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Monday 18 October 2004

Lundi 18 octobre 2004

Speaker
Honourable Alvin Curling

Président
L'honorable Alvin Curling

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LEGISLATIVE ASSEMBLY OF ONTARIO

Monday 18 October 2004

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

Lundi 18 octobre 2004

The House met at 1845.

ORDERS OF THE DAY

ELECTRICITY RESTRUCTURING ACT, 2004

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

Mr Duncan moved second reading of the following bill:

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 Acting Speaker (Mr Joseph N. Tascona): The Chair recognizes Mr Duncan.

Hon Dwight Duncan (Minister of Energy, Government House Leader): Mr Speaker, I will be sharing my time this evening with Ms Donna Cansfield, my parliamentary assistant and the member for Etobicoke Centre. I'm glad that Ms Cansfield will be speaking to this important legislation at second reading, as she was an integral member of the standing committee on social policy and heard presentations here at Queen's Park and in communities across Ontario on Bill 100.

What a pleasant change we've seen in governing in this province when a government actually sends bills out across the province for hearings, welcomes delegations, welcomes debate, welcomes input. That input was so significant that we brought forward a number of amendments resultant from the thoughtful presentations of the many delegations that spoke in favour of this bill.

Bill 100, the Electricity Restructuring Act, proposes a reorganization of Ontario's electricity system to more effectively address the critical need for new supply, increased conservation and price stability for consumers across Ontario.

Make no mistake about it: We are taking significant, concrete action to put the energy sector back on a solid footing after years of mismanagement and political interference by previous governments.

It is this sector which represents 3.1% of Ontario's gross domestic product. The potential economic impact

of insufficient power is significant, as we all saw during the August 2003 blackout.

Ontario needs to refurbish, replace or conserve 25,000 megawatts of generating capacity by the year 2020 to meet growing demand, while replacing its polluting coal-fired generating plants. That represents 80% of Ontario's current generating capacity and would require an investment of somewhere between \$25 billion and \$40 billion. Previous governments failed to act prudently, failed to act responsibly and sometimes just failed to act.

To tackle these challenges, Bill 100 proposes the creation of a new Ontario Power Authority that would ensure an adequate long-term supply of electricity, a mandate that no existing institution in the sector carries.

Imagine the surprise that those of us on the government side found when we formed the government and discovered there was no body within government that was mandated to ensure an adequate supply of electricity going into the future. The thought that such a vital commodity would be left unattended by the previous government, would leave it to a wholesale spot market that they in fact undid themselves, was just—it's mind-numbing when you think about it and the consequences of it.

In this bill, we have created a new conservation bureau, led by the province's first chief energy conservation officer. A megawatt, a kilowatt of electricity saved is every bit as good as a megawatt or kilowatt built.

The New Democrats, when they were in power, cancelled all of Ontario's conservation programs—every one of them. Of course, the Conservatives did nothing on the conservation front.

1850

There are provisions that the Ministry of Energy continue to set targets for conservation, renewable energy and the overall supply mix of electricity in the province. For the first time in history, we have out there right now requests for proposals for renewable energy that will generate 300 megawatts of new, renewable electricity in Ontario, something that no previous government has done. We have redefined the role played by the Independent Electricity Market Operator and redefined its name as the Independent Electricity System Operator. Some of the current responsibilities of the IMO would be moved to the Ontario Energy Board and the proposed Ontario Power Authority. We have provided incentives for more private sector investment in new generation to help meet growing demand. Finally, regulated prices in parts of the electricity sector would be adjusted and

approved periodically by the Ontario Energy Board to ensure price stability for consumers. Our plan includes a strong public leadership role, clear accountabilities and a coordinated planning approach to address the growing gap between electricity supply and demand in order to keep the lights on now and for our children and grandchildren.

The new Ontario Power Authority would be established to ensure long-term adequacy in Ontario. The authority would: assess adequacy and reliability of electricity resources; forecast future demand and the potential for conservation and renewable energy; prepare an integrated system plan for generation, transmission and conservation; procure new supply, transmission and demand management, either by competition or by contract, when necessary; assist the government and achieve its goals for alternative and renewable energy; and establish a conservation bureau, headed by a chief energy conservation officer, to provide leadership in planning and coordination of electricity conservation and demand management. The OPA would also be self-financing, with fees approved by the Ontario Energy Board.

The Independent Electricity Market Operator would be renamed the Independent Electricity System Operator, the IESO, and continue to operate the wholesale market and be responsible for the operation and reliability of Ontario's power system. Responsibility for the market surveillance panel would be transferred from the IMO to the Ontario Energy Board. The Ontario Energy Board would have the authority to review and approve amendments to market rules for the IESO-administered markets.

Under our plan, the government would continue to set targets for conservation and renewable energy and set guidelines for diversity of supply. The McGuinty government has already stated its medium-term goals: 5% of Ontario's capacity should come from new, renewable sources by 2007, 10% by 2010, and electricity demand should be reduced by 5% by 2007 through conservation. The Ontario Power Authority would be charged with achieving the targets set by the government.

The Ontario Energy Board would approve an annual rate plan for residential and other low-volume consumers based on regulated, contract and expected market prices, and guarantee public input and fairness. Consumers and small businesses that do not wish to participate in the regulated rate plan could purchase their electricity from energy retailers. Electricity costs for medium and large businesses would reflect a combination of regulated and competitive market prices for electricity. These businesses could also opt to use energy retailers or financial hedging instruments to manage energy costs.

Bill 100 was sent to committee after first reading. I, my staff, and the Ministry of Energy have held hundreds of meetings and consultations on the important changes we're making to this vital sector. Furthermore, the standing committee on social policy received 293 written and oral presentations on the bill.

For a moment, I want to mention the importance of public input and consultation by reflecting on some comments made by Ms Patricia MacKay during the public hearings. She stated: "Thank you for having these hearings so that citizens can come and say what they have to say. I am here as just exactly that: a concerned citizen, perhaps as much as anything as a grandmother who feels that we all have a responsibility for the future."

I'm proud of the fact that after so many years of jamming bills through this Legislature and a lack of public input on important government legislation, the McGuinty government is committed to listening to the public and to having open, transparent and honest dialogue with the people of Ontario. This is an important change that's central to our democracy. The Ernie Eves government didn't send any bills to committee in its last year, not for travelling committee.

Mr Garfield Dunlop (Simcoe North): Oh, get real.

Hon Mr Duncan: It's a shame, and that is real. They had their budget at an auto parts plant, and didn't allow legislative input. I think everybody remembers that, remembers it very well. Members were sitting here in this chamber while the members of the government were out at that automotive plant listening to a budget that should have been presented here and, well, they know where they're sitting now and where we're sitting now.

Mr Dunlop: You won the election. Why don't you start governing?

Hon Mr Duncan: And we are governing. We're governing. They'll vote against this bill. Even though energy supply has increased, the reserve is up to—

Interjections.

Hon Mr Duncan: The member opposite forgets the 1,000 megawatts that have come on stream. He forgets, in his haze—

The Acting Speaker: Minister, House leader. The member from Simcoe North and the Minister of Agriculture, I heard the discourse. Can you please stop it? Minister, continue.

Hon Mr Duncan: The member's in some kind of haze. I don't know what induced it, but in any event I'll attempt to carry on.

One thousand new megawatts have come on stream. Another 2,500 have been called for. Three hundred megawatts renewable for the first time in the history of this province, something—

Mr Dunlop: We put that all in place and now you're trying to take credit for it.

Hon Mr Duncan: You didn't even touch the RFP; that's ours. Something is causing his behaviour to be a little bit absurd over there. I don't know what's causing it, but he really isn't making sense.

Mr Dunlop: You'll hear our comments later.

Hon Mr Duncan: No, I'm not going to stay. We had public hearings, something you didn't want to do. This government's changed the way you did business. We fixed electricity markets and we're going to make them work, something you didn't do.

Interjection.

Hon Mr Duncan: That haze over there has just set in. It's a fog of deniability, it's a fog of not accepting reality, a failure, a failed government, a failed member, a failed agenda, one that we're correcting.

As I said, Bill 100 was sent to committee after first reading. I, my staff and the Ministry of Energy have held hundreds of meetings and consultations. For a moment I want to mention the importance of public input and consultation. I'm proud of the fact that after so many years of jamming bills through this Legislature and a lack of public input on government legislation—I remember that bill, the budget, the last budget of the last government at Magna. No public hearings. What a shame. Seventeen bills, and do you know what? Not one of them was passed without time allocation. Not one of them. What a shame. And that's why you're over there and we're over here.

Among those stakeholders were environmental and consumer groups who made presentations regarding Bill 100. The Canadian Energy Efficiency Alliance stated on August 12 that they are very "supportive of Bill 100 and views it is an excellent step toward building a conservation culture in Ontario." On August 9, the Ontario Sustainable Energy Association said, "Bill 100 represents a good start, certainly from the perspective of renewables.... We believe the inclusion of renewables as a policy directive in Bill 100 is very laudable, and we are very supportive of that."

Some other valuable input we received was from the Electricity Distributors' Association: "Bill 100 is a step forward in the continuing reform of Ontario's electricity system," said EDA chair Ken Quesnelle. "The province's electricity distributors are encouraged that a number of significant issues are being addressed in the proposed legislation," issues that were ignored by the Harris-Eves government, simply not dealt with. Bill 100 reflects many of the objectives long held by the EDA, including electricity prices that reflect the true cost of power, while ensuring stable rates for residential customers.

We have spoken to people from all across this great province and, although I haven't time to mention all of their presentations here today, I would like to bring some additional comments to the attention of the members opposite, many of whom continue to misunderstand the government's proposed changes to the sector. For instance, a group calling itself The Case for Public Power presented to the committee on August 24, and they said:

"We applaud the continuance of public power in Ontario.... We believe Ontario is making the right choice for the future to keep our heritage electricity assets in public hands.

"We also applaud the return to central strategic planning....

"We also strongly support the concept of establishing an authority to take control of the situation—not a return to the old Ontario Hydro but rather a powerful planner and implementer to encourage significant private sector involvement, where appropriate, in all phases of both demand and supply options for the future.

"Finally, we support the government's stated determination to keep a transparent, arm's-length relationship between future governments and the electricity sector."

1900

In addition to the changes proposed in Bill 100, we also proposed a number of amendments subsequent to the public hearings. We have added the goals of safety and sustainability to the overall purposes of the act, a change which reflects the input we received from many groups.

Concerns were also raised about how the system will operate, how the Ontario Power Authority, the Independent Electricity System Operator and the Ontario Energy Board will all fit together. So we introduced an amendment to the bill. While each body will consult stakeholders independently, we've tabled an amendment to create a special advisory committee to the minister to advise on how the system is working together so we can make necessary adjustments as we move forward.

I'm pleased to be able to kick off second reading debate on this bill and to share this time with my colleagues. I urge the members of this Legislature to support this bill so that we can continue to move forward and make the changes that will ensure we are building a bright and more prosperous future for our children and grandchildren.

Mrs Donna H. Cansfield (Etobicoke Centre): I'm pleased to rise in support of Bill 100, the Electricity Restructuring Act. One of the best things that happened was getting an opportunity to go out during the travels with Bill 100 and talk to the people of Ontario about how they felt, whether they came from a very large portion of the sector or whether they were individuals. We had one lady who wanted to transform her farm into wind power, and how could she go about doing it, because she believed in green energy.

We had the major power producers—and actually, I could quote from them, David Butters. They see this energy plan as a positive step and are pleased that the government has committed to ensuring adequate supply, and are doing so in a pragmatic, economic way. It's clear that they intend to improve the stability of the sector, create a conducive climate for business and consult with effective stakeholders on the detailed arrangements, of which there are many.

We had, time after time, people who came in support of the bill because they felt it was time for a new way of doing business in Ontario, and that's exactly what Bill 100 does. It's a new way of doing business. It's a different policy direction than what was there previously, and we're going to move forward in this sector with the hybrid model.

In essence, Bill 100 addresses the critical gap; it integrates resource planning; it deals with contracting capability and the utilities' role in conservation; it's the support for renewables; and it has regulatory certainty and cost-based pricing. Those are the ingredients in the bill that will help us produce the framework that we need to move forward in this sector. That's exactly what Bill 100 is—a framework—and then the regulations will

follow. Some of them are already posted on the Web for public scrutiny.

We had a lot of input from stakeholders. The minister and I estimate that, from January to today, between us we've probably met with about 600 interested individuals and companies about how we can improve the electricity sector for the economy in this province.

What I'd like to speak about in particular is the local distribution role in conservation and what a difference it will make as we move forward in this province dealing with this restructuring. For the last number of years, the local distribution companies have had their rates frozen, and they weren't able to get their profit back. The minister, if you recall, in a previous bill indicated that they could, in fact, get their third tranche back if they put one year's profit into demand-side management or into conservation practices, and they had a period of three years in which to do that.

As well, we put a conservation bureau in place that, with the chief conservation officer, will help to enable those local distribution companies to engage in province-wide initiatives if they choose, or in initiatives that suit their community, because we recognize that communities are different. You'll find that there is a difference between northern Ontario, Windsor, Ottawa or even downtown Toronto. There are differences between Etobicoke and Scarborough. So it was really important that there be some flexibility for the local distribution companies as they develop those local conservation initiatives for their communities.

And have we had some wonderful ideas come forward. It has been exciting to listen to the ideas that have been sitting on a shelf for a number of years, where people have come forward with new technology. We've had people in the office with technology from NASA. We had another gentleman who has a monitoring system. At this point, I'm not able to give you all of the details, but in essence it's a very large food chain. What they discovered was that they had a 20% savings because they had monitored the use and distribution of their electricity and discovered that they actually were energy hogs when they didn't need to be.

Mr Jeff Leal (Peterborough): Forward-looking.

Mrs Cansfield: Absolutely. It's that kind of forward-thinking, thinking outside of the box, what it is we can do to help these individuals, whether they be small business or consumers themselves—that's where the local distribution company will play such a critical role.

I have beside me the member from Peterborough. I can tell you, that particular local distribution company has been so forward-thinking, possibly because they've had a serious incident, as you know, with the flooding in the community, but also because they have a chief officer of that utility who really thinks about what's in the best interests of his community: addressing low-volume users, whether they in fact can be addressed through the bill or through regulation; how he can put monitors or smart metering in; what it is that he can do. We even talked

about a unit that stores energy at peak times so that it can be used in off-peak times for these individuals.

This is the kind of innovativeness and entrepreneurial spirit that's actually out there now in Ontario. People are prepared and willing to come to the table to say, "What is it we can do to help you help others make this better for small businesses and people in Ontario?"

This is exactly what Bill 100 will do. It will give them that enabling, whether it's through the regulations or through the bill itself, to move forward and do the things they need to do to help those local communities. As someone said, it's just a brand new way of doing business in Ontario. It's a little overdue, and it's time that we all worked together.

The other thing that's really positive is, you can top up the programs with the federal initiatives that are out there. The local distribution company can use part of that third tranche in profit, they can top it up with EnerCan Resources to do industry audits, house audits, or look at pilots or provide information depending on what the local distribution company is.

Mr Leal: It's a new day in Ontario.

Mrs Cansfield: It's a wonderful opportunity. When you think about the things we can do—we have a huge debt. Where it came from—we've got it. We've got to deal with it. We also have part of that debt that came because we actually paid for electricity that wasn't at its real cost. That time is over. People are going to start paying for what they use, and it's fascinating. People say to me, "Well, what is it that I could do that could make a difference? What difference would it make?"

We have approximately 4.5 million "units," they call them in Ontario. These are people's homes, apartments, houses. If every one of those units put in four compact fluorescents, we could shut down one coal-fired plant of 200 or 250 megawatts. That's what one person can do. That's the kind of difference we can make if we collectively work together.

There's a new initiative out there around LED lights. Sometimes you'll see them now in traffic lights, but certainly within Christmas lights. They are the same cost. They cost pennies compared to the dollars that it would cost you to put them on your Christmas tree. These are new and innovative programs that we hope the local distribution companies will pick up, and this bill certainly will enable them to do that as well.

The other thing that is exciting is that we're going to look at province-wide initiatives. How do we work with our children? We know recycling has worked for years because we taught our children the value of caring for Mother Earth. Electricity is no different. How do we work within the education system for that understanding about sustainability, where you have a balance? Whether it's among the economy, the society and the environment, it's a balance in that sustainable factor.

We're not alone in this. I know the province of Manitoba actually has a sustainability act they've put in place. Certainly the federal government has sustainability as part of their cultural thinking internally with their com-

mittees. Now it's time for us, and that's why you found the word "sustainability" in the bill, because it's time for us to look at our environment, our electricity, our society, our economy in a sustainable fashion—that the balance is kept in place.

We're going to look at your electricity charges as well. I'm pleased to tell you that there's a whole new way of getting your bill. Finally, it's time.

Mr Leal: It's about time.

Mrs Cansfield: It's about time.

Mr Leal: It was so confusing.

Mrs Cansfield: What we've been able to do is to put in place where you're going to have a clear bill that will determine the language and actually give you a glossary of terms so you understand exactly what it is that you're getting: What is a debt retirement charge and why do you have to pay it? What does it actually mean? It gives you a comparison on consumptions, and the local distribution company can actually put in a conservation tip, or the minister can as well.

1910

The other part of the bill that's actually very fascinating for someone like me is that we can project goals and conservation as part of the strategy of the government. So if we want an attainable goal of 10% or 15%, whatever it might be, then it's the responsibility of both the conservation bureau and the Ontario Power Authority, which will work with the conservation bureau, to make sure that that goal is achieved through initiatives. They have to report to the public on an annual basis—again, as part of the bill—so that it's open, transparent and accountable. In fact, if we do not achieve it, there's a mechanism whereby they can come back through to the government. These are positive things that we've put in place to make a difference in how we do business in Ontario.

One of the other important parts of the bill is the issue around securing new supply, and that's the Ontario Power Authority. Exactly how does that power authority work and what kind of a difference does it make, and why do we need a power authority at all? The reason simply is because we don't have a way of procuring our supply at this time. So it's not a crown agency.

It is a creditworthy entity, however. I think it's important to share with you that the Dominion Bond Rating Service Ltd "views all of these proposed reforms as generally positive for the electricity sector relative to the framework within which this sector has operated since Bill 210 was introduced in ... 2002." That, in fact, says that they've given us an A-minus rating even though the power authority isn't up and going, because they see themselves that there is stability within the sector.

Some of the other issues that we had when people came forward and talked about the strength of the bill, and actually some of them you would find most interesting: We had Joe Comartin, who is the federal NDP member for Windsor-Tecumseh, who said, "I wanted to come forward today to discuss—strange as this may be, given that I'm from a different party—the parts of the

legislation that deal with conservation. It seems to me that the provision for the conservation bureau and the provision for a conservation officer as a significant player in OPA is a step forward."

I could go through and tell you about the Canadian Federation of Independent Business, Judith Andrew: "I want to say at the outset that" the federation "agrees in principle with the direction laid down by the government in Bill 100. We support the government's efforts to depoliticize this key issue" in Bill 100. "We appreciate that the government is following through on their commitment to provide small business with predictable and stable electricity prices."

The professional engineers in this province, along with the interior design folks, along with Hydro One and the ministry, have put together a small audit guide, separate from and different from what's available at EnerCan Canada, to help those small businesses deal with their bottom line, which, as you know, is a small percentage. We need to find ways to enable them to use their energy more wisely.

The best story, I think, was a company where they went into a very small business—he happened to be a baker—and the baker said, "I don't know what's wrong; my electricity bill is going through the ceiling." So one assumed, of course, it might be the ovens, if they were gas-fired. As it turned out, it was his freezer. He didn't know. This monitoring device enabled him to do a small audit in his business, and in fact, he saved a considerable amount of money. That piece of equipment wasn't available before. It's that entrepreneurial spirit that's out there that's going to create more jobs as people look at different ways to handle the demand-side management initiatives.

For the first time in Ontario's history, when we put out the RFP for 2,500 megawatts—sorry, the RFEI; it was a request for expressions of interest—we put it out with demand-side and supply having equal billing, and 60,000 megawatts of interest came in. That says that this bill stands with credibility. It indicates that people have a strong interest and that they know that this government is committed to moving forward on its commitments. In other words, it's walking its talk.

Mr Leal: A question of confidence.

Mrs Cansfield: It certainly is a question of confidence. I think you will find, as you go through the bill and that it's enabling, that you will end up with the same kind of comments we received from any number of individuals. I give you another example, from the Canadian Auto Workers: "Bill 100 possesses some important improvements for the generation and supply of electricity in this province. It is significant and important that the new electricity legislation proposes to reintroduce planning into the system. It is also important that the act gives a legislative mandate to promote conservation and the expansion of renewable energy. These are positive steps."

I could go on. There are any number of individuals—people who come from unions, people who come from large corporations, individuals who believe in green

energy—who are supportive of what this government is doing in Bill 100. It is a major step forward in doing business just a little bit differently in Ontario.

The Acting Speaker: Questions and comments?

Mr Dunlop: I'm pleased tonight to rise to make a few comments on Bill 100, An Act to amend the Electricity Act, 1998 and the Ontario Energy Board Act.

I listened to the minister speak and also to Mrs Cansfield, and one thing that came to my mind was credibility. I have a hard time believing the government when it comes to hydro. I have to go right back to the election of 2003. I sat at all-candidates' meetings and I saw the Premier on TV and I saw his brochures. If I'm not mistaken, what came to my mind was that the Premier agreed with the fact, as they voted in this House under the previous government, that they would leave the cap in place until the year 2006.

Guess what happened? By November 25, 2003, less than two months after the government won the election, they completely eliminated that. You lifted the cap and went from 4.3 to 4.7, and then, after 750 kilowatt hours, you went to 5.7. So I don't know what the citizens of Ontario are really expected to believe here.

Most of the things you've come out with in Bill 100 are things you've piggybacked on from our previous legislation; there's no question about that. Now you're trying stand here today, saying that nothing happened in conservation or anything else. Remember, we had the alternative fuels committee, and many members in this House sat on that committee. We based a lot of our future direction on its report, and you are as well.

When it comes to the minister talking about how wonderful things are today, the other thing I've got to bring to your attention in the House is that he's probably had the coolest summer in the last 30 years. We haven't really seen the impact of an amount of usage in this province. Let's go through a winter and another couple of summers, and we'll see how credible the minister's comments are.

Anyhow, he's put them in Hansard today. I'm glad he said what he did. We'll look forward to a lot of debate on this, and we'll see how many times there will be time allocation motions brought forward this fall by this government.

Mr Howard Hampton (Kenora-Rainy River): I'm pleased to be able to make a few comments, and I too would like to comment generally on the government's credibility. I remember, in the run-up to the election campaign and during the election campaign, one Dalton McGuinty saying that he believed Ontario's electricity system should be publicly owned and operated on a not-for-profit basis. When he was asked the specific question, "What about new generation?" his response was that new generation should be publicly owned and operated on a not-for-profit basis. Similarly, Mr McGuinty and the Liberals, when asked their view on the so-called hydro rate cap, said they were going to keep it in place until 2006. Then the election happened, and within days of the election happening, suddenly keeping the rate cap in

place until 2006 disappeared out the door. Then, when we got this legislation and had a chance to question the minister, we were told, in contradiction to Mr McGuinty's statements during the run-up to the election and during the election itself, that new generation was not going to be publicly owned. In fact, new generation is going to be privately owned and will operate on a profit-driven basis. What turns on that? Just the mere fact that if you compare publicly owned, not-for-profit hydroelectricity with privately owned, profit-driven electricity—the difference in rates—whether you look at North America or elsewhere in the world, privately owned costs 20% more, on average. For industry, small business and individual consumers, that means they will end up paying much more than they can afford for hydroelectricity.

I look forward to debating that change of position on the part of Liberal government before and after the election.

1920

Mr Lou Rinaldi (Northumberland): It's a pleasure to stand and speak in favour of this bill.

I had the pleasure to sit through one of the committee hearings in Orono. It was great to see the number of people, even within my riding of Northumberland, come in and get very engaged in the debate. Somehow this government has taken a leadership role not only to come out with policy but to bring it out to the public for input.

Let me tell you what some of the people on the street are saying in my riding, as we talk about electricity and the direction it's going, how great it is that we have a plan. I can also tell you some of the reaction I get when we compare our plan to previous governments' plans. I really believe that people were afraid to get up in the morning, because they didn't know what was going to happen that day with the direction hydro was taking. So it was refreshing: Even though rates had to go up somewhat, I believe the people of Ontario understand reality: that money doesn't grow on trees.

I want to take this opportunity to tell you how engaged people are out there. For the second year in a row, the municipality of Trent Hills, in my riding, had a renewable energy showcase, with participants from across the province with innovative ideas who are out there trying to help their fellow Ontarians and this government come up with new ways, specifically in renewable energy. I can tell you that I took part in the showcase in the last two days. I was delighted to see Donna Cansfield, PA to the minister, as part of a panel to make sure we understood the needs of Ontario. It was just phenomenal.

In conclusion, I'm delighted that our government—the McGuinty government—has taken the direction of conservation, new hydro sources, renewable, the whole broad band.

Mr John O'Toole (Durham): I want to assure the viewing public and those present tonight that I will be brief, if you can do that in an hour's time. There are more questions on this bill than answers, and there are few things that are more certain than that the price is going up.

I intend to challenge the minister on a number of his assertions here this evening and encourage the minister to work with us, because a lot of it is adopting our policy, which was interrupted by very unusual circumstances. But in a compliment on what they're doing, imitation is the best form of flattery.

There are faults with the bill; that is clear. One of them is a series—almost a litany—of broken promises. There is much more to be said on this. In the limited time I'm given, I will try to bring some clarity to Bill 100.

That being said, I intend to go through, for those viewing, every single amendment they rejected from both ourselves, as the opposition, and the NDP, which shows the bulldog approach of this government, the failure to listen to the over 150 delegations and to forge ahead with a flawed policy that will hurt the public. It will hurt those least able to respond to the issues of a commodity that leaves the most vulnerable, those people in their homes on respirators, on a fixed disability income—the price of gas and oil going up and now electricity going up. There's no relief in sight. The only thing I can see here is that the minister is well intended, but he isn't prepared to listen. And that's the unfortunate dilemma he's in. His commitment on coal, many experts are challenging. In fact, their own caucus is now in complete revolt. I'll be speaking later, and I expect those listening to tune in.

The Acting Speaker: In reply, the Minister of Energy.

Hon Mr Duncan: I want to thank the members who responded to the bill. Let me say first of all to the former government: One thing we know that happened for sure is that prices went up under your policy and supply went down. That's why we're left with a mess. You went to a free market and then you capped it—a cap that cost \$1.8 billion. Your plan didn't work. It failed. You brought on no new generation, no new supply, did nothing on conservation and left the province, frankly, in a mess. And by the way, you were secretly giving out—you talk about transparency and accountability—millions of dollars in contracts to your friends through Ontario Hydro and OPG. We shed the light of transparency on that, and this is the next logical step.

To the leader of the third party: The leader of the third party likes to remind us that this party changes position on the cap, and he's right. And what I said is that we made a mistake. Now let me tell you what the leader of the third party's track record is on this issue. He voted against putting the cap on, and then he voted against taking it off. One position one day; another position the next day. Mr Hampton voted against the cap and then he voted against taking it off. Why? Because he'll say anything. He has no accountability, he has no chance of forming a government and he certainly doesn't want to talk about his record, the first government in Ontario to bring private electricity on-line in Ontario. That was Howie Hampton's government, the government that cancelled all conservation programs in Ontario; his government, the NDP, the government that cancelled the Conawapa project with Manitoba in 1990, which, if it were on-line today, would be providing 1,500 megawatts

of clean, renewable power. That's his record. He also talked about cost of power, or power for cost. He doesn't say what that cost is, because he has no idea. His plan would have put prices much higher than they'll ever be under a Liberal administration's plan.

Mr O'Toole: It's a pleasure as the opposition energy critic and one who is generally quite interested in this topic, as I represent an area of the province, the riding of Durham, which includes Clarington, north Oshawa as well as the Scugog and Port Perry area. It's an area that has been serviced, very respectfully, for many years by those who have been involved in energy, right from the 1850s—so, when many of the decisions on local distribution were being made—and bringing lights and commerce to our community. I would be wrong not to mention Ross Strike, who was the first president of the eastern district of the Electricity Distributors Association, a very well-respected family in our community. A very lengthy and excellent reference of that piece has been written by our curator at the museum, Charles Taws, and others.

I would say that Bill 100 is in a long line of challenges to the electricity industry. I think one has to go back somewhat to the beginning to see how we got to where we are. If you want to look at the first commission that I felt drew me into this while on council, it was when they were looking at the plight or challenges of nuclear generation, nuclear fuel being the fuel source for nuclear energy. It was very controversial at the time, but there were decisions made in the 1970s and 1980s, many of those people from my riding of Durham. In fact, some of the people in my riding were Deputy Ministers of Energy. I can say I come from a riding where there's a lot of interest and knowledge, which are both past and current people involved in the sector, both at OPG, Ontario Power Generation, as well as the Electricity Distributors Association—and more currently, a life member, and very well respected, Pauline Storks, who has been involved in the Electricity Distributors Association for many years, and the list goes on; and the newest reorganization of the local municipal electricity associations, John Wiersma, who is not in the post any longer, as the first head of Veridian, one of the more innovative and imaginative local distribution organizations.

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But I want to stick to the fundamentals. Really, you have to look at this bill as outgrowth of the Macdonald commission report, which looked at the old Ontario Hydro. It's absolutely imperative that we start there, the old Ontario Hydro, as we then knew it, Sir Adam Beck's principle. One hundred years of electricity generation in the province, and distribution and transmission as well, were all basically under one monopoly, which was Ontario Hydro.

It worked very well, because Adam Beck's principle was power at cost, but what he really meant was it's an economic policy. That's where this whole thing is flawed. It was an economic policy which made a source of energy—electricity for manufacturing, for the petro-

chemical, mining and forestry industries—a safe, reliable, affordable resource for those industries. Those resource industries are very dependent on having competitively priced power, or it is jobs. So it's an economic tool of the first order.

Macdonald looked at electricity that had gone somewhat off the rails, a lot of it from interference by governments of all stripes, I might say. Donald Macdonald was Trudeau's finance minister, so it's not like he was some Conservative statesperson. But I think he had it right. When he looked at the amount of what he called the debt to equity or the amount of asset ratio they had, he and a number of other experts determined that they had unsupported debt, in which the assets don't support the repayment of debt. We all knew there was a problem. When he looked at it, he said they had stranded debt that wasn't supported by capital; it couldn't generate enough revenue to pay off the debt. That had to be dealt with. All of us, whether it's industry or homeowners or persons living in whatever accommodation, we all depend on electricity.

He recognized too what I'd call cross-subsidization among the sector. There's generation, which is the creation of the power through some fuel source. That's controversial in its own right. Then there's transmission, which is the high-voltage lines getting it to where the end use is. Then there's distribution, which is the local distribution companies that actually interface with the consumer, be they small business or agriculture or homeowners or large consumers.

He said that that structure needed to be addressed. We, in our time in government, did take a long, hard look at it. There were some problems changing that system and the culture within the system. That's all understandable, as you look at a system that's 100 years old where there have to be changes. But Bill 100 is somewhat down the road yet. I'm still preparing us to talk about, what are the next steps?

It was so controversial that some of the members who are now in government should roll back the Hansard and read the record when they were in opposition. That would include, of course, Howard Hampton. It would include perhaps Dwight Duncan and Jim Bradley, of course, and Sean Conway. Those are all people who are knowledgeable and informed. They called on the Harris-Eves government to freeze rates. They knew the dilemma that people on fixed incomes or small businesses were facing when rates were going up, because we opened the market at a time when there was short supply and growing demand.

What happened? Prices went up. We had points where supply adequacy wasn't there because of problems with nuclear and other generation forms. Water levels were down, hydroelectric power was down. Natural gas prices were going up, so many of the natural gas plants couldn't afford to run; it would be cheaper to import the power. There were all kinds of system constraints.

But one thing was very clear: It's an essential commodity that people need. You cannot live very com-

fortably for very long without electricity, as we found out a year ago August with the blackout in 2003.

The point I'm making here is that it isn't like most other commodities in the marketplace. For instance, if I'm purchasing cable television services or satellite television services, and I find the rates are too high or too expensive, I can stop having it. It's not life-threatening. It's not imminently going to change or make my life somewhat less safe.

We have a product here that's not like others. So we responded to the outrage when the market opened—short supply, the price went up—and myself and others pressured the leader at that time, Ernie Eves, and, I would say most of our members of caucus—certainly the opposition. If you check Hansard, almost every question period was riddled with, "What are you going to do to protect the consumer?"

I don't want to get out of sequence here, but if you checked the papers a couple of weeks ago, the Minister of Energy, Dwight Duncan, said he couldn't care less about the consumers. He said, "I can't help them. They're on their own." That's basically what he said.

It's unfortunate to look at a commodity that's not like any other commodity: cable television, or whether I have a new car or more services on my phone line. This is a commodity that persons on a respirator, persons in small business, are dependent on. You'll see in my remarks, in the limited time I have, that I intend to expose here tonight that he's simply not listening. It isn't the sort of commodity that can be restructured.

But that wasn't clear enough. They voted for us. The now Liberal government voted to freeze the rates. At least Howard Hampton has been consistent on this, consistently wrong, but nonetheless consistent. If you read Public Power, he voted against it—

Interjections.

Mr O'Toole: That's what I'm saying. He voted against it. At least he's consistent.

What I'm saying to you is that, technically, they voted to freeze the 4.3 cents and they committed during the election—

Interjection.

Mr O'Toole: Mr Speaker, I'd like you to bring the minister to order. He's interrupting. And he's worried because the truth is being revealed here.

They voted, and during the election and in the red book promises—basically, the red book belongs in the blue box. That's where it belongs: the red book in the blue box. Recycle it, because you can't commit to anything that's in it.

To avoid just being trivial and attempting to be humorous: They promised in their election document, among other things, to maintain the rate freeze. We all know the rate is so sensitive that they promised it, and when they got elected, the very first thing they did in Bill 4 was to break the first promise.

I recall the first four or five bills in the manual. Bill 4 says, "An Act to amend the Ontario Energy Board Act, 1998 with respect to electricity pricing." It's November

25, 2003. It's just about a year ago, and people need to be reminded. That's a real broken promise. It sounds kind of small at the beginning. The rate price for the general consumer, under 1,000 kilowatt hours a month, roughly, was about 4.3 cents. There were some problems as you went up to 2,500 kilowatt hours, and there were thresholds for different user groups, but for the household it meant 4.3 cents. Well, they basically moved it very quickly. Anybody over 750 kilowatt hours went up to 5.3 cents. That's about a 20% increase. Think about it: 20% without any notice, and a promise broken.

That's the start, where my anxiety level rises. If you notice that I'm becoming a bit animated, Mr Speaker, I'm sure you can understand the frustration. You can't deal with someone who won't tell you the truth.

Hon Mr Duncan: Watch your hand. Watch that finger.

Mr O'Toole: I can tell you that it's in frustration like that that the Minister of Energy, I'm still convinced—

Interjections.

Mr O'Toole: They're still not listening.

It wasn't long after, in fact it was in June 2004, when Bill 100 was introduced by Minister Dwight Duncan. Much of the bill has a strange familiarity because it was written, not by the minister or his hokey policy people, but primarily by the ministry people, who are knowledgeable civil servants trying to find the right balance on this very difficult policy area. Most of the viewers will find it's Snoozeville time. But, I'll tell you, when you start getting your bills and they're 25%, 30% or 40% higher, you won't be in snooze mode; you'll be calling your member, as well you should, because the price is going up. That's the one certainty that I can commit to you tonight. I've seen no relief in sight for the small business person, for the dairy farmer who's got to milk the cows twice a day. I can see no relief in sight for the small users. In fact, the minister said he can't care for them. He's more concerned about conservation. Yes, there's a place for conservation.

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On Bill 100 we did have very extensive hearings, and that was after first reading. As such, that means the minister is prepared to accept amendments. I think we had over 150 delegations, ranging from absolute experts in the industry to—the member from Peterborough, I think, Mr Leal, was Chair of that committee, if I'm not mistaken. He wasn't there sometimes because they had the flood in Peterborough. But that's understandable. He's taking care of his constituency first. I understand that.

The point is that the hearings were in the summer, so a lot of people are maybe not as engaged. I don't know if that was deliberate or not. I'll overlook that small oversight. But what I'm confident of here is that the bill is still substantively flawed, and I think the minister knows that. I think that after all this debate is completed—and I will agree with it—the minister will send it out for further hearings. That's the right thing. I'll be supportive of that particular initiative by the minister.

Who can criticize a minister who wants to consult, thereby admitting that they haven't got it right? But that's the admission that they haven't got it right.

In the limited time I have—there's only about 40 minutes left, which is not near enough time on a very important policy area like this. For those listening, it says, "The purpose of the bill is to restructure Ontario's electricity sector, promote the expansion of electricity supply and capacity, including supply and capacity from alternative and renewable energy sources, facilitate load management and electricity demand management, encourage electricity conservation and the efficient use of electricity, and regulate prices in parts of the electricity sector."

Some of that I agree with. Its overarching themes are pretty common to any good public policy, and I'm just going to mention a couple. I believe in conservation. I grew up on a farm and I knew that conservation and saving for a rainy day was a very important fundamental in life. On price, we need to be sensitive to price. The price is certainly part of that equation, no question about it. But there is a certain threshold there where you have to cook your food, you have to heat your home or we're going to starve to death in the dark. So there's a price there, where you're a price taker. Regardless of the price, you have to have some level of comfort. Now, what level is a debate, certainly, and I think that's one of the areas he has to consult more broadly on: the small price taker, the residential, the person living in an apartment, a rented facility where the heat and hydro are extra.

I think demand management encourages part of that conservation initiative with the large sector. If you look at all the 25,000 megawatts on any bad day that you might need, if you can conserve an electron, it's an electron you don't have to generate. So I fully endorse conservation, and there have to be initiatives to encourage conservation. It's like anything in conservation. I'd start with the most obvious advantages, the large consumers, incenting them to take a certain amount of demand under certain circumstances, when it's a very hot day, to shut their plant down and send their workers home, so that there's no economic loss for them. But they could stop you from building a \$5-billion or \$10-billion nuclear or other fossil fuel alternative. So any electron you can conserve is an electron you don't have to generate.

There are a lot of sections in this bill. Schedule A amends the Electricity Act and creates what I said when this bill was introduced: a whole level of bureaucracy. I would say that this is going to be the test of it all—and I have no problem with bureaucracy if it's needed and not duplicitous.

I look at the structure today that was set up under the Electricity Act, 1998, which certainly should have been looked at, re-examined, revisited and improved. I have no question about that. But I believe that the IMO, which was predicting the amount of usage and doing its forecast modelling, was doing quite a good job. I was very fortunate to have been engaged in that process a bit and

knew Dave Goulding and all the IMO people who were doing this forecasting. What they weren't mandated to do was go out and actually do the power purchase agreements, the contracting, and that became somewhat problematic. I think that as we needed new generation to come on stream, we needed somebody to manage that enterprise.

They've created a new organization, the Ontario Power Authority, and the Independent Electricity System Operator to—actually there's one new organization there that somebody's going to have to pay for. That pay-for part is the deal because, according to Bill 100, the cost of administrative procedures within the Ontario Power Authority is going to be on your bill. It'll be one of the new charges. You won't get any more electricity; you'll be paying for another level of bureaucracy, plus the IMO exists under another name, plus the energy board, plus the new conservation bureau all have executive directors and staff, consultants and reports, and you're paying for it in your bill. There's no question about it. You're going to be paying more, not for electrons but for Liberal bureaucracy.

There were organizations in place that could have been modified, perhaps should have been modified, and I believe were expert. Many of these people will be transitioned. In fact, they'll get a severance package to move to the new organization.

I would say that I'm not in any way opposed to the idea of having renewables. These are new forms of energy sources like wind, solar, biomass, ethanol, all these new sources, as you have an innovative economy empowering the universities. In fact, we started that process. We had defined in regulation and in name, I believe, four universities to be centres of excellence for energy. One of the centres of excellence was in my riding of Durham, the University of Ontario Institute of Technology. It has the first nuclear engineering program, I believe, in North America. But on top of that, the University of Waterloo, the University of Toronto and I believe Queen's University were identified as centres of excellence for energy, looking at innovation in technology, looking to the academic community to invest in research and research grants, along with the federal government, because renewables are an important part of our going forward on sustainability issues. I include in that all of the new fuels and the new types of harvesting of energy. I mean the word "harvesting" because when you take wind out of the sky and take wind out to power a turbine, you are harvesting the wind. There are side effects for all forms of energy.

But when I look through the whole bill—I listened all summer to the input. We thought long and hard, and I'm going to put on the record now some of the concerns I have. Actually, if you look at Bill 100, it's about power, but not the kind of power that keeps the lights on in businesses across Ontario; it's the kind of power that the Minister of Energy controls over Ontario's energy sector. We saw that no more clearly demonstrated at his most recent fundraiser, which happened to be just a few days

before the RFP, the request for new generation bids, at his golf tournament fundraiser. There was much to-do in the press about it, but I think it sets a very unsavoury tone in a very important public policy area. I'll say no more. I could go on about that.

Ministerial appointments: When I looked at the process of the original bill, the appointments were supposed to be so much arm's-length. These people were not to have any conflicts, real or perceived, and now most of this has been changed. The minister's going to appoint the people directly. All the decisions are basically made by and for the minister. Bill 100 gives the minister direct control over the board of directors of two new bureaucracies, entities being created under the new Ontario Power Authority and the conservation bureau. You heard in the minister's own remarks: He and Dalton single-handedly—probably Greg Sorbara had a hand in it because he's kind of the Deputy Premier—

Mr Tim Hudak (Erie-Lincoln): Kind of?

Mr O'Toole: Well, he'd like to be the Premier, actually. Probably Greg will tell Dwight who he's appointing, really. That's how it'll work. I hate to say it. I think Minister Duncan means well, but there will be political friends. Keep your eye in the paper. It's already started.

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There's also a third new body being formed, which is the Independent Electricity System Operator. It's currently the Independent Electricity Market Operator, IMO, and is now getting a new name and a somewhat different mandate. I'm concerned about that transition of those employees, excellent employees. It's just government tinkering and a bit of a shell game going on there.

My caucus proposed a number of amendments to Bill 100, and not one single one was accepted by the Liberals. The PC caucus proposed that the appointment of the OPA and conservation bureau be subject to review by an all-party government agency committee of the Ontario Legislature. The Liberals said no to that very simple, almost housekeeping-like amendment. It's all in the minister's and the Premier's office. This is inside baseball. Unless you buy the tickets to Dwight's golf tournament and pony up, I'm afraid you're going to be left out.

This behind-door approach goes right back to the red book and the blue box promise of more transparency and accountability. Not even married a year and they're already divorced from their original promises, the promise to honour, obey—whatever.

In fact, if I may digress for a moment in the limited time I have left, everyone has bought in—in fact, most of the Liberal ministers are nodding and the Liberal government is nodding—that there are 231 promises in their red book. I put to you today that I think there are about 265 promises. I think the number of promises is growing as we uncover the financial analysis done on the 60-page report that they hid from the public. If I go through the Ministry of Energy, not one of their so-called commitments was priced; the Ministry of Natural Resources. There's a whole series of incidental commitments made

by members then who were not ministers, and it's becoming clear, as the analysis gets closer and the scrutiny more suspect, that there's way more than—they would promise the moon and break all the promises by noon. That's off-topic a bit, but it says this whole thing about the litany on this energy bill: new rates and higher fees.

As mentioned, Bill 100 creates three new bodies to deal with electricity issues. If only we could harness the Liberals' desire for more bureaucracy and tax increases, we'd have a new energy source that could power Ontario for years to come; well, it could power them for about another 3.7 years. Three years, I guess, would be the anniversary of the election in 2007.

I've talked about the consultations that were held at the golf tournament; I won't go into that any more.

Bill 100 gives the OPA the ability to increase fees and raise levies as it sees fit. We asked members of the social policy committee to pass an amendment to prevent this from happening but, like all of the other good proposals, they voted it down. Now the minister approves the fees in his office, or probably Dalton or Greg's office—Greg Sorbara, the Minister of Finance. It worries me that it has gone to the centre. Most of the backbenchers—I see them nodding, perhaps going to sleep; I'm not sure. This has gone to the centre, this issue, and they're in trouble on it, actually. They are in trouble, there's no question, because once the 12 million Ontarians get wind that their price is going up by as much as 25% or more, with no end in sight—it's like their insurance promises: auto insurance, car insurance, small business insurance. One promise they should have made is that everything's going up and the delivery of service is going down. This, simply summed up, is another litany of broken promises.

When I asked the minister about rising electricity rates in committee in August of this year, he said to me, "It's a mug's game." I'd expect more from a senior minister of government than to just shrug his shoulders and ignore the plight of consumers on a product that's not discretionary.

I got a letter today from the industrial sector, and it's shocking, the ripple effect. Now, much of this, in defence of the minister, is not of Minister Duncan's making. It's a world phenomenon: an expanding economy in China, the troubles in the Middle East on the supply of fuels, a variety of sources. They all come down to an energy issue at the end of the day.

The feedstock for the industrial sector, the heartland of not just the United States but certainly Ontario and Canada, not to speak of the petrochemical industry, is basically fuel. It's natural gas or some form of crude oil. They make the plastic bags and the recycling bins and the cars we drive. They make everything. They manufacture them and we use them for our standard of living. As I said before, this is a very, very interesting and complex issue. What they're saying here is, they see prices and the competition for feedstock and natural gas as being seriously problematic to the petrochemical industry and other manufacturers down through the supply line. The auto industry has trouble with bumpers. As you see, now

they're having trouble with steel. They're going to the courts to overturn a contract with Stelco, because Stelco has a supply problem.

This is problematic on the other side, in the plastics and the other kinds of materials that take petrochemicals from the auto sector. The auto sector is a large employment sector in Oakville, Oshawa, certainly in my riding and Brampton. It's a demanding sector: high-paying, skilled jobs.

So this isn't tied together, but that's the context that he's exposed to. The people who are bidding on these RFPs—yes, there were lots of them, because the bank vault is open. They know they're preparing the consumers to get whacked. That is not fair for people on fixed incomes. Who and how, in public policy, are we going to protect those persons who just cannot pass on that penalty any further?

The penalties that I can outline are worrisome for me. I'm going to start in my community; in fact, I'll start in my own family. I think of my own family, in terms of my mother in a retirement home, where we pay a certain amount. Their insurance is going up, the cost of health care and the other services. Some of the drugs are being delisted. We can see that there's a shortage of doctors where she has to go to a clinic. She has to pay to get there. Now they're delisting optometry. Now they're delisting therapy that she has to now pay for. There's the cost of fuel and electricity, so they've upped the rent. Her increase in pay is not keeping pace. Those people are the citizens of Ontario that we're elected to represent, and I believe they're ignoring them. In fact, in the minister's words, "It's a mug's game. I can't protect consumers." He should be a leader at the cabinet table saying, "Let's get this right, and I'll support continued conservation, getting the thresholds and letting it be a real, competitive discussion in the large-sector consumers, those who have choices to either give me affordable power or I move my plant to Michigan or to Mexico." Those are investor decisions and large commercial decisions.

I'm talking about the persons who can't pass on the buck any further. Not only that, their municipal taxes are going up, their property taxes. The insurance for their house is going up. Their auto insurance is going up. Their driver's licence is going up. Their electricity is going up. It frightens me what they've done in one year to the people I know and represent. We're on the wrong road. This government and this electricity issue, their solution—

Interjection.

Mr O'Toole: I hear Mr Peters, the Minister of Agriculture—who hasn't done one thing for agriculture—saying that we took them down the wrong road. He is taking them down the road. He has abandoned the beef producers in this province. He has abandoned most of the agricultural commodity groups. If he'd only listen to some of the suggestions coming from the constituents in my riding of Durham that they've brought forward to you through the commodity groups—I've heard that they

only wish Helen Johns was back. Honest to God, I hear it all the time.

Interjections.

Mr O'Toole: See? Now they're laughing at Helen Johns. I'm going to say to the commodity groups, let Steve Peters know that a lot of them are laughing, but it's not at Helen.

I digress because I'm concerned not just about the homeowner but about the manufacturing jobs in those sectors that are manufacturing the waste recycling bins that are made from plastic. The feedstock is natural gas and other petroleum products. Now the waste bins will be made somewhere else and there will be, in my judgment, less to put in them, because there is going to be less economy in the province of Ontario. He has to look at this. As Adam Beck said, it's an economic policy area. We may even have fumbled the file. I'm saying that publicly. But he has not got it right. The only salvation—I am giving a glimmer of hope here—is that he's sending this out for further hearings. In that case, I'm sure he will look at thresholds.

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I haven't even got to part of the issues that were mentioned by the member for Etobicoke Centre, who is the parliamentary assistant. I also have a lot of respect for her. She did make reference to one of the creditworthiness issues. If you read the report on creditworthiness, you're going to find that what they said is that all the debt is supported by the government. It has no legislative authority at this time, and its creditworthiness was based on the province of Ontario's credit rating, period. You can read the report from the Dominion Bond Rating Service. It's four pages long. I can tell you, it does not say what you've implied. It's a serious issue. It was raised during the hearings.

It says that there is going to be this reconciliation portion of their file. In fact, I will read it, because it's worth reading. It says that they're going to have to have a little fund, and that fund is going to be—I've got so much paper here. Briefly, what it says is that at the end of each year the Ontario Energy Board is going to set the rate. It will be done on an annual basis, and at the end of the year, this transition fund—sort of like a sinking fund—if the rate is lower than the real cost of electricity, then there is this real debt. The province's revenue or the OPA—if revenue is down, there will have to be a surcharge, or at the end of the year you get a surprise bill, like you do with natural gas when they say, "By the way, the rate that was set by the energy board was too low, so from here on there is going to be this rate which is going to make up for the loss that we incurred because of underpricing for the year." So at the end of the day, the consumer is the only person who is putting new money into this.

He talked about a \$25-billion to \$40-billion investment in the electricity sector. Guess where that is coming from. Not from the province of Ontario; it's coming from the people buying electrons. If that isn't a tax, then you've got it wrong.

This variance account that they keep talking about in the bond rating report outlines the four potential risks and the reasons for setting the thing, and it comes out here that the OPA cost repayment related to the various contracts for which it is responsible or for which it will be the settlement agent will be largely known ahead of time and will be incorporated into the annual rate plan by the Ontario Energy Board and into the adjusted market price levied by the IESO.

You are going to pay it, period. If they had power purchase agreements with other contract agencies—a steel plant, a pulp and paper mill, a petrochemical industry—we'll have a power purchase agreement at a rate where they'll say, "That's the rate and that's what I'm paying."

These new RFPs: There will be subcontracts with the wind generators. Wind is somewhat more expensive than 5.3 cents a kilowatt at the moment. I'm supportive of wind, but it has to be subsidized somehow. If they don't subsidize it directly, they're going to subsidize it indirectly, which is appropriate. But be honest, straightforward and open with the people of Ontario and tell them that you're going to incent it and how you're going to incent it.

In my view, if you put wind generators across the whole province, without trying to be dramatic, you wouldn't replace 20% of the electricity generation in this province and you couldn't see the CN Tower for wind turbines. Each one of those big turbines is what they call an intermittent power source, and it's about 1.5 to 2.5 megawatts. A normal fossil plant, natural gas, is about 500 megawatts. To replace one natural gas plant, basically you'd have to have about 1,000 windmills. We have 25,000 megawatts and growing, and they're going to eliminate about 75% or 80% of our supply.

I'm going to run this by you. Their commitment on coal generation, by any measure, by any expert—I'm just repeating what I read—says that it's not doable. In fact, I think they're starting to listen to this one because most of the experts in the generation supply task force report said they should modify that.

We, when in government, closed, by legislation—Elizabeth Witmer—the Lakeview fossil coal generation plant. That's going to happen in 2005; we did it. There's a huge issue around closing that plant because it's a generation supply coming from within Toronto. Let's say it's 500 megawatts. Those 500 megawatts now have to come in from somewhere else. They have to come in on the grid to get to the point of end use. You can't have them up in Manitoba at the dam, because for every kilowatt you generate in Manitoba, by the time you get it to Toronto, there would be half a kilowatt, because the electrons dissipate by resistance through the wires. So you have to have the generation somewhere close, and it's going to have to be built. If you take 7,500 megawatts off the system without finding adequate, reliable replacement power, it's absolutely wrong.

Interjection.

Mr O'Toole: If you take 7,500 megawatts, about a third of the generating capacity of Ontario, off the system, where are you going to get the electricity?

Mr Rosario Marchese (Trinity-Spadina): What are you going to do?

Mr O'Toole: What are you going to do? I think you'll probably rethink your promise.

Interjection.

Mr O'Toole: I would be surprised.

OK, so let's say you're going to buy the replacement power. I have two propositions for you here. I look at the member from Sault Ste Marie. Atikokan and Thunder Bay aren't even part of the problem, but they have transmission problems. If you cut out the generation in Atikokan and Thunder Bay, where are you going to get the electricity? Probably from Ohio. What's that coal? It's going to be dirtier coal than you're burning in those plants.

Most of the problems I see are ill-conceived and really not designed for the best possible outcomes. When I go back and look at places like Nanticoke, I believe we suggested one amendment on the coal technology issue. We recognized that. In our own policy documents, the clear objective was to replace coal. We moved an amendment that would have permitted the government to not reduce emissions standards—to have the highest emissions standards possible—and to look at clean coal technologies around the world. I include in "clean coal technologies" the use of peat as a fuel source. There is an excellent academic paper on peat replacing or augmenting coal. Peat has no sulphur and it has no mercury, which is one of the problems with coal. Even clean coal technology does not replace some of the mercury particulate matter.

All energy has problems. All energy sources—nuclear: In the future sometime we are going to have these problems. So it's deferred emissions. Do you follow me?

I represent a nuclear riding, with the Darlington nuclear plant—an excellent plant. We've become reliant and dependent and we need to make sure it's safe and reliable, that's for sure, and we need to have strong enforcement. But they wouldn't even consider allowing us to discuss it. Yet a secret leaked document indicates that the Liberal caucus offsite, where they have luxurious hotels and suites and stuff like that—and they're government; I understand that. They're going to be caucusing this very topic that I am bringing up, at their offsite retreat, a kind of pre-Christmas party or whatever. They're going to be talking about the coal decision. If you really want to stay in government—

Interjection.

Mr O'Toole: —I'm trying to help you—you've got to recognize that the coal solution may be a bit premature.

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I'm just saying that the Ontario economy basically needs to pay attention to some of the amendments that they refuse to even listen to, actually. That troubles me. It really does.

If I go through the input that I've received on Bill 100—I think it's important—there are a couple of things. I met with the Society of Energy Professionals last week—they had a reception here. They have come up with a series of innovative suggestions. These are the people who work in the industry, and I encourage the minister to work with them. There's a lot of issues around the closing of the coal plants, 7,500 megawatts, which is a long-term, laudable objective. What do we do with those people and jobs? We can't replace all of that power from a water dam in Manitoba some 10 years away. It's going to take too long, and there are a lot of inefficiencies in that. The transmission corridors in your backyard—the environmental assessments will be somewhat musical to your ears. As Jim Wilson brought to my attention, it's not going to be healthy for his riding because those transmission corridors are, for the most part, unsightly. I met with Andrew Müller, Bill Jones, Rod Sheppard and Leslie Forge and a number of people, who brought some excellent ideas to the table. I believe Howard Hampton has met with them as well. They did present to the Bill 100 social policy committee in August. That's one group that I wanted to put on the record as I do respect.

When I was looking back at some of the policy discussion here, it says, "Electricity Prices/Paying for Bill 210." This was our bill. I'm going to read a quote. This is like a little game to get you back on track to see if people are listening. "Question: If you're elected to the Premier's office tomorrow, Mr McGuinty, what do you do to fix the hydro situation as it is today?" This is Mr McGuinty's response—I'm quoting here, on November 13, 2002: "First of all, we have to maintain rate relief for consumers." The first thing he did was whack them. The first thing he did was increase the price. Here's what he said: "I have had the terrible responsibility to raise horror stories in the Legislature, people who have been put ... in a desperate position because they simply can't afford to pay their hydro. So we've got to maintain rate relief for our ratepayers."

Mr Marchese: What, he didn't know that before the election?

Mr O'Toole: Gerry Phillips and Monte Kwinter knew it, but he didn't know it. That's Dalton McGuinty and Bill Carroll on CFRB on November 13. Thank you, Bill Carroll, for giving me this.

I'm going to have a little more media-friendly quote here. The members for Hamilton might want to listen up. They'll recognize this: "The government is maintaining its position that by the time the price freeze plan ends in 2006, the rebate and freeze will have a net cost to taxpayers of zero.... Tom Adams, of the lobby and watchdog group Energy Probe, says it's mathematically possible that the government is right."

They recognized, when they bought into the rate freeze of 4.3 cents, that the plan was to increase generation capacity, which will reduce the price, and that it was going to take six years to have price stability. Dalton knew it; they voted for it. The first thing they did

was go to the pocketbooks and raise the tax brackets. There it is. These aren't props. This is from their little booklet. I've got it here with a nice picture of Dalton: "I won't raise your taxes one cent. Only kidding."

I want to put on the record Peat Resources Limited. I've read it in some detail. Should I cite the source?

Mr Marchese: Go ahead; read it.

Mr O'Toole: Yes. "Electrically, Ontario Has Alternatives...."

"Dr Thomas states in a 21-page report that abandoning Ontario's old publicly-owned model that, 'despite some faults, has a good record of ensuring supply security over many decades, in favour of a model with, at best, a mixed track record seems unduly risky.'

Ontario's peat fuel potential "is comparable to what we have unearthed in Athabasca." In other words, in Ontario the peat resource is Athabasca tar sands.

They go on to say, "The 2007 deadline the Ontario government has set for closing the province's coal-fired power plants is getting closer. (Dr Thomas doesn't think it is a good idea.) And, as of press time, it was reported that the OPG nuclear generation plant's four 'B' reactors have problems with their pressure tubes...."

He goes on to say that part of the replacement is the use of peat. He talks about the efficiency of peat. It sounds like going back to Ireland, my homeland, many generations ago, but peat fuel is \$42 per tonne; it is \$2.13 per million British thermal units. Coal is \$60 a tonne and \$2.32 per million British thermal units. Natural gas is \$3.54 per million British thermal units. It costs more for natural gas than peat. If you look at this report, it tells you that there are fewer emission hazards. I just encourage the society and other people to look at these alternatives as we go forward.

What I'm hearing more about is the smart meter argument. That's a whole different debate. I have some issues there. I think the smart meter is a little way down the road. I think we need to get into demand management before we get into smart meters. Actually, there are a couple of different types of meters.

This is from the Canadian Manufacturers and Exporters' presentation to the committee on social policy on August 12: "Cost squeeze (percentage change...)." It goes on: Selling price has gone down; wage rates have gone up 11%; raw materials; payroll—electricity has gone up 32.4% and insurance rates have gone up considerably as well.

Mr Dunlop: Oh, but they're going to put that down 20%.

Mr O'Toole: Yes. When the prices go up, they either have to pass those prices on—and this association represents a lot of the manufacturing sector in our economy. It's a good cross-section of manufacturers—auto sector, steel, you name it—and they have some suggestions here for the minister as well.

AMPCO, which is the Association of Major Power Consumers of Ontario—I was just blown away. Their report was presented also on August 12. I would be happy to send people copies of it. These aren't my words;

these are the words of Mike Kuriychuk from Bowater pulp and paper, Darren MacDonald from Gerdau Ameristeel and George Bletcha from Falconbridge mining, three of the industries that reported. I can report here in very short order in a general sense that they figure the price of their fuel, which is about 60% of their cost of production generally, is going to go up 50% with these changes.

If you are working in mining in, let's say Sudbury or Nickel Belt or any of those areas, you're going to see that it is going to have an economic effect. This doesn't even talk about other sectors like agriculture. But I do say, it does talk about the large consumers, pulp and paper being important, the manufacturing sector and the forest industry. This was Bowater's presentation.

I'm just going to read here on page 13:

"Electricity is a significant percentage of the cost of production:

"—depending on the technology, can be greater than 25% of product cost;

"—often it is second only to the cost of raw materials (fibre);

"—in Ontario, electricity costs have already escalated out of control."

That is said by them, not me. So they are looking for some relief.

This is from Darren MacDonald from Gerdau Ameristeel Corp. They operate in Cambridge and Whitby. Somewhat familiar. There's a total of 873 employees. Investment in Ontario since 1990 is a third of a billion dollars. They compete with Tennessee and Georgia and all over the place, and they have a chart here that talks about their costs in Ontario versus other jurisdictions. What they measure is efficiency gains in their industry, how they have been working on internal conservation—which, by the way, is the right thing to do. I support those efficiency measures, working with the ministry to have what I call demand-management plans and demand-responsiveness plans where they can shut production down in bad times.

The mining industry was very, very big. This is Falconbridge. We're talking about sales in the \$2.1-billion to \$4-billion range. We're talking about employees in Kidd Creek, Timmins, Sudbury. The Ontario average consumption is 230 megawatts; one of the largest consumers, two terawatt years. The average cost per year is \$120 million. This is a very interesting statistic here: "For every \$1 per megawatt increase"—that's one cent per kilowatt—"our costs increase by as much as \$2 million."

So when he thinks about a 10% and 20% increase, we're basically making them uncompetitive in mining. We know how tough it is in the resource sector, and even if it's not the refining—maybe they'll just move the refining sector out. But that is an extremely interesting report.

The Calpine Corp commented as well—Greg Kelly. They had some commitments to renewable energy—and, in my view, very worthwhile. I would say, though, the

bottom line is when Dwight said he can't shield consumers. This is where I was most perplexed. The joint project with Manitoba, as I said earlier, is many years away. It's laudable. We started the initiative, as government, to look at it. In fact, Howard Hampton cancelled it, because it is a difficult long-term commitment by government to make. They have just announced proceeding with that second phase of the review, and I support that move as well.

I just want to put on the record a couple of sections here that we tried to move. I can't believe they voted them down. That's what's so unnerving about this.

Mr John Yakabuski (Renfrew-Nipissing-Pembroke): Did they pass any of the amendments?

Mr O'Toole: No, they never passed them.

Mr Yakabuski: Not one?

Mr O'Toole: This is one here.

Mr Yakabuski: Not a single amendment?

Mr O'Toole: There were hundreds of amendments made. They sat there silently and ignored it, basically. This is one here; we wanted them to have public hearings on any rate increase.

Mr Yakabuski: That's a good idea.

Mr O'Toole: It seems fairly simple to me. But they went on and said no.

So I am just putting the people of Ontario on some notice that I am available to listen to your concerns. Whether or not the minister is prepared is quite different, but I am prepared to bring your voice to the floor here so that the minister gets it right.

I can only say that we have very little time left in the very limited time I've had, and it just seems that we aren't making a lot of progress. I am beginning to think I should move adjournment of the debate.

Mr Speaker, I'm moving adjournment of the debate.

The Acting Speaker: The member for Durham, Mr O'Toole, has moved adjournment of the debate. Is it the pleasure of the House that the motion carry?

All those in favour, say "aye."

All those opposed, say "nay."

In my opinion, the nays have it. This will be a 30-minute bell.

The division bells rang from 2023 to 2053.

The Acting Speaker: All those members in favour, please rise and remain standing.

Please be seated.

All those members opposed, please rise and remain standing.

The Clerk of the Assembly (Mr Claude L. DesRosiers): The ayes are 8; the nays are 27.

The Acting Speaker: I declare the motion lost.

The member for Durham.

Mr O'Toole: I'm not surprised by the government, except to say that in their leadoff remarks tonight on second reading of Bill 100, they didn't even use all their time. It's going to send a clear signal that they haven't got much to say on the issue.

But there are more questions than answers. That point has been established. If you look at the orders and notices

paper, you will find that there are a number of questions I have placed in the Parliament of Ontario, all directed to the Minister of Energy. These remind me of unanswered questions. Just for the record, I'm going to cite a couple of them.

I have questions on the order paper on the recent trip of the minister and staff et al to Europe this summer. Who went on the trip? How much? What did they discover? It's early in their mandate, and they're already showing signs of considerable mismanagement, in my view.

Also, the minister made a commitment to me in committee that he would have consultations on the regulations. I've asked with whom he has consulted, besides those who were listed in the Toronto Star who paid to go to the \$1,000 fundraising golf game.

What about the Electricity Distributors Association, the \$225-million conservation fund on smart technology, time-of-rate and time-of-use metering? I have questions on that as well. The smart technology is an open-ended question. We're not certain the minister is up to that job.

Would the minister provide details on how the new administration costs of the OPA, the conservation bureau and the IESO are going to be funded? By the consumer.

The Minister of Energy gets details on how the government will encourage the development of wind energy in Ontario. We need to know what specific renewable energy tariffs are being considered. What are the targets? He said that it's 5% and 10%. What is the generation capacity of a reliable, consistent source of power to keep the economy of Ontario going?

A number of the stakeholders I mentioned earlier who keep me posted on the issues—I do thank them publicly, and I could repeat a lot of their names. One of the more important issues they have brought to my attention is the new regulation dealing with bundling the rates. This is somewhat troublesome. They talked about transparency, but what they're going to do on the new electricity bill is that all the charges for the energy board, the conservation bureau and the IESO are going to be buried in your rate. If you conserve, it's not going to save you five cents. This rate burden for these charges that are approved by the minister in secret cabinet meetings is going to be imposed on the bill over and above the high cost of electrons that I spoke of tonight.

I would have to say that in my riding I'm richly rewarded by having a lot of advisers. As I said before, I have lists and lists of them. All of them would be constituents. I would say that respectfully. It's in that vein that I am speaking tonight, on behalf of the consumers of Ontario, to be very wary that the price is going to increase; by how much, even in open dialogue on the record with the minister, he has refused to answer. He doesn't know.

I've outlined a number of questions on the order paper, none of which has been answered. There are more questions than answers, but one thing is certain: At the end of the day, your electricity bill is going to go up and you're going to pay for mismanagement and a lack of

vision, not just by Minister Dwight Duncan but, I put to you, by the Premier of Ontario.

The Acting Speaker: Questions and comments?

Mr Marchese: I do want to agree with the member on one specific thing out of the whole speech, although there's much more that one could say. I do want to focus on the whole promise that the Liberals made before the election to keep the cap, the rate freeze, on electricity until 2006.

Hon Mr Duncan: Rosario.

Mr Marchese: I'm not wrong, I hope.

Hon Mr Duncan: You voted against it first, and then you voted against taking it off.

Mr Marchese: Ah, you see? The minister is going to have an opportunity to do two minutes again and again, and I'm looking forward to the other Liberal members using their 20 minutes to refute the arguments the Tories have made and refute the arguments I will make in approximately 10 minutes. I am looking forward to the 20 minutes all of you are eager and hungry to deliver in this place.

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I've got to tell you, the Liberals made a promise before the election that they were going to keep the rate freeze till 2006. We didn't agree with the Tories when they did that. We didn't agree with the Liberals when they did that. We believed they were both wrong. We believed the Tories were putting aside a \$1-billion problem, and the Liberals didn't seem to mind that that billion bucks would have to be paid. So for many months leading to the election and immediately after the election, when it happened—

Interjection.

Mr Marchese: Duncan, I'm looking forward to your two minutes.

I'm just telling the good people of Ontario who are listening that it didn't take you more than a couple of days after being elected, fresh from your election, to break the promise to freeze electricity rates. How does that work? How do you do that? It takes a real man and a real leader to break a promise like that, and McGuinty is the man. He did it, and he's going to continue doing it over and over and over again.

Mrs Liz Sandals (Guelph-Wellington): I've been sitting here listening to the comments from the member from Durham, and I do think it's time for a little bit of a reality check. Let's talk about the situation we found when we came into office a year ago. Think about what went on. First of all, we had the Tories, who thought they'd decontrol the price of electricity. As the member from Durham pointed out himself, this led to a desperate condition with wildly rising energy prices, where in fact consumers—the homeowners, the small businesses—couldn't afford to pay their electricity bill. That went on for a few months, and the Tories panicked and brought in a price cap. The price cap they brought in was below the cost of actually producing the electricity. While, as the member from Durham pointed out, it might be mathematically possible that this would work, what

really happened was that in just one year it cost this province \$1 billion. Their price cap cost \$1 billion.

They had a total lack of planning for new generation capacity. During their watch, there was no new generating capacity built in Ontario. The NDP had made it even worse. They cancelled the one from Manitoba that was going to bring on new generating capacity. The Tories totally bungled the retrofit of nuclear generation. That is what we are dealing with in Bill 100. We are going to bring back planning, price stability and renewable generation, and we will provide for conservation.

Mr Dunlop: I'm pleased to rise and comment on my colleague's fantastic speech. I thought he hit all the key points. As far as I'm concerned, he raised one very important issue here: There are a lot more questions to be answered than there are answers to questions so far. We know that if you listen to the Liberals here tonight in their comments, you would think you're living in a perfect world with the electricity market. Time will tell. We'll watch very carefully over the next couple of years. We've seen a number of broken promises, and we've seen a lot of questions unanswered. As we go forward, we'll look at the market and see how many people can afford to live in their homes with the price of electricity.

One point I wanted to raise tonight is the Liberal government and their plans for debate in this House. I've seen three bills up for first reading in the last four days, and so far you've only used half your time in your leadoff speeches. As important as these types of bills are, I find that it is extremely disappointing that the government of the day would only use half of their leadoff time. I thought we were here to debate the issues. Tonight, with 30 members in the House, we have a 15-minute leadoff by the minister and a 15-minute leadoff by the parliamentary assistant. That is absolutely disgraceful. It's disgraceful that in a leadoff speech, with a bill like Bill 100, that's the best they can do. Then they chastise us for ringing the bells.

Interjection.

Mr Dunlop: I can tell you, Mr Leader, you're in for a long fall if you keep that up. You do your full leadoff time like a responsible government should do, and then you might gain some respect around here.

Mr Ernie Parsons (Prince Edward-Hastings): I have a sense we're living in a kind of mirror image of the world in here. We've just had our House leader chastised for not speaking long enough when the official opposition wanted to shut the debate down and go home. They weren't interested in it.

Mr Dunlop: Then start speaking to the bill.

Mr Parsons: They don't even want to hear what I've got to say tonight.

We have had them make accusations against our leader and against our party, but the question is—

Interjections.

Hon Mr Duncan: On a point of order, Mr Speaker: I can hardly hear my colleague behind me. You haven't called this member to order. I don't know what he's been doing—

The Acting Speaker: Mr House Leader, you're participating in it. Have your seat and I'll listen to the member.

Mr Parsons: If you look back in history, the problem that this province faced was by a leader and a party that would not acknowledge—

Interjections.

The Acting Speaker: Have a seat. The House leader and the member from Simcoe North, that's enough. I want to hear the member from Prince Edward-Hastings.

Mr Parsons: Thank you, Speaker.

I have always admired an individual and organization that looks at the facts and makes the best decision. If we look at where the rate cap came from the previous government, it came from the back of an envelope over a weekend because the polls said that they were in trouble. There was no consultation with experts. There was no consultation with the community. A price was set that they thought would get them re-elected. They should actually be relieved that they didn't get re-elected when you look not only at the electricity issue but the entire budget mess they had created.

I have a great deal of respect for Premier McGuinty and our Minister of Energy, who looked at and researched the facts. It became very apparent, folks, that the price that was politically motivated was not sustainable. Indeed, it was so artificial because what the public was not paying on the bill, they were paying in an increased debt. It's viewed sometimes as a weakness, but I applaud our party for saying, "Here is the information. We will do the best to make a sustainable electricity supply for this province."

The Acting Speaker: In reply, the member from Durham.

Mr O'Toole: I thank the member from Trinity-Spadina. I'm looking forward to his remarks, but I am sure he will speak on the promises broken.

The member for Guelph-Wellington: The reality situation they found themselves in supports the argument that I believe I have established, that they flip-flop continuously. They supported it and they broke a promise. You have to be leery when you are dealing with someone when you can't trust what they're saying.

The member for Simcoe North had it right, that they really didn't use their time on a very important policy debate. That needs to be on the record, and I am restating it here.

The member from Prince Edward-Hastings was using the time in his manner as well.

There are two important issues left to put some definition around. One, from a viewer who is interested in this area, was sent to me on an e-mail with respect to regulation 275/04, which starts on September 1. This is on the bundling of all the rates—the delivery charges—that is not transparent to the consumers. They say, "I think Dwight Duncan should be called to task ... for this very deceptive and misleading bill format. Industry insiders think he is nuts." I didn't say that; it's pointed out as evidence here this evening.

I am more surprised by the disdain that he holds not just my constituents in but your constituents in. The media people understand the pressure we were under, the pressure the NDP were under and the pressure they will be under to acknowledge that this commodity is like no other commodity; it's not like whether or not you buy brand A cereal or brand X or cable television or a cellphone. It's an essential product. What he said to the people of Ontario actually alarmed me. He said, "The bottom line is, I can't shield consumers from prices. It's a mug's game." That's not acceptable from a minister or the Premier—

The Acting Speaker: Thank you. Further debate?

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Mr Marchese: Before I begin my 20 minutes, I would like to have unanimous consent to stand down our lead.

The Acting Speaker: Is there consent? It is agreed.

Mr Marchese: I want to say hello to the public that is watching and welcome them to this political forum. The time is 9:10, it's Monday, and I am happy to be able to be here to debate again. It has been a long summer, and I know a whole lot of people out there are just hungry to see the debate.

Mr Rinaldi: What time is it in Cameroon?

Mr Marchese: The good people of Ontario, the comics behind me were saying, "What time is it in Cameroon?" I want to tell you, I was in Cameroon last week. People think one should be frightened to say that that's why they're trying to be comical on this side and comical on the other side. They think someone like me would be too afraid to say where I've been. I want to tell you where I was: observing the elections in Cameroon as part of the francophonie. It was an interesting election; one where, if people are interested and the Liberals are interested in knowing more about it, I'd be very happy to talk to them about it.

In the meantime, I want to talk to you about Bill 100, that bill of which I am highly critical, and our leader will do much of the same and more because he will have the leadoff, meaning he will have a whole hour to be able to talk a whole lot about this bill. So he's going to have a lot more to say than I do.

I know the people are hungry to see the debates in this place, and that is why I'm happy to be back to debate Bill 100 and start with the broken Liberal promise having to do with the rate cap.

Mr Leah: What about the broken NDP promises?

Mr Marchese: What matters is the promises that Liberals have broken and are breaking steadily. More than anything else that we've done here in the past, it's what you have done and what you're doing that counts. You have to understand this: You are in charge; you are in power. And when you are in power, what people want to know is what you said and what you are doing now.

Interjection.

Mr Marchese: No, no. They want to know what you said and what you're doing now. You can say all you want, and I hope all of you use your 20 minutes because you should, you need to, so you can explain to the public,

as one Liberal member did before, saying, “We didn’t know what the situation was before, and of course we had to break our promise.” They don’t quite say it that way. “Of course we had to break our promise, because the reality we faced after the election was totally, totally different.” Who do you believe is going to believe you when you say that?

McGuinty, before the election, said the following: “I think the most important thing to do at this particular point in time”—meaning that at some other point he can change his mind, which he does, because that’s what Liberals do—“is to put a cap on those rates through to 2006.” He didn’t say “through to 2004,” or 2005, even, but he went further and said “2006.” At that particular point in time, November 23, 2002, he said, “We’re going to support the cap.” After the election, he says, “At this particular point in time we changed our minds.” That is what Liberals do. The times change, the elections change, they get elected, they weren’t elected before, and all of the sudden the promise to keep the rates on is gone.

Why do they break the promise? Because we just can’t afford to keep the rates capped because it’s costing us close to \$1 billion a year. McGuinty is a smart guy. He’s a lawyer, I’m told. You’d think he would know that that particular promise, at the time he made it, was costing us already \$600 million or \$700 million, more or less, give or take a couple of pennies. You would think that, as a lawyer, he would know. I don’t think it necessarily takes a genius to know that if you’ve got a debt, because of the cap of \$600 million, it’s going to keep on climbing; and if you keep it until 2004, it’s going to be, oops, a little more; and in 2006—oh, my God—it’s going to be unaffordable.

The election gets called. All of a sudden, McGuinty and the gang discover the deficit is really, really high, because they didn’t know, you see. They were just so much in the dark that they could afford to make whatever promise they wanted and think that they could get away with it. So at this particular point in time, having discovered we’ve got a deficit, we can’t keep the rate cap any more. So much for the promise; it’s gone.

See the kind of leadership it takes? It takes a real man to be able to break a promise, and Dalton McGuinty and the Liberal gang can do it, because they’re just so strong in being able to break promises. It’s not easy breaking it. It takes some fortitude, you understand, to be able to break it. We’ve got a strong Liberal bunch, male and female, eager and intent on breaking that particular promise. I just wanted to make that point clear.

Interjection.

Mr Marchese: It’s true. Tories and New Democrats don’t agree on much.

Mr Leal: You voted the same. You went to the Albany Club, after voting with them for the private school tax credit.

Mr Marchese: We’re the same? No, no, we’re not the same. I’m going to show you in a few minutes—

Interjection.

Mr Marchese: Hold on, Jeff. You’re getting all excited. I want to show you in a few moments where you Liberals and you Tories have so much in common as it relates to the private sector, deregulation, getting back into the retail market and getting back into the spot market. I’m going to show you in a couple of minutes—

Mr Leal: You’ve got it wrong.

Mr Marchese: Jeff.

Interjection.

Mr Marchese: No, Speaker, I don’t mind. This place has to be interactive. You can’t just let one guy speak, with the other people all silent. I like the interaction, please. It’s an interactive assembly, as it should be, because that’s what the public wants. The public likes to see debate, controversy, excitement. Right, Jeff?

Mr Parsons: And consistency.

Mr Marchese: Especially consistency. Ernie hit it on the button. Liberals have no problems when it comes to the issue of consistency, because when you’re inconsistent, that is consistency for you guys. I understand that. I know that. The problem is, the public doesn’t know that.

Interjections.

Mr Marchese: Yes, the Tories and New Democrats are just like this. I have to admit that it is true in one regard: They have principles that we disagree with but are consistently on the right; we have principles that they disagree with that are consistently on the left. What we disagree with is the fact that Liberals have no consistency whatsoever. That is true.

Mr O’Toole: Do they stand for anything?

Mr Marchese: They stand for nothing and everything at the same time, which is a feat. I’ve got to tell you, it’s Herculean in nature, because it’s not easy to do. That’s why Tories are there, we’re here and they’re everywhere.

All right, back to Bill 100. Before I get into the bill, I’ve got to tell you, Minister, that I’m getting tired every time you stand up and say, “The NDP cancelled all the conservation.” I don’t know where you get that from.

Hon Mr Duncan: They did. It hurts.

Mr Marchese: I’m telling you that we were in a recession.

Interjections.

Mr Marchese: I love it when Liberals stand up all the time and attack New Democrats for the cuts they made and the deficit that they accrued. I love it.

Interjection.

Mr Marchese: What do you mean? We introduced a retrofit program that said that electricity, as we have it in many of our metro housing authorities, is inefficient, and we spent millions and millions of dollars in retrofitting. That’s conservation, right? That’s looking at a system that’s inefficient and saying, where do we put the money to make it more efficient?

Where do you get this blah, blah, blah every time you stand up? It’s tiresome.

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So what does Bill 100 do? Bill 100 says and is very committed to the idea of having the private sector get into the field of creating electricity. And they’re not shy

about it; the Liberals are not shy about it at all. In fact, some of the members who came in front of our committee said, "Look, if you are in agreement that the private sector has a big role to play in the generation of our electricity, creation of electricity, put it in your preamble, put it in your bill; admit we are a big player." I thought, well, that's a novel thing; why don't they just do that? If indeed you are proud of your private sector involvement in the generation of hydro, say so in your bill. I thought it was such a good idea that I proposed it on their behalf and said to the Liberals, "Don't be shy; just say it. Put it out front. Say in the bill that you have no problems whatsoever in relying on the private sector, for the most part, to create new generation of power."

They didn't do it. So you say to yourself, why wouldn't they do that? My sense is that they are perhaps afraid to admit that consumers are likely to pay a whole heap more on the electricity bill come a year or two from now, and it will largely be due to the private sector involvement, I argue. Because why else would they hide from the fact they want the private sector involvement? The minister went to the Empire Club and told them, "Look, I want you guys. Get involved, get into this business." He wasn't too shy to go to the Empire Club and tell the big boys with money, "Don't just contribute to our campaign; get involved in the generation of electricity." So I thought, put it in.

I am telling you, it is going to cost us more—a whole lot more. And there might be and would be possibly, obviously, some accrued kind of cost to the consumer, no doubt. But when the private sector gets involved and you allow the stock market to get in this market, the rates are going to shoot right up. And why are the rates going to shoot right up? Because when the private sector gets involved, they are in it to make money. It is not just the generation of power so that every consumer in Ontario, far and wide, east, west, north and south, would have access to reliable hydro. It is not about that; it is producing hydro—Speaker, you know that—to make pecunia, some money. That's what it's about.

Someone has to pay for that extra profit. Who do you think is going to pay? It is me and you, Speaker. I suspect that you and I can afford it. Our wages are not like the federal members, quite true, but we can still afford it. Our federal counterparts can afford it better than we can; this is true. But there a whole lot of other people, modest-income people, who are just not going to be able to afford the rates. They're not going to be able to do that. We also say—I beg your pardon?

Mr John Wilkinson (Perth-Middlesex): If there's a blackout, they'll lose their jobs. They're not going to let that happen. They keep the power on.

Mr Marchese: Keep the power on, yes.

The second problem is, when the private sector has to borrow money, it costs them more. It just does. We, as a government, have the ability to borrow more and cheaper than the private sector. If the private sector can borrow and does, but at a higher cost, who do you think is going to pay for that? We do. And when the risk is too high for

the private sector to get involved—and "risk" means it will cost you more money—who do you think is going to pay for that extra risk for the private sector to get involved? It's me and you. But it is also the percentile of people who are not in the top 10% of income earners. They get whacked. At the bottom levels they're going to get whacked, and whacked seriously. So we say that this is going to affect everyone generally and affect the manufacturing sector as well. People forget that in the debate.

Rates have gone up 30%. Since the fiasco introduced by the Tories while they were in power, rates have gone up 30%. I estimate that rates are going to continue escalating more and more than you can imagine under Bill 100. I am saying that a lot of manufacturing jobs are in jeopardy—they are now. Pulp and paper, chemical and steel and mining could go up to levels that we might find fearful and ought to find fearful. But we're not worried about that. At least this government doesn't seem to be worried about that—no way. The market is not dead, as McGuinty said, because we're just back into the market, in spite of the fact that McGuinty, on November 19, 2002, said, "The market is dead, deregulation is dead, privatization is dead."

What happens to Liberals that they can say these things before and during an election, but after they do exactly the opposite? How could McGuinty say, in November 2002, "The market is dead," and after he got elected in October 2003, "The market is alive again"? We have the retail sector back in the game, meaning the guys are knocking on your door saying, "I can give you a cheaper deal." You have the private sector getting into the spot market again, meaning you pay whatever price the market will bear on the issue of electricity. It seems the private market is not dead, but it was in 2002. How does it happen that in 2002 you can say one thing and in 2003 you get elected and it's a totally different reality? How can that happen? How can the market simply resuscitate after the election and come alive again? How does it happen?

Mr Wilkinson: Were you out of the province when the blackout occurred?

Mr Marchese: No, I was here. And your leader was here as well.

It's interesting how things can change so fast. I'm telling you, I don't believe much of what Liberals say by way of promises. You can see these quotes. You can hear the market is alive, where McGuinty says, on October 31, 2001: "Throughout Ontario's electricity restructuring process, Dalton McGuinty and the Ontario Liberals have been consistent supporters of the move to an open electricity market in Ontario." In 2001, McGuinty said that they were consistent supporters of the move to an open electricity market in Ontario; in 2002, he declared that the market was dead; and in 2003, he declared that the market was alive again.

Do you understand what I'm getting at, in terms of how Liberals can have one position one year, another in another year and in the third year come right back to the starting point? How can you have faith in any party that

can so consistently change its mind? I personally have no particular faith whatsoever in this government.

Half of this power is going to come from the private sector, and most of it will be through gas generation. We haven't talked about whether or not we're going to have gas for the next 10 years, 20 years, 50 years or 100 years. It doesn't seem to matter. In the mind of this government, most of this generation will happen through gas, but we don't discuss and/or dispute the possibility that gas may be in short supply. We don't. So we have a serious reliance on the generation of power through gas—that is, 2,500 megawatts that the government says we should have by 2007—but in the documents they say, "Don't worry; it could be 2009." And remember, we're going to get rid of the coal generation plants that produce 7,500 megawatts of power. So we're going to produce 2,500 megawatts through gas generation, but the minister's

own documents say that that doesn't have to be available until 2009.

We have a problem in terms of keeping a promise to get rid of coal and generating enough power to be able to keep the lights on. It's just not going to happen. We have 300 megawatts of green power—ie, through renewable—and there are 4,400 megawatts of power proposed. That's where we should be moving, and we're not moving in that direction. Your move in that direction is so small that it's almost insignificant.

I'm running out of time, I realize. It's close to 9:30 of the clock. I hope to be able to come back to this another time.

The Acting Speaker: It being 9:30 pm, the House stands adjourned until 1:30 pm tomorrow.

The House adjourned at 2130.

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