbine isn't up yet. We looked for support for projects of this kind in Bill 100, but it's hard to find.

Bill 100 does not explicitly say that locally owned generation should be encouraged or that there is any value for the benefits that would result from that kind of development.

Renewable sources of energy such as wind and solar, low-impact hydro and biomass offer the province and its citizens the benefit of a more sustainable and more resilient electricity system—one that is less susceptible to supply disruptions.

Pollution-free sources of renewable energy also offer a cleaner and healthier environment while meeting our needs for electricity. Further, dispersed or distributed renewable sources of energy are less vulnerable to sabotage.

Bill 100 takes none of these benefits into account. There are only occasional and fleeting references to "cleaner" sources of electricity, but there are no references to any values other than adequacy of supply and reliability. Hearthmakers Energy Cooperative recommends that Bill 100 specifically recognize and value the system-wide benefits that dispersed generation and local co-operative ownership would have for renewable energy technology.

Bill 100 calls for the setting of renewable portfolio standard goals but doesn't spell out the mechanism for reaching this target. Likely, the ministry is thinking of more of a request-for-proposals process, a complex and costly tendering system—that's what we have found, anyway. It would be helpful to have Bill 100 state what mechanisms can be used to reach these targets for renewable energy.

Hearthmakers recommends that advanced renewable tariffs or minimum price standards, as are in place in Germany and other EU countries, be explicitly stated in Bill 100 as an acceptable mechanism for reaching provincial renewable energy goals.

Advanced renewable tariffs permit the interconnection of renewable sources of electricity with the grid and specify the price paid for the electricity generated. A public policy process determines a rate to be paid for every kilowatt hour generated by a renewable source of energy. This rate would vary from one form of renewable energy to another.

In advanced renewable tariffs, economists and engineers calculate the prices per kilowatt hour needed for various technologies to produce a profit under varying conditions. They then report their findings to the government, where the final price is determined by a transparent political process. In this manner, prices can be tailored to technologies, regions and sectors of the economy.

In conclusion, I would like to thank the committee for the opportunity to speak at this time. Hearthmakers Energy Cooperative and its sister energy co-ops are committed to working with our province to make Ontario's energy future bright, clean, efficient and sustainable.

The Chair: We have two minutes left. Mr Marchese, you're first up in this rotation.

Mr Marchese: You mentioned something interesting that no one has talked about, actually, quite apart from the other things that I think many of us would agree with and others have spoken to, in terms of social values and how we enshrine them. You talked about the complex tendering system. I don't think anybody talked about that during my three days of hearings. I suspect that the more professional, bigger organizations can afford it and go

through it. It's not a problem. But the smaller groups and those who don't have many resources, ie full-time staff and/or money—probably do find the tendering process complicated.

Rev Hart: It is.

Mr Marchese: Can you speak briefly to that, in terms of what you think is complicated? Is it that the forms are too long, or is it too difficult to explain, or what is it?

Rev Hart: It's all of that. There are a great deal of applications that have to be made and legal consultation that has to be had. There have to be consultations with connectivity. Many times you have to have everything ready and done well in advance just for the submission. We don't have those kinds of resources available to us. I think there's a better system, and that is what they have in Europe, in bringing forward that kind of subsidizing of the price of power.

Mr Marchese: Do we have your submission?

The Chair: It's going to be copied. We have one copy. We'll provide copies for all members of the committee.

Thank you very much, Father. We appreciate your presentation today.

Rev Hart: Thank you for your work.

The Chair: I would certainly like to thank everybody who has taken the time today to make presentations to members of the committee and staff here in Orono today. It will help us as we proceed with our deliberations down the road.

The committee adjourned at 1455.

STANDING COMMITTEE ON SOCIAL POLICY

Chair / Président

Mr Jeff Leal (Peterborough L)

Vice-Chair / Vice-Président

Mr Khalil Ramal (London-Fanshawe L)

Mr Ted Arnott (Waterloo-Wellington PC)

Mr Ted Chudleigh (Halton PC)

Mr Kim Craitor (Niagara Falls L)

Mr Peter Fonseca (Mississauga East / Mississauga-Est L)

Mr Jeff Leal (Peterborough L)

Mr Rosario Marchese (Trinity-Spadina ND)

Mr Ted McMeekin (Ancaster-Dundas-Flamborough-Aldershot L)

Mr Khalil Ramal (London-Fanshawe L)

Ms Kathleen O. Wynne (Don Valley West / Don Valley-Ouest L)

Substitutions / Membres remplaçants

Mrs Donna H. Cansfield (Etobicoke Centre / Etobicoke-Centre L)

Mr Lou Rinaldi (Northumberland L)

Clerk / Greffière

Ms Anne Stokes

CONTENTS

Thursday 26 August 2004

Electricity Restructuring Act, 2004, Bill 100, <i>Mr Duncan / Loi de 2004</i>	
sur la restructuration du secteur de l'électricité, projet de loi 100, <i>M. Duncan</i>	SP-257
Association of Power Producers of Ontario	SP-257
Mr David Butters	
Ms Linda Bertoldi	
Ontario Waterpower Association	SP-262
Mr Paul Norris	
Prince Edward County Wind Co-operative	SP-267
Mr Paul Johnson	
Eco-Energy Durham	SP-269
Mr Chris Coltas	
Cameco Corp	SP-271
Mr Al Shpyth	
Alexandra McKee-Bennett	SP-274
Canadian Auto Workers Durham Region Environmental Council	SP-277
Mr Stan Nieradka	
Ms Loretta Muto	SP-279
Ms Suzanne Elston	SP-282
Society of Energy Professionals	SP-284
Mr Andrew Müller	
Canadian Council of Grocery Distributors	SP-287
Mr Justin Sherwood	
EMPCO	SP-289
Mr Edgar Wünsche	
Mr Bill Scoffield	SP-291
Hearthmakers Energy Cooperative	SP-294
Rev Brian Hart	