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## **Official Report of Debates (Hansard)**

**Tuesday 3 October 2006**

## **Journal des débats (Hansard)**

**Mardi 3 octobre 2006**

**Standing committee on  
estimates**

Ministry of Energy

**Comité permanent des  
budgets des dépenses**

Ministère de l'Énergie

Chair: Garfield Dunlop  
Clerk: Katch Koch

Président : Garfield Dunlop  
Greffier : Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON ESTIMATES

## COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Tuesday 3 October 2006

Mardi 3 octobre 2006

*The committee met at 1555 in room 151.*

### ELECTION OF CHAIR

**The Clerk of the Committee (Mr. Katch Koch):** Good afternoon, honourable members. It is my duty to call upon you to elect a Chair. Are there any nominations? **Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge):** I move Mr. Dunlop's name.

**The Clerk of the Committee:** Are there any further nominations?

There being no further nominations, I declare nominations closed and Mr. Dunlop elected Chair of the committee.

**The Chair (Mr. Garfield Dunlop):** Thank you very much, everyone. Welcome to the meeting today, Minister of Energy.

One thing I would ask is if I could have unanimous consent to stand down the election of a Vice-Chair at this time until next Tuesday, please. Do we have unanimous consent on that? Agreed. Okay.

### MINISTRY OF ENERGY

**The Chair:** With that, then, I'd like to resume consideration of the 2006-07 estimates of the Ministry of Energy. There are four hours remaining. I would like you to know that today, after a conversation with Minister Duncan, we have agreed that we would adjourn at 5 o'clock for a previous commitment that he had to make. Currently, we have eight minutes left with the official opposition. I'd like to begin with Mr. Yakabuski, beginning right now with your eight minutes, and then we'll go to the NDP, if they're here, and then to the governing party.

**Mr. John Yakabuski (Renfrew–Nipissing–Pembroke):** Thank you very much, Mr. Chair. I'm going to need some paper here.

**Hon. Dwight Duncan (Minister of Energy):** Here.

**Mr. Yakabuski:** That would make it easier, wouldn't it? Thank you very much, Minister, for joining us again today, and we certainly respect that you have other commitments as well.

I'm going to start with a couple of things on Thunder Bay. You weren't the minister then; the Honourable Donna Cansfield was minister. Back in March, she sent a directive to the OPA which basically told them—and I don't have it in front of me, but you'll recall it and I'm

sure your staff will recall it—to get moving on the conversion of Thunder Bay to natural gas from coal and do it post-haste, move as quickly as possible, a very, very high priority. Well, any time the minister gives a directive to the OPA, you would have to accept and assume that it's of high priority. I don't think you're giving them directives on a daily basis, are you?

**Hon. Mr. Duncan:** No.

**Mr. Yakabuski:** You're not giving them directives on a daily basis. So it is generally a high priority when you do that. Then you made the now-famous climbdown of your coal promise. Can you tell us what the costs of that change of direction with regard to the Thunder Bay program were?

**Hon. Mr. Duncan:** Approximately \$10 million.

**Mr. Yakabuski:** I have a copy of the OPG report here that says their costs were \$13 million.

**Hon. Mr. Duncan:** I'd have to double-check. The last time I looked at it, the last figure I had was \$10 million. Am I incorrect on that?

**Mr. Rick Jennings:** The \$10 million was the cost of Union Gas, which was compensated as part of the contractual arrangements with OPG.

**Mr. Yakabuski:** That was going to be my next question. So you're saying the total cost was \$13 million, and \$10 million of that went to Union Gas?

**Mr. Jennings:** Yes.

**Mr. Yakabuski:** Basically paying them for the contract that they were never allowed to fulfill?

**Hon. Mr. Duncan:** They had actually done some work, and there were actually invoices to cover those costs.

**Mr. Yakabuski:** That entire \$10 million, you're saying, was for work that was done?

**Mr. Jennings:** It was direct costs that Union Gas had already incurred.

**Mr. Yakabuski:** So there was no payment of any penalty to Union Gas?

**Mr. Jennings:** The contract itself provided that their costs be paid for if the contract was cancelled.

**Mr. Yakabuski:** Their costs be paid for?

**Mr. Jennings:** Yes.

**Mr. Yakabuski:** But no punitive payment whatsoever? This was all for work that they could specifically bill and justify as costs incurred to them either by work done or—

**Mr. Jennings:** Direct costs, as set out in the contract; verifiable direct costs.

**Mr. Yakabuski:** So you're saying that no payment was made to Union Gas in excess of that.

**Mr. Jennings:** OPG paid them what was set out in the provisions in the contract, which provided that their direct costs would be covered in the event of cancellation. So it would include things like pipe that they had to buy and then couldn't otherwise dispose of, land acquisition, those types of things.

1600

**Mr. Yakabuski:** That land acquisition, so if that land is—

**Mr. Jennings:** I don't think they had actually purchased any, but it would be the direct costs. They had not yet got—

**Mr. Yakabuski:** So it's involved in the paperwork in getting into the land acquisition, the legal bills or whatever.

**Mr. Jennings:** They were direct costs that they had verifiable receipts for.

**Mr. Yakabuski:** So the \$13-million figure that OPG states here—it's in their second quarter financial results. We won't go into reading all of it, but on July 12, 2006, OPG received a shareholder declaration revoking the October 2005 shareholder declaration, effectively cancelling the project. As a result, OPG recognized a loss of \$13 million for costs incurred on the conversion project. What is the other \$3 million for?

**Mr. Jennings:** Costs that OPG had incurred up till then.

**Mr. Yakabuski:** Such as?

**Mr. Jennings:** Union's costs were principally related to what had to be done to bring a gas pipeline in and the initial connections. OPG had to spend money to prepare the site for the conversion activities.

**Mr. Yakabuski:** Are you saying, in total, all of the work done by OPG—disregarding the work or potential work of Union—at the Thunder Bay station with regard to possible upgrades as well that would have been necessary to allow the conversion totalled no more than \$3 million?

**Mr. Jennings:** That's our understanding, yes. We don't have the contract with us.

**Mr. Yakabuski:** Pardon me?

**Mr. Jennings:** We don't have the contract or details with us, but that's our understanding.

**The Chair:** Another couple of minutes, Mr. Yakabuski.

**Mr. Yakabuski:** One thing I just want to do is correct something with the clerk, Mr. Chair. The questions for answer by the ministry that were out on September 26—there were a number of them from Mr. Hampton and only one from me. I can't find it here right now, but I want to—okay, here it is. This was a memorandum to the standing committee from David McIver dated September 26. Question 22, Mr. John Yakabuski “requested that the ministry provide the committee with the complete list of organizations that were consulted on the state of the effectiveness of clean coal technologies.” That is not what I was asking for.

What I was and am asking for is, I want the names of the experts you consulted with who said your coal promise was reasonable and doable. That is what I'm asking for: the so-called experts who said, “No problem. We can shut these things down by 2007. No big deal whatsoever; it won't be difficult.” That's what we're asking for: the names of the people who advised you to that effect.

**The Chair:** You're out of time, Mr. Yakabuski. Can you provide that information?

**Hon. Mr. Duncan:** We can provide it, yes.

**The Chair:** Thanks to Mr. Yakabuski. Now to the third party and Mr. Hampton for 20 minutes.

**Mr. Howard Hampton (Kenora–Rainy River):** I'd like to start off—I asked you a number of questions over the first two days of estimates. You indicated you didn't have any of the information, but you indicated you would use your best efforts to get it. Do you have any of the information responses to the specific questions that I asked last week?

**Ms. Rosalyn Lawrence:** Yes. We have the cost estimates or spending estimates that you requested broken down by institution and then at a more detailed level by LDC, which is drawn from both their reporting on their conservation and demand management initiatives as well as what they submitted on smart meters as part of their 2006 rate applications.

**Mr. Hampton:** Can you share that with members of the committee now? While you're doing that, maybe you could tell us the contents of what you're handing out.

**Ms. Lawrence:** What I have just passed over is a breakdown from the quarterly reporting of LDCs on their conservation/demand management spending on smart meters.

**Mr. Hampton:** What was the source of this information?

**Ms. Lawrence:** That is the Ontario Energy Board.

**Mr. Hampton:** Now, I asked you a number of other questions. Do you have any responses to those?

**Ms. Lawrence:** We have a breakdown of the approved amounts for implementation plans for smart metering that were part of the OEB's 2006 rate decisions.

**Mr. Hampton:** And you can make those available too to the committee? Just so I'm clear, these were submissions to the OEB that were approved by the OEB?

**Ms. Lawrence:** That's correct.

**Mr. Hampton:** Do you have any other information pertaining to the other questions that I asked you?

**Ms. Lawrence:** We have a breakdown of spending from 2004-05 through 2006-07 projected on the Ministry of Energy, the IESO, the OEB, as well as the LDCs summarized.

**Mr. Hampton:** And you're going to make that available to the committee as well now?

**Ms. Lawrence:** Yes.

**Mr. Hampton:** Thank you. What's the source of this information, this last one? The OEB again?

**Ms. Lawrence:** Certainly for the LDCs that are noted. The Ministry of Energy expenditures come from our own

budgeting and business planning people. The IESO has provided us, for the purposes of this committee, with an estimate of their spending, and the OEB has confirmed their spending on consultations basically in 2004-05.

**1610**

**Mr. Hampton:** I also asked you some questions about the nuclear stations' historic costs. Do you have that information?

**Mr. Jennings:** Yes. You had asked for a series of cost estimates for the different nuclear plants. We have confirmed that the final cost estimates for Pickering A, Bruce A, Pickering B, Bruce B and Darlington are correct, and the source of those is either Ontario Hydro or, in the latest period, Ontario Power Generation.

You had asked for the original retubing cost estimate for Pickering A, unit 4. The approved number by the Ontario Power Generation board from August 1999 was \$457 million, and the final cost after completion was \$1.255 billion. In terms of Pickering A, the approval from August 1999 was \$213 million, but that wasn't proceeded with. The most recent approval to proceed was given in July 2004, and that was \$900 million, including contingencies. The final full cost, through to the end of 2005—it was operating as of September 2005—is \$994 million.

In terms of the initial estimates, we are going to obtain what was approved by the Ontario Hydro board at the time so that they're all consistent. These are all archived files, so we have begun the process of recovering them. On the face of it, there's no reason to question the numbers, but we're going to get them so that we have all of what was approved by the board at the time that it was approved.

There are two Pickering A numbers for 1964 and 1965. The initial one was in a range around \$400 million, and the 1965 number was \$595 million. Our understanding at the time was that the first one refers to approval for just two units and the second one refers to approval for four units, but, again, we're going to confirm the actual approved numbers from the board minutes at the time.

**Mr. Hampton:** Do you have any documentation to share with us at this time?

**Mr. Jennings:** I have basically what I just read out. I'll give you copies tomorrow.

**Mr. Hampton:** That would be fine. Thank you very much for the information. I'm sure it will prove quite useful.

I'd like to go back to some of the questions I asked. I think you told us that there are 125,000 McGuinty meters installed at this time.

**Ms. Lawrence:** Yes, that's the estimate.

**Mr. Hampton:** But I understand that few, if any, of them are operational at this time.

**Mr. James Gillis:** I think that we should probably define what "installed" actually means. There are several components that go along with the installation of a smart metering system. It's not just meters on the wall. They're rolled out in phases. The first phase of deployment would

be the actual installation of the meters, to be followed by the installation and connection of telecommunications equipment that would be needed to move data from the meter, which is now spitting out time-of-use data, back to a collection house. The second part of the roll-out phase hasn't yet started, so there are just meters on the sides of homes. Some 125,000 meters have been put on the sides of homes.

**Mr. Hampton:** Basically, that's just hardware on the wall.

**Mr. Gillis:** It is.

**Hon. Mr. Duncan:** The pilot in Ottawa is actually working now. I spoke with them today. In fact, they anticipated a 10% take-up; they've had a 40% take-up among their ratepayers.

**Mr. Hampton:** But I think it's correct to conclude that few, if any, of these 125,000 McGuinty meters are operational in that they're doing what your concept intends them to do. Is that a fair conclusion?

**Mr. Gillis:** The minister makes a good point. There are some pilots around the province that are currently billing time of use, but the vast majority of the meter installation that was rolled out recently is not yet operational from a smart metering perspective. That process takes some time and we're just in the midst of the first phase of that.

**Mr. Hampton:** So those 125,000 McGuinty meters won't be operational until the information technology hardware is there and until you've got a data processing entity operational as well?

**Hon. Mr. Duncan:** No. I spoke with Toronto Hydro today, for instance. They've got them out and they can fulfill some of the things. Yes, in terms of fully operational, they're just beginning. But in some of the pilot projects, they are fully operational.

**Mr. Hampton:** I just want to conclude with a question that I asked last week. Minister, you don't know the total cost of your projected six-million McGuinty meter program?

**Hon. Mr. Duncan:** The estimate that was provided was—we can table this with you. This is public information already. In 2000 dollars, the cost is about \$1 billion. The present value of benefits is expected to be \$1.6 billion. Therefore, there is a savings, not only to individual customers but to the system, of \$600 million. This was done by the Ontario Energy Board based on input from industry participants.

**Mr. Hampton:** So your estimate of cost is \$1 billion.

**Mr. Gillis:** That's the Ontario Energy Board's.

**Hon. Mr. Duncan:** That's the Ontario Energy Board's estimate.

**Mr. Hampton:** Do you have a cost of the data processing facility?

**Mr. Gillis:** It's all encompassed in the \$1 billion.

**Mr. Hampton:** The \$1 billion is all-encompassing. You then must be able to cost, to figure out in your terms, the cost per meter or the cost per customer. What do you put that at?

**Mr. Gillis:** I think the Ontario Energy Board has estimated that, not including the submetering component, the cost per meter would be \$250. That would include both the cost of the meter, the communications equipment that we talked about just a minute ago and the back office.

**Hon. Mr. Duncan:** That's based on the four-million-meter scenario.

**Mr. Hampton:** That's not based on the six million?

**Hon. Mr. Duncan:** That's correct. And we do expect those costs, because of the larger volume, to come down.

**Mr. Hampton:** We were able to do some research ourselves. As you know, there have been some specific OEB submissions from some of the local distribution companies. One of the submissions to the OEB was a budget for the implementation of a fairly densely populated urban area, 136,000 McGuinty meters. Given that this represents a fairly densely populated urban area, I think the per meter cost, when you throw in installation and related costs, would be less than the Ontario average. If you're going to start putting McGuinty meters into rural communities, into more remote communities, I would think that for moving the data, transmitting the data and so on and so forth, there would be a higher cost, wouldn't there?

**Mr. Gillis:** It actually depends on the type of meter and technology. One of the things that you can do is, if cost dictates, you can collect the data using drive-by services and the like, so it's difficult to compare the actual collection costs.

**Mr. Hampton:** This is one of the urban areas that I understand is fairly advanced. They put the meter hardware cost for 136,000 meters at \$25 million. This is in their OEB submission. They put the meter installation cost for 136,000 meters at \$4.6 million. They put the meter-to-data warehouse communication costs—because there will have to be, as I understand it, some improvements to the communication costs transmitting the data back and forth—at \$3.9 million. They put the data management cost at \$4.5 million. They put the computer information systems improvements and changes at \$6 million, and they put the program management cost at \$3 million. This is one of the urban areas in Ontario that's already doing this.

This adds up to a \$47-million budget for 136,000 households, or \$350 per meter. It doesn't include any ongoing operational costs, which, the utility estimates, could add another 30% to the costs already cited. It also doesn't include the costs of the central data processing entity and any additional costs associated with that.

**1620**

I want to take their submission. If it costs a large urban area—a densely populated urban area—\$350 per McGuinty meter, a conservative estimate for the whole province, where installation and communication costs will be much higher, on average, would be about \$375 per meter, and six million times \$375 works out to \$2.25 billion.

We're extrapolating from a municipality that's already doing this.

**Hon. Mr. Duncan:** The cost, then, based on our original estimate—I'd like to know the municipality, by the way, so we can have a look at those numbers—

**Mr. Hampton:** Yes.

**Hon. Mr. Duncan:** —ranges, therefore, between \$1.6 billion and \$2.2 billion. As we indicated to you, there will be a variance in those costs, depending on how each LDC will select its own technologies and so on. The net benefit to the system will be substantial as a result of this, in our view.

Roz, did you want to—

**Ms. Lawrence:** Again, I'm not certain which application you're referring to—

**Mr. Hampton:** We'll get to that.

**Ms. Lawrence:** —but in both the CDM pilots and the plans that were filed in the 2006 rate application process, those are planning numbers used by LDCs based on their own estimates. I think we spoke the last time we were here about having organized LDCs into large buying groups, and what we were starting to see as they negotiate their way through their service contracts is the real benefit of cost reductions from economies of scale and bulk purchasing.

Similarly, the meter data management functions are out in the process now of a competitive procurement, and it's anticipated that that will also drive costs down.

**The Chair:** We're down to about three minutes, Mr. Hampton.

**Mr. Hampton:** That's fine.

The point is, this is an LDC that's already doing this work, and extrapolating from them, it comes out to about \$2.25 million.

**Interjection:** Billion.

**Mr. Hampton:** It's about \$2.25 billion, yes. We also looked around and asked some questions about this kind of sophisticated data processing, the data processing entity and the other related costs. What we were told, as we asked this question, is that a cost of \$1.25 billion would not be out of the ballpark. Do you dispute that figure?

**Mr. Gillis:** Is it \$1.5 billion for just the data—

**Mr. Hampton:** That's \$1.25 billion for the data processing entity and the other related costs—that a cost of \$1.25 billion would not be out of the ballpark for the data processing entity and everything that would have to be hooked into that to make it work. Do you dispute that figure?

**Mr. Gillis:** I think the OEB, when they did their estimate again, came up with a figure all-in of \$250 per meter, and that contemplated 90, or almost 90, separate functions that would, in effect, represent exactly what you were talking about. What we've done is consolidated the 90 into one, and our expectation is that that would result in cost savings.

**Mr. Hampton:** But my question is direct.

**Hon. Mr. Duncan:** Let me, if I can, just interrupt for a minute here. First of all, if you could provide us with that figure—who said it, on what basis they arrived at it—then we could respond more completely.

It's difficult to respond to an unnamed source with a number that's pulled out of the air, from what I can tell, and it doesn't jibe with what the Ontario Energy Board has said to us.

**Mr. Hampton:** But I'm just asking you: We did the research, and we were told that for a data processing entity that sophisticated, you're looking at \$1.25 billion.

**Hon. Mr. Duncan:** I take the OEB's estimate over that, unless you can provide me with where that information came from and what it's part of. Then we can have a complete look at it and respond.

**Mr. Hampton:** It's your position that the \$1.25 billion would not be accurate?

**Hon. Mr. Duncan:** It's my position that I accept the numbers the OEB has provided us with and that if you're kind enough to provide us with who your source is and what's included in that, we can possibly analyze it and respond in a more fulsome way.

**Mr. Hampton:** Chair, the minister has been citing figures from the OEB. I think those figures should be tabled here.

**Hon. Mr. Duncan:** Yes. They have been.

**Mr. Gillis:** Yes. We provided the report last year.

**Hon. Mr. Duncan:** It's already in the public realm and we'll re-provide it to you.

**Mr. Hampton:** Okay, then we'd like to see that again.

**Hon. Mr. Duncan:** And if you provide yours to us then we'll respond to them.

**The Chair:** So you're going to provide the information, if you've got it now.

**Hon. Mr. Duncan:** Do we have that specific information? Yes.

**Mr. Hampton:** That's last year's information? I just want to be clear on that. That's last year's information from a year ago?

**Mr. Gillis:** It's a report from January 2005. I believe we tabled it last year. But in any event, we'll table it again.

**Mr. Hampton:** So that is almost a year and a half out of date now. That's a year and a half old.

**Mr. Gillis:** It is.

**The Chair:** Okay. Now, with that, I'll go to the government side.

**Mr. Arthurs:** Mr. Chairman, on the understanding that the minister has a commitment early, at 5 o'clock, I believe we have some agreement to adjourn early, and we're prepared to stand down our time in the interests of the opposition parties, to give them a full opportunity today to question the minister. We stand down our 20-minute rotation.

**The Chair:** To the official opposition, then.

**Mr. John O'Toole (Durham):** Thank you very much. Just a couple of very quick questions, then I shall be pleased to share my time with the critic. First of all, in my riding of Durham the Darlington proposal and its future is extremely important. Your timely announcement, I guess, if you look at it in terms of municipal elections, is out there. What's your best guess for when,

or if, that would be a full, completed on-the-ground project? Is it a 10-year, five-year—

**Hon. Mr. Duncan:** Before we start actual construction?

**Mr. O'Toole:** Yes, a window.

**Hon. Mr. Duncan:** Just so I understand, you're talking about the potential for two new nuclear reactors on the Darlington site?

**Mr. O'Toole:** Yes, just having something on the ground operational. Because I have other questions too.

**Hon. Mr. Duncan:** When you say "operational," do you mean construction started or there's power coming from the new reactors?

**Mr. O'Toole:** Delivering power into the grid.

**Hon. Mr. Duncan:** We're looking at somewhere between nine and 12 years, I think it's fair to say, by the time power is actually coming out of it.

**Mr. O'Toole:** If you look at the economies of the current 500- or 600-megawatt operation, are you looking at anything else—the French River project or anything like that? The economies of scale are very important for operational issues. Whether it's 500 megawatts or 1,000 megawatts, you probably need the same specialists looking at—

**Hon. Mr. Duncan:** As you know, John, at the Darlington site, the existing Candu technology, I think there are about 700 megawatts. They're bigger than the 500. We have said our preference is the Canadian technology, but it will depend ultimately on a whole range of factors. But whether you're talking Candu or other technologies, they tend to be larger reactors.

**Mr. O'Toole:** So you are looking at the larger footprint for the end result 12 years from now of producing—

**Hon. Mr. Duncan:** Again, I'm not trying to be picky here.

**Mr. O'Toole:** You said 1,200—

**Hon. Mr. Duncan:** I don't want to say "larger footprint" because the fact is the units are the same, maybe even smaller, yet producing more power.

**Mr. O'Toole:** That's right. That's what I meant, really, the number of megawatts coming out the end. The cost of operation is the ongoing cost of the system. It's my understanding, from some people who might know—it would depend on what they're telling me—that it would probably be more efficient to have more megawatts. Now, there are other issues of reserve capacity that come into play, because if they go offline how do you replace 1,000 megawatts if they're offline for maintenance or whatever? I understand that. I'm just trying to get a sense of how much flexibility is in that.

I guess the other one, you've answered—you are looking at other technologies?

**Hon. Mr. Duncan:** We haven't formally begun to look at them but we haven't ruled them out. We have said that our preference is the Canadian Candu technology. But it'll depend ultimately on the nature of whatever agreement we can get with the federal government.

**Mr. O'Toole:** In the next few weeks I expect there will be some sort of announcement coming out on a hydrogen project which is related to research and also making hydrogen from nuclear energy, basically one of the by-products of the process it is my understanding. Is there something you could say to the committee on that level? That's to be announced. I think it's just waiting for a photo op to happen.

**Hon. Mr. Duncan:** I'm not familiar with it. We may not be involved in that. But you're absolutely right: Hydrogen is a by-product, as you know, and nuclear and hydrogen kind of go hand in hand, so there is opportunity there. We have—

**Mr. O'Toole:** It isn't even using electrolysis. It's actually using another process. I'm not an engineer nor a chemist, and I'm told by some of the people at the University of Ontario Institute of Technology who are interested in that.

**Hon. Mr. Duncan:** It may be that OPG is proceeding with that, but I'm not familiar with it.

**Mr. O'Toole:** Let's hope so.

1630

**Hon. Mr. Duncan:** We have participated in other studies on that, but not—

**Mr. O'Toole:** Good. I just have a couple of other questions and I'll give the clock back to my good friend.

I am also interested in the McGuinty meters, as Howard likes to call them. I'm glad to hear your deputy call them smart meters as opposed to time-of-use meters, because if you're looking at the future application and any real net gain from these things, it's about managing load and demand. That's really what it's for: shifting load and smoothing out your peaks. Is that the end goal? That's a smart meter. Time of use is a billing function. You can then set up a little grid: "If you use it at high-peak demand, we're going to charge you a lot; otherwise modify your behaviour." That I understand, but it comes down to your data management and some other questions.

My questions really follow up on Howard's. If you're going to have a time-of-use and smart meter system, are you going to manage that centrally as opposed to having every LDC with this system, and the billing and the rate and the challenges? Is that function going to be centralized? Because there are going to be a lot of disputes on rates: "The system was down." "I didn't do that." "The rate is this much and I didn't—." So it's going to be like chasing a fox around.

**Mr. Gillis:** We're pretty comfortable with the design and that there would be enough flexibility and redundancy to accommodate certain outages; for example, in the utility's ability to get the data to the MDM/R or unavailability of the MDM/R. There are computers that will be located at various stations to make sure that we have all of the data that we would need at different points.

The MDM/R function was designed, I think, with a view to accomplishing the goals that you alluded to, which are to centralize the function and actually to

achieve economies of scale in managing the back offices of the LDCs. We have 90 of them but we don't need 90 MDM/Rs. So we're proposing to consolidate the data and then give it back to the specific LDC in bill-ready form. That's, in effect, what we've tried to do.

**Mr. O'Toole:** Very short, if I could: What's your expected delivery date of, not just the Ottawa or some other system that's up and running—but have you got a systems delivery date in mind? I can tell you, having had very limited but long experience in data systems, including smart systems for health, they don't deliver and they don't deliver on time or on budget. Take a look at smart systems and the integrated justice system. None of them works. None of them is working, and we've spent billions on them. I think Howard is close to the real thing here. What's your deliverable time on the billable, the central warehouse and the billing function being passed off to the LDCs?

**Mr. Gillis:** The first important point is that the ability to bill time-of-use rates is not contingent on the MDM/R being fully functioning at any one point in time. There are other ways of getting the data into a billing system. The most efficient way, however, is the use of the MDM/R. We're expecting that utilities will have their customers rolled into the MDM/R in a wave-type rollout, as it's available. But to the extent that it's not available for a particular LDC, as I said, that doesn't preclude them from billing.

**Mr. O'Toole:** Yes, they can still go to time of use.

**Mr. Gillis:** They can go to time of use. They just collect the data in a slightly different fashion.

**Mr. O'Toole:** So time of use would be ready, like, 2007?

**Mr. Gillis:** We're expecting it to be ready, yes, in 2007.

**Mr. O'Toole:** Last question: As I look at the whole system—and I remember listening to the LDCs saying, "Gee, if we're going to start selling the cheap-rate stuff, where is our revenue coming from?" Do you understand? Their big question here is—they're all for conservation but that means losing revenue. I suspect, when I look at it, if the revenue is X amount today and we're able to save some forecasted amount by time-of-use response, say, 10% of conservation, I suppose, or something like that—some jurisdictions say it's 30%—by the time people understand the time of use and their response to it about shifting activities, I believe, and I firmly want it on the record here, that the other rates will go up. The revenue won't go down. They'll be paying more for less consumption, because their bill isn't changing. No LDC is going to take a 15% cut in revenue, nor is any generator going to take less. So if the system needs this much capacity, I believe that you're going to be paying for it in other rates. In other words, if I'm using 1,000 kilowatt hours a month and I'm paying \$250 today, in the future I'm going to be using 10% or 20% less and I'm going to be paying the same amount per month.

**Mr. Gillis:** You're quite right: There are two charges that the LDCs receive. They receive a fixed charge and a



volumetric charge. Therefore, they would need to top up that volumetric charge if, in fact, the volumes flowing through the LDC were reduced. I think the way that you make up that, just in the LDC category of savings, is, again, to shave that peak off the top of our load profile. So the LDCs have to have in place an ability to distribute a certain amount of power and it has to really accommodate the peak. What we're proposing is that savings would come in reducing the robustness of the distribution system over time because the peak isn't quite as high as it would be. So you flow a greater amount of power through the system 24/7 as opposed to huge amounts 5 by 16 and very little over the weekend, for example.

**Mr. O'Toole:** Do you have any—

**Hon. Mr. Duncan:** John, if I could, just to conclude that: Any of these rates would have to be approved by the OEB, number one—let me finish—subject to public scrutiny, subject to public participation. Number two, again, the overall system savings that the deputy has referred to is about \$600 million in current, 2007 dollars.

**Mr. O'Toole:** Savings in what respect? By shaving peak, you mean?

**Hon. Mr. Duncan:** Everything associated. The OEB did a study. They looked at what the cost of the system would be; then they looked at the benefit to the system. It came out to be about \$600 million, and we've tabled that.

**Mr. O'Toole:** Thanks. I'll pay very close attention to this file and specifically to the Darlington site and progress as quickly as possible.

**The Chair:** Mr. Yakabuski?

**Mr. Yakabuski:** I'll just pick up a little bit on what my colleague Mr. O'Toole was asking about, the choices of nuclear technologies. Are you in a process right now of making those determinations and making those decisions? I don't think we want to wait and wait and wait until such time as we're actually at the drop-dead date sort of thing. I think some decisions could be made. I certainly know that all of the suppliers of nuclear power are making their cases, and I think it would be prudent for the government to soon make some decisions with regard to technology. Are you any further down that line at this point?

**Hon. Mr. Duncan:** Yes.

**Mr. Yakabuski:** When do you think we might have a decision? Before the end of the spring session?

**Hon. Mr. Duncan:** I'm not going to give you a specific time because again, it's a fairly—for instance, we've studied the implementation of the most recent reactors, of different technologies, in different parts of the world. I am scheduled to meet with Team Candu very shortly. Officials from the Premier's office have met with people from the Prime Minister's office with respect to AECL and the role the federal government, given it's a federal crown corporation, will play. So we have begun a process that will involve not only ourselves but obviously Ontario Power Generation. But I don't want to be pinned down on dates. Suffice it to say the reason we tabled the IPSP, the reason we're anxious to move forward, is that the need to refurb or redevelop existing reactors is acute,

in a relatively short period of time, so there is some pressure on us to begin to make these decisions.

**Mr. Yakabuski:** Clearly the support is already in place for the new build of a Candu reactor. It's here. We have it. That is not the case for the competing technologies.

**Hon. Mr. Duncan:** Clearly we have to get a good deal.

**Mr. Yakabuski:** Absolutely. I'm with you.

**Hon. Mr. Duncan:** Because the ratepayers will pay the cost of this. So we are hopeful that AECL will be able to provide us with the best deal. As you know, the figures around cost estimate versus final cost historically were way out of whack, and the entire risk of both the capital project and the operating end of it has been borne by the ratepayers. We are interested in ensuring that that risk, particularly the capital risk associated with the build, is borne by the developer and the owner—in this case it would be AECL, if we choose to go with that technology—or be shared in a different way. So those are the kinds of factors that will go into our decision.

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**Mr. Yakabuski:** That's good. Of course, when you talk about cost overruns in the past, and we are certainly well aware of that, we have to also remember that there were changes of government taking place at that time. I remember that when the Liberal government took office in the mid-1980s they were determined to cancel Darlington. In fact, they committed they were going to do that, and then they reversed that. So all of those things—

*Interjection.*

**Mr. Yakabuski:** Yes, you've checked the record.

**Hon. Mr. Duncan:** The NDP did.

**Mr. Yakabuski:** The NDP did, but the Peterson government was going to cancel it as well.

**Hon. Mr. Duncan:** They never said that.

**Mr. Yakabuski:** Well, we can check the record. You can correct me later, but I'm putting my stuff on the record here.

That has had a lot to do with it—

**Mr. O'Toole:** If I could interrupt: I just wonder, is there going to be any consideration of enriched uranium? That's the next generation of Candu.

**Mr. Gillis:** It depends which reactor type you choose. In fact, the latest generation of AECL's reactors would require the fuel to be slightly enriched.

**The Chair:** Okay, Mr. Yakabuski, you can carry on your questioning. You have three minutes left.

**Mr. Yakabuski:** Gee, I wonder if we'll get it all in.

In the original supply mix advice report from December, we had an expectation in 2025 that 37% of our installed capacity would come from renewables, but 43% of our power. The renewable numbers have changed dramatically since then, and we're talking 15,700 megawatts of renewable. That's installed capacity?

**Hon. Mr. Duncan:** Yes.

**Mr. Yakabuski:** What is the expectation for actual electricity production from renewables under the current IPSP?

**Mr. Jennings:** I think it's similar to the number that you quoted, but we'll check. That includes hydroelectric, so we currently have 7,800 megawatts of that.

**Mr. Yakabuski:** Yes, we understand that.

While he's doing that, the question I asked about the so-called experts—am I going to get that before the committees are done, or could that come after?

**Hon. Mr. Duncan:** We'll do our best to have it to you.

**Mr. Yakabuski:** But it's possible I'll get it after, is that it? There are no guarantees.

**Hon. Mr. Duncan:** It's possible, yes.

**The Chair:** Because energy ends tomorrow; tomorrow will be the last day, in all likelihood, of energy.

**Mr. Jennings:** We just have the megawatt numbers here, but we can certainly get that for you.

**Mr. Yakabuski:** You've got the capacity, or you've got the production numbers?

**Mr. Jennings:** We've got the capacity numbers.

**Mr. Yakabuski:** We have the installed capacity numbers. Do you have the production?

**Mr. Jennings:** We can get that for you. We don't have it right here, no.

**Mr. Yakabuski:** Okay; you're going to get that for me. Because my next question has to do with that, and that is, what is the percentage of renewables that you're going to have installed as wind? Of the 15,700 megawatts, how much of that would be turbines? What is the mix?

**Hon. Mr. Duncan:** It's not broken down in the IPSP. That's part of the go-forward plan. But if where you're going is you're talking about the difference between—

*Interjection.*

**Hon. Mr. Duncan:** It's reliability, and it comes down to how much power you get out of wind versus other sources. Clearly hydroelectric, for instance, is a baseload form of power. Wind doesn't always work. I can tell you that the Ontario Power Authority, those who came up with these figures, have recommended that these things are doable and that the overall installed capacity associated with the renewable target is achievable, and also that in terms of the actual electricity we use, it's consistent with the numbers that have been put forward.

**Mr. Yakabuski:** Can we get those numbers, then, the production numbers?

**Mr. Jennings:** We can give you estimates.

**Hon. Mr. Duncan:** We can give you our estimates.

**Mr. Yakabuski:** I understand that. So you would undertake to provide me with those. Because I think it is important with regard to how efficiently our system is going to work. You're currently paying 11 cents a kilowatt hour for wind. If our production is going to be coming, a certain percentage, from that particular form of power—

**Mr. Jennings:** Of that, we have 1,320 megawatts under contract that are being built now, and those have prices of eight cents to 8.6 cents.

**Hon. Mr. Duncan:** They're nowhere near 11 cents.

**The Chair:** That would conclude—

**Hon. Mr. Duncan:** But the point you're making is valid. Presumably with the wind we have now, it's kind of the low-hanging fruit because it was left for so long. Will it go up? Yes, I suspect the price of natural gas and coal will continue to go up over the same periods of time. What was interesting last year is, the price of natural gas went up. In fact, when those contracts were awarded, there was almost a convergence between the price of gas and the price of wind. Of course, gas has fallen now.

You're right: Wind doesn't blow all the time, so you have to have more installed capacity to meet what you actually need to produce.

**Mr. Yakabuski:** The NDP isn't here. Can we use their time?

**The Chair:** This particular round is over for you. I will stand down the time of the NDP because he's obviously not back here in time. I'll now go over to the government. What's your wish?

**Mr. Arthurs:** We'll stand down our time in the interests of—

**The Chair:** The government will stand down your time as well. Okay, then we are back to you for the remainder of the time. You have another 14 minutes, Mr. Yakabuski.

**Mr. Yakabuski:** We want to stay on that for a bit because I think some of the questions with regard to your supply mix are important.

As you know, in other jurisdictions the more wind that they bring into the system, the greater the installed capacity, the more they have to back it up with some kind of a dispatchable reserve. What are the plans with regard to this plan and what percentage are you using to back up your installed wind capacity?

**Hon. Mr. Duncan:** It's built into all of the numbers. It's an integrated plan that was put forward by the power authority, subject to, again, OEB approval next year. They'll have a look at those numbers. The numbers, we believe, are robust in terms of how much capacity we need, what the mix is at that timeline. It's all interdependent. There's a very aggressive conservation goal in there. There's an aggressive target on renewable capacity, and there are aggressive targets on baseload capacity moving forward as well.

**Mr. Yakabuski:** So you can't tell me what those numbers are?

**Hon. Mr. Duncan:** Yes. It's all laid out in the plan. Those numbers take into account—

**Mr. Yakabuski:** For the record, can you tell me them?

**Hon. Mr. Duncan:** Roughly, it's 40% nuclear versus 50% today. The percentages are spelled out in the plan on renewables, gas, and we've even got a component for research. If I've got the figures here, I'll have Rick read them out to you, but it's an integrated plan—something we didn't have before. Again—

**Mr. Yakabuski:** You had a plan to close coal plants too, but the plan is not much good if it hasn't been properly researched.

**Hon. Mr. Duncan:** This one has—

**Mr. Yakabuski:** I didn't say that. I'm saying that the plan is only a plan.

**Hon. Mr. Duncan:** The power authority has done a very good job, in our view. We've looked at it and we are going to be closing those plants, just as you said you'd be closing those plants. It's a question of how we get there and over what period of time, and we remain very firmly committed to that goal.

**Mr. Yakabuski:** We're talking about a plan. Your plan was to close them by 2007, and that thing was silly from the start. So it wasn't a very good plan.

**Hon. Mr. Duncan:** We don't think childhood asthma is silly. We don't think global warming is silly. We don't think the environment's silly. We don't think mercury pollution is silly. We don't think—

**Mr. Yakabuski:** I don't need the lecture, and I know you had a plan—

**The Chair:** All right, guys, let's calm down.

**Hon. Mr. Duncan:** Listen, nothing is silly about climate change.

**Mr. Yakabuski:** No, no, come on. I don't need a lecture on this. This is bullshit.

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**Hon. Mr. Duncan:** Oh, the language. My goodness. You should apologize.

**The Chair:** Okay. We've heard the response. Can we get to another question now?

**Mr. Yakabuski:** I'm talking about a plan—

**Hon. Mr. Duncan:** I just don't think it's silly. I don't think climate change is silly.

**Mr. Yakabuski:** Your plan was silly. Your commitment was silly.

**Hon. Mr. Duncan:** No, you said it was silly to go ahead.

**Mr. Yakabuski:** No, I didn't say that.

**The Chair:** Just calm down—

**Mr. Yakabuski:** I did not say that.

**Hon. Mr. Duncan:** You said it was silly.

**Mr. John Wilkinson (Perth–Middlesex):** On a point of order, Chair—

**Hon. Mr. Duncan:** You said that closing coal was silly.

**The Chair:** Mr. Yakabuski and Minister, can you just calm down for a second? A point of order for Mr. Wilkinson.

**Mr. Wilkinson:** Mr. Chair, in the interests of those children who will read Hansard, I would suggest that the member actually withdraw the unparliamentary remark that he made on the record.

**Mr. Yakabuski:** I withdraw the word. I am not implying in any way, shape or form—I'm talking about his dissertation here. We're not talking about the factual stuff of it—

**Mr. Wilkinson:** Mr. Chair, a point of order—

**The Chair:** You finish off, and then I'll go to your point of order.

**Mr. Yakabuski:** We are talking about his lecture. I don't need his lecture. I made a statement that their plan was silly, and we don't need to go into his messaging of

what they're trying to sell here. That's not what we're here for.

**The Chair:** Okay. I think that's made fairly clear by both sides here. Now, can we get to another line of questioning?

**Mr. Wilkinson:** Just a point of order, Mr. Chair: It's my understanding, under the rules of the House—and I'm sure the clerk will back us up—that when a member withdraws, he withdraws without explanation.

**The Chair:** I think we had a withdrawal, and I'm going to ask Mr. Yakabuski now to carry on to the next question.

**Mr. Yakabuski:** Yes. Thank you.

**Mr. Gillis:** Maybe I can just help out here with respect to some of your questions on wind. What was in the plan around wind is that the OPA estimates that there's a maximum we can accommodate in the system of about 15% of our installed capacity, and that will be roughly 5,000 megawatts.

The real need to back up that power will be borne out in where we actually place the wind turbines around the province and how predictable the wind flow is over a period of time. If the wind flow is predictable, as I expect it will be over time, then your need to back up that capacity will fall.

**Mr. Yakabuski:** Thank you. We want to get back onto some of that other stuff. Doctor Duncan was telling us about childhood asthma. Childhood asthma is most affected by the smog.

**Hon. Mr. Duncan:** Yes.

**Mr. Yakabuski:** So why aren't you doing something about the smog from our coal plants?

**Hon. Mr. Duncan:** We have, actually.

**Mr. Yakabuski:** No, we did that.

**Hon. Mr. Duncan:** No, since 2003, since we took office, emissions from coal-fired plants are down 17%. I outlined those numbers—

**Mr. Yakabuski:** But you haven't done anything to clean the plants, sir. That is because of reduction in usage, improvements being done by OPG, but you have not installed a single piece of mitigating equipment, emission-reducing equipment, on any of our coal plants. And you talk about childhood asthma? You should be ashamed of yourself.

**The Chair:** Okay. Minister, can you respond to that?

**Hon. Mr. Duncan:** I provided statistics last week. Emissions from coal plants are down 17%, including—I don't know if the member understands this, but smog is caused in part by CO<sub>2</sub>, and the coal plants are the largest emitters of CO<sub>2</sub> around. In fact, Nanticoke is the biggest, I believe, in North America. That's why, in order to get smog, it's important that we have a plan to close plants because, again, it is a very serious issue for a whole variety of reasons. Since we've taken office, by the way we run the plants, by a number of other steps we've taken, emissions are down by 17%.

I should point out to the member again, as I did last week, remind him that the so-called clean coal technologies don't get the CO<sub>2</sub>, and that's precisely what

causes the smog. They do, as I acknowledged last week, get the so-called NO<sub>x</sub> and SO<sub>x</sub>—

**Mr. Yakabuski:** That is not correct.

**Hon. Mr. Duncan:** It is correct.

**Mr. Yakabuski:** NO<sub>x</sub> and SO<sub>x</sub> are the prime components of smog.

**Hon. Mr. Duncan:** No, they're not. It's CO<sub>2</sub>, in terms of climate change.

**Mr. Yakabuski:** Mr. Speaker, I'll use the rest of my time. I don't need any more from him.

**The Chair:** Okay. Just a quick summary, Minister.

**Hon. Mr. Duncan:** In short, the so-called clean coal technologies don't get CO<sub>2</sub>. As I said in the House and I'll say here, putting those technologies on is akin to putting filters on cigarettes.

**The Chair:** Okay. Now Mr. Yakabuski.

**Mr. Yakabuski:** Unless I ask him to answer a question, I don't want any more interruptions. So-called clean coal technologies is what you're talking about, currently installed on our plants. There are other technologies being researched that do deal with CO<sub>2</sub> at this point. You guys have a ministry—the Premier is the Minister of Research and Innovation, and yet you want to turn your backs on the possibility of even looking for a way that we can eliminate these emissions from a fuel source.

**Hon. Mr. Duncan:** No.

**Mr. Yakabuski:** I'm not asking you a question, Minister. You want to turn your back on doing anything that will even investigate the possibility of finding a way to use a fuel source—

**Hon. Mr. Duncan:** No. We haven't said that.

**Mr. Yakabuski:** —that is adequate and inexpensive. You don't even want to find a way to see if it works. You've just shut the door on that.

**Hon. Mr. Duncan:** Can I respond to this?

**Mr. Yakabuski:** I'm not finished.

**The Chair:** Let him finish his comments, and then, when he does ask the question, I'll ask you to respond and sum up.

**Mr. Yakabuski:** I haven't asked the question.

**The Chair:** Mr. Yakabuski?

**Mr. Yakabuski:** I guess my question would be why this government that talks about its concern for supply and quality of air will not even do a thing to install emission controls on our current coal burners. I'm told that, with the expected nuclear refurbishments that are going to be coming, by 2014, we're hitting a real wall. You're not going to have any new-built nuclear on line by 2014. At that point, some of our nuclear plants have to come down. So if you don't have those coal plants replaced at that point, you're going to have to run them. Between now and then, why are you not going to do something for the children with asthma in this province and install emission-reduction equipment on those stacks at Nanticoke and Lambton?

**Hon. Mr. Duncan:** We have asked the power authority to give us a plan for the phase-out of coal. I remind

you that your party indicated you could close those plants by 2015. You said that in your campaign document.

Again, in terms of climate change, the technologies that are in existence today do not get the CO<sub>2</sub>. The Premier has said, if new technologies emerge that do that, then of course we'll look at them. We don't think, given that we import all of our coal, given that it's profit-driven companies that sell us the coal, that we should be using taxpayer dollars, necessarily, to do research. That's part of their profit, and it's profit that goes out of the province. We're not a coal producer. They are doing research. To date, yes, scrubber technologies get the NO<sub>x</sub> and SO<sub>x</sub>. They don't get the mercury, they don't get the particulate, and they don't get the CO<sub>2</sub>.

**Mr. Yakabuski:** Have you been out to Genesee?

**Hon. Mr. Duncan:** I have not.

**Mr. Yakabuski:** I have.

**Hon. Mr. Duncan:** Well, good. Let me finish. I listened very attentively to you and I'm responding. Clean coal right now, in our view, because it does not get the CO<sub>2</sub>, does not get the mercury, and does not get the particulate, is an oxymoron.

By the way, do you know how much these technologies cost? That's a big factor. If you're saying you're going with clean coal technology, there's a large cost associated with those, and we want to make sure, if new technologies do develop, that we don't leap at what we have today, because it doesn't get the CO<sub>2</sub>.

There are much faster ways of reducing the emissions associated with the coal plants that are less costly and will not prejudice us in the event that these organizations that are doing research on improving the technology are, in fact, able to find it. My recollection is that two years ago there was about US\$171 million spent on clean coal research. To date, none of those technologies has in fact been able to reduce the CO<sub>2</sub>.

I'll finally say that what the Premier has said is that if a technology comes along that gets the CO<sub>2</sub> below the natural gas amount of CO<sub>2</sub>—and I remind you, natural gas is about 50% of coal—then, of course, we would look at that.

**The Chair:** We have time for a quick question and answer.

**Mr. Yakabuski:** I'm just wondering where our large supplies of Ontario natural gas are hiding.

**Hon. Mr. Duncan:** Agreed. I can't disagree with you.

**Mr. Yakabuski:** Well, you just said coal has to be imported. If you've never been to Genesee 2, maybe you should, because there's a bag system there that does remove the mercury, and it's on a coal plant.

**Hon. Mr. Duncan:** But again, CO<sub>2</sub>—and that's an experimental—

**Mr. Yakabuski:** So we've got technology that removes mercury. It is there. That's in existence today, and if you look at what they're doing with clean coal—

**Hon. Mr. Duncan:** Where's Genesee 2?

**Mr. Yakabuski:** In Alberta. I've toured it. I visited it.

**Hon. Mr. Duncan:** Alberta's a huge producer, and by the way, I am familiar with that. I'm not certain that it

does what you're suggesting, but we can debate that at another point in time. Alberta is a coal producer and exporter.

**Mr. Yakabuski:** Absolutely.

**The Chair:** Okay, guys. I think we've come to the 5 o'clock point.

**Hon. Mr. Duncan:** Chair, if I might, I didn't have a chance to thank the opposition and you. I apologize. I've been called into a cabinet meeting at 5 o'clock today. I appreciate the consideration on allowing us to move that hour.

**The Chair:** With that, Minister, we'll start tomorrow with Mr. Yakabuski. You have six minutes remaining in this round.

**Mr. Yakabuski:** Okay. How long are we going tomorrow?

**The Chair:** We will be back in this room directly after—

**Hon. Mr. Duncan:** About midnight tomorrow we'll go to?

**Mr. Yakabuski:** I do need to know. How long are we actually going? I need to know how many—

**The Chair:** Two hours and 55 minutes left, so we'll go close to 6 o'clock tomorrow night.

**Mr. Yakabuski:** So between the opposition and I, we have two hours and 55 minutes, or is that including the government?

**The Chair:** That would include some time the government may have as well, but they can still stand that time down.

**Mr. Yakabuski:** At the maximum, we'll go two hours and 55 minutes. It could be less.

**The Chair:** Yes, but we will finish up with energy tomorrow. So we will finish up tomorrow with energy. I appreciate everybody's concern. This meeting is adjourned until tomorrow. We're back in this room, 151. There'll be a notice going out.

*The committee adjourned at 1700.*





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