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Mercredi 22 avril 2009

**Standing Committee on
General Government**

Green Energy and Green
Economy Act, 2009

**Comité permanent des
affaires gouvernementales**

Loi de 2009 sur l'énergie verte
et l'économie verte

Chair: David Oraziotti
Clerk: Trevor Day

Président : David Oraziotti
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
GENERAL GOVERNMENT**

**COMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES**

Wednesday 22 April 2009

Mercredi 22 avril 2009

The committee met at 1602 in room 151.

**GREEN ENERGY AND GREEN
ECONOMY ACT, 2009**

**LOI DE 2009 SUR L'ÉNERGIE VERTE
ET L'ÉCONOMIE VERTE**

Consideration of Bill 150, An Act to enact the Green Energy Act, 2009 and to build a green economy, to repeal the Energy Conservation Leadership Act, 2006 and the Energy Efficiency Act and to amend other statutes / Projet de loi 150, Loi édictant la Loi de 2009 sur l'énergie verte et visant à développer une économie verte, abrogeant la Loi de 2006 sur le leadership en matière de conservation de l'énergie et la Loi sur le rendement énergétique et modifiant d'autres lois.

TORONTO ENVIRONMENTAL ALLIANCE

The Chair (Mr. David Orazietti): Good afternoon, everyone, and welcome to the hearings for the Standing Committee on General Government and Bill 150. We'd like to call our first presenter: Toronto Environmental Alliance.

Good afternoon. Welcome to the committee. You can state your name for the purposes of our recording Hansard. You have 10 minutes for your presentation and five minutes for questions, and you can start when you like.

Mr. Franz Hartmann: My name is Franz Hartmann. I'm the executive director of the Toronto Environmental Alliance, or TEA, as we're known. TEA has over 5,000 members and donors and we advocate for a green Toronto. For most of the 20 years that TEA has been in existence, we have been promoting the need for energy conservation and renewable power.

Not surprisingly, then, I want to begin by congratulating the government of Ontario for the Green Energy Act. This is a historic and world-class piece of legislation that, if adopted, will go a long way towards helping Torontonians and Ontarians build a truly green and sustainable province and economy.

While some committee members might want me to identify all that is good with the proposed act—and there is much that is good—it is my obligation to TEA members to try to improve the proposed act by pointing out areas of concern and offering constructive solutions. In that spirit, I want to first note that we are a supporter of

the Green Energy Act Alliance and we request that this committee adopt the nine amendments that the alliance has requested.

I now want to focus my remarks on three specific areas of concern.

First, section 4 and schedule K of the act effectively remove renewable energy generation facilities and projects from having to conform to a number of planning approvals, in particular those under the Planning Act and the City of Toronto Act. We understand the importance for streamlining the approvals process for renewable energy projects. As we have noted elsewhere, the urgency of dealing with climate change and smog in Ontario and globally means we must move quickly and smartly in implementing conservation and renewable energy projects. Existing approval processes can be cumbersome and time-consuming, especially when the Ontario Municipal Board gets involved, but we want to make sure that the new process doesn't sacrifice public engagement, active participation by municipal governments and the emerging interest in community energy planning. To that end, TEA requests the government to develop a new, streamlined process that includes three important qualities:

(1) There must be meaningful public engagement.

(2) Municipalities who want to actively engage in the process must have a seat at the table and be viewed as partners.

(3) The process should encourage and accommodate community energy planning.

I'm not a lawyer and I can't offer you the right technical language to incorporate these qualities into the new streamlined process. However, I am confident that committee members can develop amendments that ensure that either the act or the regulations that will accompany the act create a streamlined approvals process that includes these three qualities. Not doing this may, ironically, create conditions that slow down, not streamline, the development of renewable energy projects.

A second cause for concern involves amendments to the Electricity Act, in particular those found in schedule B, subsection 5(2) of the proposed act. The proposed amendment allows the minister to direct the Ontario Power Authority to undertake "the procurement of electricity supply or capacity, including but not limited to supply and capacity derived from renewable energy sources." As others have noted to this committee, this

amendment would give the minister and the government the right to build nuclear reactors without public scrutiny or approval by the Ontario Energy Board. By taking the OEB out of the picture, it would deprive Ontarians of the only remaining public forum to examine the government's nuclear plans. I doubt that this was the intention of the government and I hope the committee members agree that this problem must be solved. Thankfully, the solution is simple: Amend clause 5(2)(a) of the act to read as follows: "the procurement of electricity supply or capacity, limited to supply and capacity derived from renewable energy sources."

The third issue I would like to raise concerns the proposed amendments to the Electricity Act, as outlined in schedule B, section 15. This amendment limits municipalities to renewable energy generating facilities that do not exceed 10 megawatts. This limit may be fine for small municipalities in Ontario, but it puts an unnecessary ceiling on Canada's largest city, which wants to be a renewable energy leader in Ontario and Canada. The Green Energy Act makes it clear that the province wants Toronto and other municipalities to aggressively pursue renewable energy, so why put a 10-megawatt limit on Toronto? Therefore, I request the committee to develop and adopt language to ensure that Toronto has the room to build the renewable energy facilities it needs.

I want to end my remarks by speaking about a key reality acknowledged by this act: that energy conservation and renewable power are priorities for Ontario because they are both economically and environmentally prudent. It is a reality that should not just be acknowledged in this act; it should also inform all actions related to rebuilding Ontario's energy infrastructure. To that end, we call on the government to not proceed with rebuilding the Pickering nuclear power station. Instead, take those precious taxpayer resources and invest them in the energy conservation and renewable power that this act so rightly encourages.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. Mr. Yakabuski, you're first up.

Mr. John Yakabuski: Thank you, Mr. Hartmann, for joining us this afternoon—I almost said "this morning." You have expressed concerns, as so many others have, about the taking away of municipal authority in this act, and we appreciate that you recognize that. Our concern and what we've heard is that this could be the thin edge of the wedge with respect to municipal powers and authority because all government is local, as they say, and there's a real concern that the communities themselves are being taken out of the process with this act in giving the powers to the Minister of Energy. Could you expand on some of those concerns and if you agree with what I've said?

Mr. Franz Hartmann: I think we're going through an important and necessary change. The current approach has a huge number of roadblocks and is incredibly inefficient, so I would think most people agree that the status quo is not the best way forward.

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Our concern is really based on not exactly knowing what the future will hold. It may very well turn out—and we have heard from various people that the intention is to actually engage the public and ensure that there is a vibrant public engagement process and that municipalities are at the table. We really just want to make sure that happens. At this point, I think it's too early to say whether or not it will happen. The signs look positive and the process, as has been explained to me by a number of people, is looking positive, but we just want to make sure that as the more streamlined process is developed, public engagement and local, municipal input and interest in community energy planning are key elements that help define the process. I actually do believe that there is a real interest and understanding that those are important, and hopefully, they will end up in the process.

The Chair (Mr. David Oraziotti): Thank you very much. Mr. Tabuns.

Mr. Peter Tabuns: Franz, thanks very much for coming down and making a presentation. You've made a number of interesting suggestions here in terms of amendments to the bill. One of the concerns that I've had with the bill, although—as my colleagues would understand, I support renewable energy—is that there isn't enough of a focus on efficiency and conservation. Have you thought about how this bill might be shaped to put more of an emphasis on that area?

Mr. Franz Hartmann: I know that the Green Energy Act Alliance has, and I again refer to the recommendations that they've made that most recently have been posted on their website. I'm not an expert on this, so I don't want to profess to say, "Here are the best ways forward," but I think the Green Energy Act Alliance has some very useful recommendations on how to further promote energy efficiency. I agree completely; energy efficiency is the most important and best investment the province can make and any amendments that can be made to the act that strengthen it will only help, not only on climate change but also on smog and in helping the economic vitality of the province.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. David Oraziotti): Thank you. Ms. Broten?

Ms. Laurel C. Broten: Thank you, Mr. Hartmann, for being here. I want to ask you specifically about your proposed amendment to schedule B, section 15, to which you referred with respect to 10 megawatts. Subsection 15(2) opens up the opportunity for municipalities outside the scope of, say, their hydro company to, for the first time, generate electricity up to 10 megawatts, which is the cap, "or such other capacity as may be prescribed by regulation." So there's a little more flexibility than an absolute 10-megawatt cap. But what I wanted to ask you is, are you aware of specific issues or specific problematic situations that would be created by this provision as it stands that is leading you to have this be one of your top three issues?

Mr. Franz Hartmann: I think it's one of the issues that we consider important because a whole bunch of

other—the Green Energy Act Alliance and many of the NGOs that are part of that have talked about a lot of the other key things, and I'm focusing on what I think is key to Toronto.

We know that the city of Toronto proper, the corporation, has some green energy proposals in the pipe. There's talk about using energy from Ashbridge's Bay possibly. There's been some discussion about doing green energy at the city of Toronto zoo. We just want to make sure that there's not a ceiling that stops the city from advancing with these proposals because that would be really unfortunate. We all agree that it's vital for as much green energy to be developed as possible. I'm not a lawyer. If the proposed legislation doesn't have a real cap on it, that's great, but let's make sure that there's nothing in there that could block the city of Toronto from developing internally as much green energy as possible.

Ms. Laurel C. Broten: Thank you.

The Chair (Mr. David Oraziotti): Thank you very much. That's time for the presentation. We appreciate you coming in today.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair (Mr. David Oraziotti): Our next presentation is the Canadian Federation of Independent Business.

Good afternoon, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five minutes for questions. Just start by stating your name for the purposes of Hansard, and you can begin when you like.

Ms. Judith Andrew: Thank you, Mr. Chair.

The Chair (Mr. David Oraziotti): Just one second. Before you begin, I just want to let members of the public know that there is an additional room to view the proceedings, committee room 2, which is out the door, to the end of the hallway and on the right. So if individuals are looking for additional seating and would wish to watch the proceedings, you can watch them from the room down the hall, committee room 2. There's additional seating.

Ms. Judith Andrew: Thank you, Mr. Chair. I'm Judith Andrew, vice-president, Ontario, with the Canadian Federation of Independent Business. I am joined by my colleague Satinder Chera, who is CFIB's Ontario director.

We've provided a kit for you which shows some of the history that CFIB has had on electricity industry policy. Because of time limitations today, we won't be able to refer to any of it, really, other than I did want to point out that in one of our prior submissions we made a recommendation for establishing an office of the provincial electricity auditor, which would have reported directly to the Legislative Assembly and supervised the OEB, the IESO, the OPA and various LDCs. Given where we are today, we wish that one had been adopted.

Turning to our first slide, it describes the sector that we represent, which represents 81% of Ontario's busi-

nesses having fewer than five employees. Most businesses, actually, have no employees but our sector accounts for more than half of the employment and nearly half of the GDP and, we're told, about one third of the electricity load. Yet there has been a consistent pattern over the years of no data being collected on small business electricity use and of our sector typically being all but ignored in terms of electricity policy, including the most recent media release announcing this legislation.

The next slide shows the Ontario business confidence of our sector. As you can see, Ontario lags the nation now for 13 consecutive quarters, although there was a very slight uptick in the quarter ended March. The reason I mention this is the following chart shows the factors that affect business outlook in the province. One of the key ones that has deteriorated is energy costs. So that very definitely puts whatever is done in this policy arena squarely in the economic realm—for our members, at least.

Bill 150, as we look at it—and we've had a recent briefing on it. We haven't had much of a chance to have much input to date, but we find it to be a mixed bag for our members. Certainly, streamlining the approval process is something that we have data supporting; however, that is also a two-edged sword, depending on certain kinds of projects affecting tourist areas. As well, the notion of creating a culture of conservation sounds positive, and we have a lot of information from our members regarding conservation, which Satinder will get into in a moment.

But on the negative side, as we read it, it looks like power procurement by competition is out and green energy sources are in as a right. We understand that certainly when the OPA held any green energy procurement, there were plenty of proponents, so we are perplexed about why the change has been to move away from a competitive approach to a rights approach, particularly when the supply mix is being established by the government in the first place.

We also feel that the legislation hardly mentions cost at all. It's certainly vague on cost allocation. It looks like there's the possibility of shifting of costs among classes of consumers by regulation, and we do worry about that, because the small and medium-sized business sector tends to be ill-treated. The large power users are knowledgeable and they have a strong voice. Individual residential users tend to get looked after by their elected representatives, but small and medium-sized businesses are stuck in the middle. Right now, even under the RPP, there is a cross-subsidy from small business to residential consumers which we've been concerned about and raising with the minister and everyone we can think of. As well, on the smart meters proposal—and it's moving ahead—there really hasn't been any impact analysis on our sector, and we have some information on that that we think you should look at.

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Finally, on the competitive pricing side, we really think what we're seeing here is the system moving from

what was a least-cost proposal to a whatever-it-costs proposition. With affordability not being a criterion for provincial energy policy, that will certainly worsen our members' concerns with that particular input cost to their business, at a time when they can hardly afford to have anything else deteriorate for them.

Satinder?

Mr. Satinder Chera: The next slide speaks to the number of our members who are currently on the regulated price plan. Nearly 66% are currently on the regulated price plan. In fact, this is a plan that, last year, would have expired for small businesses. With credit to the former Minister of Energy, Gerry Phillips, the recommendation was made to continue that exemption for businesses going forward indefinitely. So we certainly appreciate the fact that the government, to a certain extent, understands that energy is a critical input for small businesses. On the next slide, you can see just how much it is. For nearly 42% of our members, as you can see, energy is a pretty significant input cost in their firm's total costs.

If you go on to the next slide, "Cross-subsidy within the RPP," Judith mentioned—in fact, in discussions that we've had with various officials not only within government but outside of government, no one disagrees that there is a cross-subsidy going on within the system as it currently stands. It's just that we can't get anyone to do anything about it, which is why it gives us concern when we look at some of the elements within the act that talk about shifting the load between consumers. We're certainly worried about what that might mean for our members going forward if they're already getting hammered under the current system.

The next slide talks about smart meters. This is a critical issue for our membership. We have gone to our members and have asked them if they are in a position to shift load, which is essentially what they will have to do if they're going to be able to realize cheaper energy costs. In fact, 82% of our members are not in a position to do that. We think that's a ticking time bomb, quite frankly. On the next slide, we've asked our members, "What impact do you think this will have on your business?" Over a third of our members see a negative impact flowing from this, which we think the government needs to address quickly.

On the next slide, it should be pointed out that when we've asked our members about their level of concern about different environmental aspects, energy conservation is number one. Sixty-two per cent of our members see that as a priority. That's something that we've been talking to the government about for the past number of years, because we think that's one area where there can certainly be a lot more work done in terms of helping small businesses to cope with their energy costs.

On the next slide, we've asked our members, "In the past few years, what steps have you taken to conserve energy at your firm?" Almost 86% of our members have already taken some sort of steps to make those changes.

When you go to the next slide, in terms of what has prevented them from making those changes, the number

one reason—32%—is the need for more information on how it can be done. This speaks to the point that Judith made earlier. It seems, quite frankly, that our sector is always the one that's left out of every government policy, particularly when it has to do with energy. Twenty-five per cent talked about the fact that upgrading of facilities and equipment is too expensive. If we're going to get this sector of the economy to participate in this, we're going to have to give them the tools that are necessary for them to get there.

In terms of approvals of generation and transmission projects, we know that the province has to refurbish 80% of its generating capacity by 2020. Certainly, our members are on board in terms of streamlining the processes that are in place so that we can get those energy projects online as quickly as possible.

On the final slide, in terms of our recommendations, I think the key message that we have for the committee is that price does matter. It should not be a given that electricity costs will be rising for good. There should be steps taken, particularly in this type of an economy where we have a lot of businesses that are struggling. The last thing that they need is another increase in their input costs. Number two, more transparency on supply mix choices: I think it's important, in terms of the different decisions that the government is looking at, that people fully realize how much it's going to cost. That's one of the things that we don't think it clearly articulated in this legislation: how much it's going to cost. We think that that needs to change.

We also think that there needs to be more information directed particularly at our sector when it comes to conservation steps or measures that they can take, because quite frankly, that has been sorely missing over the past number of years.

Finally, we think that the government should move to correct the inherent cross-subsidization under the RPP and time-of-use fairness, which we think is critical because it will have a damaging impact for businesses that are unable to shift their load.

With that, we'll be happy to take any questions you have.

The Chair (Mr. David Orazietti): Thank you very much. Mr. Tabuns, you're up first.

Mr. Peter Tabuns: Judith and Satinder, thank you very much for putting this together and coming out today. Looking at all the perspectives that you've brought here, if in fact this program, this legislation, resulted in the provision of, say, solar panels to provide peaking electricity for small businesses at a leased rate that was competitive with current electricity costs, is that something that you think there would be a big uptake in?

Ms. Judith Andrew: Absolutely. We couldn't put all our slides in here, but we do have a slide that shows that our members line up very much like the general public in terms of what they consider to be acceptable sources of energy supply, and wind and solar are up there, and nuclear and so forth. And down the list—way down, of course—coal was at the bottom. So they line up very

much like the general public, and I think that if it was economic for them, they'd welcome it. They are very much concerned about the environment. You can find a lot about their views on that in the study. But price has to be a factor. It can't be ignored.

Mr. Peter Tabuns: That makes complete sense to me.

Right now, in Ontario, hydro costs about one and a half to two cents per kilowatt hour to make; coal is about two and a half cents. Energy efficiency is about two to four cents a kilowatt hour, and new nuclear will be about 15 cents a kilowatt hour. My guess would be that your organization would support a very strong emphasis, a core emphasis, on efficiency and conservation as this plan goes forward.

Ms. Judith Andrew: Absolutely—

The Chair (Mr. David Oraziotti): Sorry, Mr. Tabuns, we're not going to have time for a response on that. We need to move to the next caucus. Ms. Broten.

Ms. Laurel C. Broten: Thank you both for being here. I was looking at the folder that you handed out and reading your slogan, "Powered by Entrepreneurs." I was thinking how timely a slogan that is for your attendance here today. One of the things that we have heard over the years is certainly that the green energy sector is a sector ripe for entrepreneurship. There are a number of small entrepreneurs in my community and beyond who are looking for a window of opportunity for the government to signal that opportunity exists. Certainly, our aspiration as a province is that we become a leading jurisdiction in that area, with investments and opportunities for engineers, small entrepreneurs. So I wonder if the CFIB is looking at the opportunities that might exist for Ontario entrepreneurs to literally power the province.

Ms. Judith Andrew: We have members in every sector, and we do have members that participate in this sector. In fact, some of them have very innovative things. One of our members is doing a trial in our own building dealing with a mechanism that prevents everything from peaking at the same time, basically. So there are some pretty interesting things going on. Absolutely, entrepreneurship is alive and well, and definitely in this sector.

Ms. Laurel C. Broten: Great. And I will take away that there is in existence a number of programs that speak to small and medium businesses. If we're not getting that message out, then we at the Ministry of Energy and all of our folks need to work with you folks to make sure that your members know about these programs that do exist now and more that will come in the future.

The Chair (Mr. David Oraziotti): Thank you, Ms. Broten. Mr. Yakabuski.

Mr. John Yakabuski: Thank you, Judith and Satinder, for coming in today. Thank you for the great work that you do on behalf of small business here in the province of Ontario. I was a member of the CFIB for 20 years.

You walked about smart meters and the impact that they could have, because what people fail to realize sometimes is that while they're out working during the day, for the most part that's the time of day that small

businesses, in the peak periods, are going to be having their energy requirements, and that the time of use is going to have a significant effect on small business, and we appreciate bringing that to us.

Also, you talked about price. London Economics International released a study, and a full report will be coming out shortly, indicating that prices could go up under this act from between 30% and 50%. The minister makes a silly claim that it's going to have a 1% per year effect on energy prices. You can't pay out those kinds of prices without it having some kind of effect on the price that people pay. If somewhere between there is the number that comes out, what kind of effect is that going to have on small business in the province of Ontario?

1630

Ms. Judith Andrew: We've been concerned. We saw those numbers. I know they were commissioned and delivered a couple of weeks ago or maybe a month ago. When you look at those kinds of potential costs you worry, because already energy costs are a big item and they've been worsening. Every message we're getting from anyone we talk to around Queen's Park is that prices are going way up. That's a disaster. The last thing businesses need at this time is a big increase in one of their key input costs.

Mr. John Yakabuski: Thank you very much. I appreciate that.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation.

ONTARIO REAL ESTATE ASSOCIATION

The Chair (Mr. David Oraziotti): Our next presentation is the Ontario Real Estate Association.

Just for the purposes of folks that are here to view committee proceedings and also make presentations, in committee room 2, out the doors to the right, there is more seating available and you can watch the proceedings there if you'd like. So anyone who's standing and doesn't have a seat and would like to go down the hall to committee room 2 can do that.

Welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five for questions. Whoever will be speaking, just please state your name for the purposes of our recording Hansard, and you can begin when you like.

Ms. Pauline Auger: Good afternoon, and thank you for giving me the opportunity. My name is Pauline Auger, and I am the president of the Ontario Real Estate Association. Joining me this afternoon is Barb Sukkau, the chair of our government relations committee, and Jim Flood, who is OREA's director of government relations.

By way of background, the Ontario Real Estate Association is one of the province's largest trade associations, with over 47,000 members who are real estate people and brokers. OREA was founded in 1922 to organize real estate activities and to develop common goals across the province. These goals include promoting high industry standards and preserving private property rights.

We are here today to express our opposition to mandatory home energy audits, but let me start by telling the committee about OREA's recent addition and renovation to our head office in Don Mills.

Our industry is conservation-conscious, and we take energy conservation particularly seriously. That's why we decided to have our building LEED-certified. LEED, which is Leadership in Energy and Environmental Design, contains some of the most rigorous environmental standards for sustainable construction in North America. Although LEED certification added over \$600,000 to our costs, realtors are proud that our head offices will be amongst the most energy-efficient and environmentally friendly in the province. Our association undertook this initiative voluntarily without any mandatory requirement, because realtors, like most Ontarians, recognize the benefits of going green.

As I mentioned earlier, realtors have a number of concerns with respect to Bill 150. We have left, by the way, supplementary information with the clerk; however, our presentation today will focus on OREA's opposition to section 2, subsection (1), of the bill: the requirement for mandatory home energy audits.

We firmly believe that mandatory home energy audits will impose unnecessary costs on home sellers, it will act as yet another barrier to home-ownership, and in the end, it will not contribute to its stated goal of improved energy conservation.

First, let us look at the costs. Home sellers will first pay some \$350 to \$500 to obtain a home energy audit. It's an unnecessary fee because it provides very little information beyond a highly subjective number. But that's not the real problem. The real problem is that few homes will receive positive ratings, and those with less-than-ideal energy ratings will face pressure from homebuyers to either spend thousands of dollars to improve the energy efficiency of their home or lower their sale price.

For a moment, let's assume that a homeowner sells his home for \$10,000 less than the original asking price based on the results of a home energy audit. Bill 150 presumes that homebuyers will use these savings to invest in improvements to the energy efficiency of their newly purchased home. I have been a realtor for over 30 years, and I can say with certainty that the overwhelming majority of homebuyers will not invest in new energy-efficient furnaces, wall insulation or solar water heaters. Instead, buyers tend to customize their recent purchase by investing in things like kitchen renovations, new furniture and other cosmetic alterations.

If the ultimate goal of mandatory home energy audits is to improve the energy efficiency of the housing stock of Ontario, then the government should expand its successful rebate program, not pass laws that won't work.

OREA is also concerned that mandatory home energy audits unfairly target single-family homeowners. Although subsection 2(1) of the bill is broad in terms of its application, OREA has learned that mandatory home energy audits will apply only to single-family homes.

The fact that the government has chosen to place the burden of mandatory home energy audits directly on homeowners is extremely concerning to Ontario realtors. This design ensures that while all Ontarians contribute to our pollution problem and share in the benefits of going green, owners of single-family homes will bear the majority of the costs. If a culture of conservation is indeed a public good, as the government has indicated, then we should all share in its cost, not just homeowners.

As well as having concerns about home energy audits' impact on homeowners and our economy, realtors have serious doubts about their reliability. For example, an investigative report by the Toronto Star on home energy audits received three different sets of energy ratings and three different lists of recommended retrofit renos, ranging from \$5,000 to \$25,000, all on the same house. Compare this lack of standards to the consistent results of testing used to produce energy ratings on cars and appliances, and you will find that trying to rate an individual home is a very subjective process. We believe that the results of home energy audits are too inconsistent to be legislated as a requirement in a real estate transaction.

Realtors are not alone in their opposition to mandatory home energy audits. In fact, we are now joined by one of the largest, most important groups in this province: Ontario's 2.5 million homeowners. An Ipsos Reid public opinion survey released on Monday shows that 65% of Ontario homeowners oppose a system of mandatory home energy audits. Indeed, 92% of homeowners favoured voluntary audits, as does the Ontario Real Estate Association. Furthermore, a massive majority of 94% of homeowners believe that mandatory home energy audits will impose significant costs on home sellers and first-time buyers.

In addition, the poll found that 70% of Ontario homeowners believe that mandatory home energy audits will deter them from selling their home, having a detrimental effect on the real estate sector and Ontario's economy. Not surprisingly, the majority of Ontario homeowners oppose mandatory home energy audits because they know that the audits will hurt the affordability of housing, add yet another brake on the economy and erode hard-earned home equity.

In the place of mandatory home energy audits, the Ontario Real Estate Association supports the existing provincial home energy audit rebate program and the combined federal/provincial ecoEnergy retrofit program. These programs provide homeowners with cash incentives to voluntarily assess and improve the energy efficiency of their home. We therefore urge the government to expand the incentives and opportunities available to homeowners so that they can improve home energy efficiency without worrying about lost home equity.

Like all responsible Ontarians, realtors support sound public policy that promotes green initiatives. We strongly believe that the environment is our legacy, and protecting it is one of our greatest gifts to our future generations. Realtors are confident that we can help create a culture of

conservation without resorting to mandatory requirements.

Thank you, and I'd be pleased to take your questions.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. Ms. Broten, questions?

Ms. Laurel C. Broten: Thank you very much for your presentation. One of the issues that I've heard from folks around the province is that buyers of homes really want complete disclosure, and they depend on their realtor and those giving them advice at the time of transaction to make sure that they have that information. Perhaps, at times, because it's obvious to the eye, something like renovating a countertop takes priority over doing some work which might be energy-retrofitting a home. We've had presentations before committee in the last number of days that really explained to us how much detail is provided with respect to a home energy audit.

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It would seem to me that type of information, combined with the fact that the audit is then transferable to the new purchaser, helps very much on a critical issue and a critical barrier to first-time buyers and entry into ownership, and that is the carrying costs associated with that home. So I just want you to speak to why information which directly relates to the carrying costs of a home would not be of critical disclosure importance to a homebuyer, especially a first-time buyer.

Ms. Pauline Auger: I agree. A first-time homebuyer is certainly very much aware of what their energy cost is going to be. Realtors in this province are very conscious of that. One of the things that's asked in most real estate transactions is, "What is the energy cost of carrying the house?" So the new buyer comes in knowing that. On a voluntary basis, they will ask to have a building inspection; they will ask to have the energy costs. That is included normally in a purchase of any home in this province by a realtor. But the thing is, it's on a voluntary basis.

We had a public opinion poll by Ipsos Reid that said that the majority of first-time homebuyers are more concerned with the amount they're going to pay for the house, the location of the house, whether it's close to their work, whether it's close to public transportation. They did not even list the energy costs, surprisingly enough, in the top number of things that they thought was important in a purchase.

The right to know is a subjective right, I find, because I believe that if you're buying a home you have a right to know if there is a crack in the foundation, and yet we have not seen this province make mandatory home inspections. I have a right to know if the house I'm buying used to be a grow-op, but in spite of the fact that we have spoken often to have a public listing of grow-ops in this province—a thing that is a health concern to a buyer—there is not. So the right to know is subjective. We truly believe they will have that right if it's voluntary.

The Chair (Mr. David Oraziotti): Thank you. I'm going to have stop you there. Mr. Yakabuski, questions.

Mr. John Yakabuski: Thank you very much, Pauline and Jim. I'm pleased that you could join us today—oh, and your name?

Ms. Barb Sukkau: Barb.

Mr. John Yakabuski: Interesting: Ms. Broten was talking about the importance of this energy information. To my knowledge, as they make the request for a home inspection, there's nothing to preclude or prohibit the buyer from making a request for an energy audit as part of the offer of purchase and sale. They could make that request today. It would be at their expense, just like a home inspection is. So if they really felt that was the key issue, if they examined the hydro bills and gas bills and everything else, they could still make that request. You can answer that one when I finish here. So they have that option today if they want it, and that's on a voluntary basis and that wouldn't make it mandatory.

The other thing that I find kind of strange is that they want to talk about the energy efficiency of homes. One of the biggest consumers of electricity in the home is not the home itself but what you put in it—for example, appliances. The government, with their McGuinty tax grab beginning next year, is not even exempting Energy Star appliances from their tax grab. I'm just amazed that they would do that. If they want to talk about energy efficiency, why aren't they addressing that?

Ms. Pauline Auger: Prospective homebuyers who want an energy audit truly can put it into any agreement of purchase and sale and make it conditional. Even today, we will see buyers who choose to have an energy audit, but it is on a voluntary basis and it's negotiated as part of their agreement of purchase and sale.

The Chair (Mr. David Oraziotti): Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for the presentation and coming here. I've had an opportunity to hear OREA on a number of days. I've asked questions before about the energy audit, but I want to ask a different question. I asked it of the Canadian Federation of Independent Business people. If, in fact, homeowners were offered a large-scale program of leasing, at a low cost, renewable power technologies—for instance, a solar panel on your roof so that you could sell power into the grid and reduce your peak demand during the day—do you think there would be much uptake?

Ms. Pauline Auger: We actually have never had that question asked of us before, so it's an interesting question. Even now, I sell homes that are off the grid, so there are people who voluntarily do choose to have—who have never wanted to be part of Ontario Hydro or whatever, who voluntarily are in solar, in wind. So I think, yes, there are homebuyers who will choose to do that.

Mr. Peter Tabuns: Do you think there would be a lot of homebuyers who would do it if it was cost-competitive with their current cost of electricity?

Ms. Pauline Auger: It's an interesting question, because I don't think we've ever done a study on it, but I don't know the answer to that question.

Mr. Jim Flood: Anecdotally, I think the answer is yes. It would depend on the cost. Right now, things like

solar panels are prohibitively expensive, and the people who install them are making an environmental lifestyle choice. If you look at the return on investment, it would take them decades to recover the capital costs that they put into things like solar panels.

The Chair (Mr. David Oraziotti): Thank you; that's time for your presentation. We appreciate your coming in this afternoon.

CONSUMERS COUNCIL OF CANADA

The Chair (Mr. David Oraziotti): Our next presentation is the Consumers Council of Ontario.

Let me take a moment and remind members that they have in front of them—there was a question that was raised the other day in terms of the Wind Concerns Ontario group, the 28 organizations—that information, which has been provided by research.

There was one other question around hydro that is not currently in operation. Research has part of that information but not a full complete response yet. They are continuing to gather that information, but it is unclear at this point whether anyone has a single, comprehensive list.

Good afternoon, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five for questions. Please state your name for the purposes of Hansard, and you can begin your presentation.

Mr. Bill Huzar: My name is Bill Huzar. I am the president of the Consumers Council of Canada. Joining me today is our legal counsel on energy issues, Robert Warren, and he has promised not to answer any questions and keep us here forever.

The Consumers Council of Canada is a non-profit public interest organization that represents the interests of residential consumers of energy. The council has worked actively and has been actively involved in all aspects of regulation in the energy sector in Ontario for a number of years.

The council's work in the energy sector is guided by a set of consumer rights. The full text of those rights is attached as an appendix to this submission. For the purposes of these comments that follow, the most important of those rights will be addressed:

The first is the right to access; that is, access to reliable sources of energy at affordable prices in order to meet household needs—heat, light, cooking etc. Affordable prices are prices that reflect the true cost of production and delivery, are borne equitably by all segments of society and do not require consumers to neglect other basic needs such as shelter and food.

The second right is the right to information: information that is timely, accurate and complete about sources of energy, pricing and wise use of energy so that residential consumers can make important and informed choices about their energy use.

The third right is the right to choose: the right to choose energy products and services at competitive

prices and, when this is not possible because of a monopoly situation, the right to have independent and effective regulatory oversight to ensure that the pricing of energy is fair and reasonable.

The fourth right is the right to representation; that is, the right to have residential consumer interests effectively represented in the regulatory and government process.

For the reasons we will describe, this piece of legislation, Bill 150, fails to ensure those rights in certain key aspects. Overall, the council believes that, while there are beneficial aspects of the GEA, the renewable energy resources provisions are detrimental to the interests of residential consumers. The council believes that the government has not demonstrated that it needs to diminish regulatory oversight and reduce consumer protection to accomplish the stated goals in the bill.

It is important to note at the outset that the council strongly supports conservation in the electricity sector. The council believes that cost-effective conservation measures are in the long-term best interests of residential consumers. Because of that, the council supports some of the conservation measures in the bill:

—first of all, the requirement for home energy efficiency audits, the cost of which we do not believe will significantly affect the value or the selling or leasing price of a home;

—second, the use of mandatory energy efficiency standards for appliances; and

—third, enhanced efficiency requirements for new homes in the Ontario building code.

These are effective tools for government to use to make lasting energy improvements and ensure a future energy-efficient housing stock.

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The council also supports measures which reduce greenhouse gases and move the energy sector away from reliance on fossil fuels as the principal source of energy supply. These goals cannot be accomplished at the expense of consumer protection. The reduction of greenhouse gases and the move away from the use of fossil fuels must be done in a way which protects the interests of consumers in being able to get access to an essential service at an affordable price. The bill does not accomplish that goal. On the contrary, the extraordinary range of directive powers given to the minister creates the risk that electricity prices will be increased substantially while consumer protection is effectively eliminated.

The council has six principal objections to the bill. A detailed analysis supporting each of these objections appears in the written submission that you have. In addition to describing the objections to the bill, the council will set out suggestions for amendments to it to address those objections.

Our first objection: The provisions of the GEA will add materially to the cost of electricity at a time when many consumers are facing economic distress. Because of the way in which our electricity system has developed and given technological differences, electricity from re-

newable sources is inherently more expensive than electricity from other sources. To this will be added the cost of new or reinforced facilities to connect new renewable sources to the transmission and distribution systems. The cost will be increased by the use of feed-in tariffs, which subsidize uneconomic energy sources.

There are no cost-effective criteria within the bill. Residential consumers may also have to pay higher prices to subsidize commercial and industrial users. These increases in costs will be imposed at a time of significant economic distress for many consumers.

The second objection: The provisions of the bill allow the minister to weaken, if not eliminate, the power of the OPA and the OEB to protect the interests of consumers with respect to prices. Put simply, independent regulatory oversight necessary to protect the interests of residential consumers can be substantially weakened, if not eliminated altogether. The GEA allows the minister to direct the terms on which the OPA contracts for renewable energy sources, including allowing the minister to eliminate competitive bidding and the ability of the OPA to use cost-effective considerations.

The GEA allows the minister to direct the OEB to approve transmission and distribution investments to support the renewable energy supply system without regard to cost. The GEA allows the minister to eliminate the power of the OEB to protect consumers with respect to prices.

Our third objection: The provisions of the GEA are not necessary to meet the stated goals of the bill. There is no evidence that the existing legislation impedes the development of green energy sources. There is no evidence that the existing regulatory arrangements have prevented the development of renewable energy resources. The minister has the power now to issue guidelines and directives with respect to renewable energy sources without diminishing the protection of consumers through regulatory oversight. There is no evidence that the reduction or elimination of regulatory oversight and consumer protection is necessary to accomplish the goal of promoting renewable energy sources.

Our fourth objection: The provisions of the GEA allow for unfair allocation of costs between rate classes. The minister can direct the OEB and the IESO to allocate costs in a way that requires residential consumers to subsidize other rate classes and to subsidize economic development. The subsidies for economic development should come from general revenue so that they are borne equitably. The GEA allows the costs of generation, for the first time, to be allocated to different customer classes on a different basis—an unfair burden on residential consumers.

The fifth objection: There is a complete absence of transparency and accountability for decisions which will affect the price that consumers pay for electricity. The critical decisions affecting the cost of renewable energy sources, the cost of connecting those sources to the grid and the use of the subsidies are made by the minister, without public scrutiny or accountability.

Our final objection is: The protection of residential consumers can be substantially diminished, if not eliminated. By allowing the minister to diminish or eliminate the power of the OEB to exercise independent regulatory oversight over the cost of connecting renewable energy sources to transmission and distribution systems, the protection of the residential consumer will be reduced, if not eliminated.

In summary: First, the right to access of the residential consumer to energy at affordable prices is put at risk by the provisions of this bill.

Second, the right to information of the residential consumer about energy is severely compromised, first by the lack of information the government has provided about the costs of the provisions of the GEA—the minister has said 1% a year over 15 years; that's his statement and I understand there's no data to back that up—and second by the lack of transparency in the decision-making process about new resources and the smart grid.

Third: the right to choose. The right to choice, to have regulatory oversight to ensure fair and reasonable pricing of energy, can be eliminated by the minister's power to constrain the OEB's oversight powers.

Lastly, the right to effective representation is severely curtailed if the minister's directives remove the ability of the OEB to examine the transmission and distribution costs related to the renewable energy sources and the cost of a smart grid.

The council does believe—

The Chair (Mr. David Oraziotti): Thank you very much. I'm going to have to stop you there. That's time. Mr. Yakabuski, questions?

Mr. John Yakabuski: Thank you very much for your presentation. It was very informative, but not surprising, because I knew that the Consumers Council would be speaking on behalf of consumers. This is something that we've been very concerned about: the cost of power and what this bill will do to the cost of power; how it will affect every family and homeowner here in the province of Ontario. You have articulated that very well. It could be very detrimental and damaging.

The one thing I want to ask you about is with respect to the minister's powers and the OEB. The OEB has historically been the consumer protector when it comes to power and the pricing of power in Ontario. Would you agree that this bill effectively eviscerates the OEB, takes away its power and puts it into the hands of the Minister of Energy, with respect to them no longer being the protector and the minister making all the rules?

Mr. Bill Huzar: Rob, do you want to comment?

Mr. Robert Warren: Certainly, Mr. Yakabuski, the bill contains the authority for the minister to do exactly that. We have to assume that these provisions were put in the bill because the minister intends to exercise those powers. We presume—

Mr. John Yakabuski: Why else would they put them in?

Mr. Robert Warren: Why else would they put them in?

The Chair (Mr. David Oraziotti): Thank you; that's time. Mr. Tabuns, questions?

Mr. Peter Tabuns: Thank you for coming down and making this presentation. Do you have similar concerns about the government's commitment to substantial investment in nuclear power? The Premier, today, when asked in question period about whether or not he would eliminate the responsibility of taxpayers and ratepayers for taking on cost overruns in the development on nuclear, would not repeat a commitment that he made in 2006. In the United States, we're looking at power coming from new nuclear power plants at 15 cents a kilowatt hour. Do you have some more concerns about nuclear based on its cost and the potential for overruns being put on our backs?

Mr. Robert Warren: Absolutely.

Mr. Peter Tabuns: I don't need to ask anything more.

Mr. Bill Huzar: I'm sorry; not to specifically direct it to nuclear power, but I believe we're talking about the costs of all energy production and that the costs of that energy production should be shared equitably by the citizens of Ontario.

The Chair (Mr. David Orazietti): Thank you. Ms. Broten?

Ms. Laurel C. Broten: Thank you very much. Thank you for being here. I just want it confirmed that the council is a non-profit, public interest organization representing the interests of residential consumers of energy. You have commented that you believe that timely and accurate information with respect to energy efficiency and usage is important. In so doing, you've supported the requirement that home energy efficiency audits be undertaken. How do you respond to the comments made, for example, just before you came to the table from the real estate agents, who say the audit is going to hurt the very people you also advocate on behalf of? How do you respond to those comments?

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Mr. Bill Huzar: It's very difficult to make a hypothetical response to that kind of question. I honestly believe, and the council honestly believes, that it's to the benefit of Canadians as a whole to move forward on any energy-efficiency and energy-savings matters we can. We're highly supportive of the conservation measures that are within the legislation here right now. We think that these things should go forward. This, to me, is another energy conservation issue, and I don't believe that in the long run we're going to see it detrimental.

Ms. Laurel C. Broten: Thank you for your comments.

The Chair (Mr. David Orazietti): Thank you very much. That's the time for your presentation.

ENBRIDGE GAS DISTRIBUTION

The Chair (Mr. David Orazietti): Our next presentation is Enbridge Gas Distribution.

Just a reminder for individuals standing at the back of the room or who don't have a seat: There's an overflow room, committee room 2, out the doors to the right, at the end of the hall and turn right again. You can watch the proceedings in that room, should you wish to have a seat.

Good afternoon. Welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five minutes for questions by members of the committee. You just need to state your name for the purposes of Hansard, and you can begin your presentation.

Ms. Debbie Boukydis: Thank you, Mr. Chairman and members of the committee, for the opportunity to speak today. My name is Debbie Boukydis and I'm the director of public government and aboriginal affairs for Enbridge. I'm joined by Trevor MacLean, Enbridge Gas Distribution's director of market development.

First, let me congratulate the government on this proposed legislation which sets the course for Ontario's energy future. Today, I'll share experiences building a large wind power farm in Ontario and how we believe that the streamlining envisioned in the proposed Green Energy Act will encourage investment in such projects in the future. Trevor will then detail the types of work we can do to support the objectives of the Green Energy Act before I summarize. You can follow along with the handout.

Enbridge supports Ontario's efforts to encourage investment in sustainable energy through the Green Energy Act. We believe that the act will encourage businesses, including Enbridge, to invest in the green energy technologies that will move Ontario toward a clean energy economy.

Let me tell you a bit about Enbridge in Ontario. Enbridge Inc., a Canadian company, owns Enbridge Gas Distribution and its affiliates, which distribute natural gas to 1.9 million customers in Ontario, New York state, New Brunswick and southeastern Quebec. Enbridge Gas Distribution has a 160-year history in Ontario, employs about 1,850 Ontarians and is Canada's largest natural gas distribution company. Enbridge Ontario Wind Power, Canada's second-largest wind farm, near Kincardine, Ontario, and Enbridge Electric Connections, an Ontario Energy Board-licensed smart-metering company, are also owned by Enbridge Inc.

To illustrate how the Green Energy Act and the associated regulatory changes that would accompany it would attract investment, Enbridge offers the recently completed Enbridge Ontario Wind Power project. This example demonstrates the importance of the regulatory streamlining plans proposed in the act. Enbridge was awarded a contract to build its wind power project in November 2005 and expected the project to be commissioned by February 2007 under a simplified environmental screening process. However, due mainly to a number of duplicative environmental and planning processes and a lack of clarity around the First Nations consultation process, the project was not commissioned until this month, a full two years late.

In 2007, Enbridge shared this perspective and other recommendations with the government. We also spoke, by invitation, before the Minister of Energy's Agency Review Panel. At that time, Enbridge provided an overview of its Ontario Wind Power project, highlighting

what worked well and where we believed there were opportunities for improvement.

Enbridge recommendations to reduce duplication included streamlining forms for public consultation, setting standards broadly at the provincial level, streamlining federal and provincial environmental approvals and establishing a First Nations consultation protocol. Enbridge was pleased to see a number of these recommendations reflected in the report of the Agency Review Panel, and many Enbridge recommendations are also reflected in the proposed Green Energy Act.

As in the past, I want to stress again today that consultation is an important part of Enbridge's culture. We work closely with local municipalities and stakeholders on all of our energy projects including pipelines. Early in the wind power development process, we surveyed the community and found that 70% of the residents supported the wind project. As a result of many public consultations, we adjusted our plans based on feedback from the community. Support for the project remains strong today, particularly among the local landowners who benefit financially from hosting turbines on their property. Enbridge has also built strong relationships with our municipal partners and will continue to invest the time and resources required to foster these relationships. We will also continue to be responsive to local concerns.

While Enbridge fully supports a full and open public consultation process, many elements in the existing process are duplicated. Much of the delay associated with Enbridge's wind project involved a very small group of residents voicing the same arguments before different bodies, from the municipality to the county, from the Ministry of the Environment to the Ontario Municipal Board.

Enbridge believes that all stakeholders benefit, and that a better project results, when we work collaboratively with municipalities, local communities and other stakeholders. Consultation has been, and will continue to be, a priority, regardless of the shape or form of the eventual provisions in this act. However, we believe that streamlining this process is in the broader public interest.

I also want to note that our recommendations have been shaped somewhat by what we heard in the community. For example, when we started the process to build a project in Kincardine and Saugeen Shores, we clearly heard that municipalities were interested in clear direction and standards from the province about matters such as the location of turbines.

Our wind project experience informs our belief that the government's green energy plans will make renewable energy a more attractive investment in Ontario. In fact, the company's own future investment in renewable energy in Ontario would be considerably strengthened following the implementation of the important changes that the government proposes.

Enbridge believes that the proposed streamlined approval process and a dedicated office to facilitate projects, the price guarantee through a feed-in tariff for

renewables, and right-to-connection legislation pave the way for application of wind, fuel cell and other renewable energy projects across Ontario.

Trevor will now discuss how Enbridge can help accelerate Ontario's green energy future.

Mr. Trevor MacLean: Although Enbridge is still reviewing the Green Energy Act, and many specifics are still to be detailed, the company is pleased with the overall direction the government has outlined.

In particular, we are very pleased that the act opens an opportunity to discuss changes to our business undertakings. Changes to these undertakings would allow Enbridge to play a critical role in helping the government of Ontario meet and accelerate the move to a more sustainable energy future. Enbridge can draw on extensive experience in energy conservation and renewables, and has strong relationships with technology manufacturers, builders, developers and other industry stakeholders, who all share an interest in sustainable energy. As Debbie noted, Enbridge is well positioned to play a leadership role by further investing in renewable and clean energy supply. This is one way that we can help.

A second way would be to leverage our long-term experience in market transformation and the delivery of energy-efficiency programs. Between 1995 and 2007, Enbridge Gas Distribution's energy-efficiency programs reduced the use of natural gas by enough to serve more than 1.1 million homes for one year. In other words, we reduced carbon dioxide emissions equal to removing 1.5 million cars from the road for a year.

Our energy-efficiency expertise has already been leveraged by local electric distribution companies and is currently being used by the Ontario Power Authority to deliver electricity conservation in commercial new construction. We are also pleased with the progress made to date in our programs specifically for low-income residents, and we look forward to increasing our efforts in this area. Our main message in conservation is that we can increase our energy-efficiency presence, and we would like to work with all the stakeholders to do so.

A third area Enbridge could aid in is smaller-scale alternative and clean generation, such as our demonstration project at our head office, where we recently launched our fuel cell and turbo-expander project. This hybrid fuel cell converts unused pipeline energy into ultra-clean electricity. This reduces greenhouse gas emissions and, since it does not burn fuel, the plant supports cleaner and healthier air in cities, where air quality is a growing concern.

The first installation delivered enough electricity for up to 1,700 homes, and we could replicate this to the tune of a \$120-million to \$180-million clean-tech investment in Ontario over the next five to seven years. This would provide electricity to approximately 50,000 homes from a resource that is currently not recovered. The technology is well suited to urban areas, where large-scale energy projects are not easily sited, and we are well positioned to bring this technology to multiple locations.

Finally, Enbridge could lead or invest in integrated community-based energy systems that consider natural

gas, electricity and new alternative energy sources together, to increase efficiency, lower costs and, of course, reduce greenhouse gas emissions. As a specific example, the company could invest its own capital to widely deploy rooftop solar thermal panels to heat water in residential homes and businesses. By combining this newer technology with the large number of natural gas water heaters already installed, we could accelerate the cost benefits and environmental gains while ensuring reliable delivery of hot water on demand.

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These are just some examples of the many ways that Enbridge could help accelerate the government's green energy goals and help it deliver on its sustainable energy commitments within the aggressive timelines envisioned. Similar scenarios could package a number of different technologies together within a broader framework of integrated community energy and within a smart electric grid. Ultimately, changes to Enbridge's business undertakings would allow the company to build on successful electricity conservation programs, clean energy projects and renewable energy initiatives to advance government and societal objectives.

Ms. Debbie Boukydis: Enbridge remains committed to meeting Ontario's future energy needs and can help accelerate progress toward a sustainable green energy future. By leveraging strong balance sheets with efficient cost of capital, an extensive network of industry partners, economies of scale, energy conservation expertise and a tradition of market transformation, Enbridge can play a critical role and accelerate the government of Ontario's sustainable energy goals. In Enbridge, the government has a ready and willing partner that can, with the removal of existing restrictions, jump-start renewable energy use and energy conservation in Ontario within the next five years.

Thank you for your time, and we welcome your questions.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. Mr. Tabuns is first.

Mr. Peter Tabuns: Debbie, Trevor, thank you very much—interesting information. To what extent do you see Enbridge's business over the next decade—perhaps 20 years—moving away from gas distribution to renewable energy generation?

Mr. Trevor MacLean: I think I can represent our CEO in Calgary on this, because we had a talk about this not too long ago.

Enbridge's position is that we're not a gas company and we're not an oil company. What we do is deliver energy reliably, efficiently and at the best possible price. So there is a natural evolution that we see in our business to adapt to changing macro-environment circumstances, and of course we look for new opportunities to bring new technology and work in new energy systems. Certainly, we are large proponents of community-based and integrated energy visions for the future.

Mr. Peter Tabuns: What percentage of your business do you expect will be in renewable energy in the next 10 to 20 years?

Mr. Trevor MacLean: That depends on exactly how the Green Energy Act is unrolled and what we're allowed to do with our business.

Mr. Peter Tabuns: If it is unrolled the way you would like it unrolled, what would you see it as?

Mr. Trevor MacLean: Based upon the last estimates I have seen in our company, certainly we could transfer 25% to 30% of our business to renewables over the next 10 years.

The Chair (Mr. David Oraziotti): Ms. Broten?

Ms. Laurel C. Broten: Thank you very much for being here. I want to speak to you a little bit about the process of community consultation and have you expand a little bit on that process, and also on the process you undertake with partners in your sector, or those you need to interface with, in response to the advancement of local concerns. If local community members come forward with concerns with respect to noise, stray voltage—we have heard deputations with respect to those issues—I want to have an understanding of the process by which those issues are responded to.

Ms. Debbie Boukydis: We currently have monitoring agreements with our wind power project, and of course we have an office right in the Kincardine area, where we actually do welcome constituents to come in and talk to us about their concerns. We're very willing to address any of these concerns.

Much has already been settled through the environmental screening process, and a lot of the technical issues have been dealt with there, but we most certainly remain very open to speaking about any concerns with the wind power project. I would say the same thing about our entire business—the gas distribution business would be the very same.

Ms. Laurel C. Broten: Is there a necessity to engage with other players in the sector with respect to transmission and other issues that might arise?

Ms. Debbie Boukydis: Yes, absolutely.

The Chair (Mr. David Oraziotti): Mr. Yakabuski?

Mr. John Yakabuski: Thank you for joining us, Debbie and Trevor. A couple of things: You talked about the streamlining process and how you feel the GEA is going to be beneficial in that—I'll ask the questions, and then you can answer them; I've got a couple of them. Do you think that same streamlining should apply to other types of development as well and not just renewable energy projects?

The second one I have is—you are obviously able to work with the municipality in the establishment of your project—do you think it is right that the government removes the rights of municipalities with respect to what was normally their jurisdiction on renewable energy projects?

Of course, the same customers that you sell energy to in the form of natural gas are also electricity energy customers. With reports from London Economics International and others saying that electricity could rise 30% to 50% as a result of this act, do you have some concerns about the impact that that might have on consumers?

Ms. Debbie Boukydis: Why don't I start with the streamlining question you asked with respect to a municipal standard? As I said in the presentation, when we were working in Kincardine and Saugeen Shores, we very clearly heard the municipality state that they were looking for a provincial standard, that it was far too fragmented for each county to be making these decisions, and that's where we realized that that was one of the biggest impediments, where there was that disconnect between the province and the municipality.

I can draw on another example with our fuel cell—it's in the backyard of our Victoria Park office in Toronto—where we had a number of approvals. Everyone wanted the project to go forward, but it was caught up in some sort of zoning that actually had our parking lot as a nuclear facility, and of course, it's a gas distribution office. That's the disconnect, so I really do believe a municipal standard does make sense. I don't believe that this act is going to take away any of the consultation that would be required by any proponent going into any community.

The Chair (Mr. David Oraziotti): Thank you. That's time for your presentation. That's it.

Mr. John Yakabuski: It wasn't about the standards; it was about their right to make—

Ms. Debbie Boukydis: That's right, and I believe the process—

The Chair (Mr. David Oraziotti): Okay; that's time. Thank you very much for coming today.

LAW SOCIETY OF UPPER CANADA

The Chair (Mr. David Oraziotti): Our next presentation: the Law Society of Upper Canada.

Good afternoon, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation, as you know, and five minutes for questions among members. Whoever will be speaking, just state your name for the purposes of Hansard, and you can begin your presentation.

Mr. Derry Millar: Thank you very much. My name is Derry Millar and I'm the treasurer, or head, of the Law Society of Upper Canada. On my right is Katherine Corrick, who is the director of policy and tribunals at the Law Society of Upper Canada, and on my left is Sheena Weir, who's the manager of government relations. We wish to thank the committee for the opportunity to be here today and to comment on Bill 150.

For 212 years, the Law Society of Upper Canada has regulated Ontario lawyers in the public interest. Since 2007, it has also regulated paralegals in Ontario. Currently, the law society regulates approximately 40,000 lawyers and 2,300 paralegals.

The law society has a broad public policy mandate with respect to matters touching on the practice of law by lawyers and the provision of legal services by paralegals.

The underlying objective of Bill 150, to protect the environment and promote renewable energy initiatives, is a laudable one, and the law society has no objection to it.

However, the law society is concerned that the public may believe that the broad powers of inspection contained in section 15 of the bill have the potential to violate solicitor-client privilege.

Section 15, as you know, provides that an inspector may, at any reasonable time, enter any place where the inspector has reasonable grounds to believe that there are documents relating to an offer to sell or lease a property that is subject to a mandatory energy audit under section 2 of the bill. While this power appears very sweeping, the law society's position is that this search power is subject to all the rules regarding the protection of solicitor-client privilege.

The paramount nature of solicitor-client privilege in Canadian law has been the subject of numerous cases in the Supreme Court of Canada. It has been clearly established in this jurisprudence that "solicitor-client privilege is a principle of fundamental justice ... that must be as close to absolute as possible to ensure public confidence."

In 2002, in the course of considering the constitutionality of the Criminal Code provisions that permitted the search of law offices, the Supreme Court of Canada held that clients have a reasonable expectation of privacy in all documents in possession of the client's lawyer.

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In the Law Society's view, it is clear that documents subject to solicitor-client privilege are not subject to being inspected, pursuant to section 15 of the bill. In discussions with government officials, it was indicated that, as with other Ontario statutes that contain powers of search and inspection, the common law protection of solicitor-client privilege would overrule the search powers in Bill 150, in keeping with the jurisprudence that I've referred to.

We are here today simply to underscore that it is critical to the public interest that the public understand that the sweeping inspection powers contained in section 15 of Bill 150 are limited by law, protecting solicitor-client privilege. We further recommend that the ministry undertake to educate its inspectors as to the limitations of their search powers when it comes to matters subject to solicitor-client privilege to recognize the special nature of the relationship between a solicitor and his or her client.

Thank you very much for your attention.

The Chair (Mr. David Oraziotti): Thank you for your presentation. Ms. Broten, questions?

Ms. Laurel C. Broten: Thank you for being here. I just wanted to clarify that you are not advancing any recommendations with amendment; rather, it just seems to me that what you are suggesting is that the bill, as drafted, meets hurdles established in the Constitution and otherwise, but you're focusing in on actual activity as a result of those provisions and ensuring that those activities remain consistent with solicitor-client privilege.

Mr. Derry Millar: That's correct.

Ms. Laurel C. Broten: In a nutshell. Okay. Thank you very much.

The Chair (Mr. David Oraziotti): Mr. Bailey?

Mr. Robert Bailey: Thank you for your presentation today. Was the opinion of the Law Society of Upper Canada ever solicited during the drafting of this bill so that something like this could be prevented?

Mr. Derry Millar: We were not consulted with respect to this bill.

Mr. John Yakabuski: That's okay; nobody else was either.

Mr. Robert Bailey: The second question was: Would this be open, the way you've framed it, to a charter challenge because of the way the law has been drafted if inspectors did go into private homes with this draconian legislation?

Mr. Derry Millar: The search powers in this legislation, although they're broad, are in many pieces of legislation over many years that have been passed by many governments. They're the same broad powers you would find in the Environmental Protection Act. I would have thought not, because these powers have been around for a long time.

The issue that we were most concerned about, and the issue that people appeared to be concerned about in the press, was the solicitor-client privilege issue. The solicitor-client privilege issue is a result of jurisprudence and the Supreme Court of Canada and, as Ms. Broten has said, really is protected by the jurisprudence. What we really would like is that the ministry ensure that its inspectors, whoever they may be, are cognizant of that issue.

The Chair (Mr. David Oraziotti): Mr. Tabuns?

Mr. Peter Tabuns: Thank you for making the presentation. I have to say, you're very clear, and since you don't require an amendment and Ms. Broten is aware of the need to educate people, I don't need to ask you any questions.

Mr. Derry Millar: Thank you very much.

The Chair (Mr. David Oraziotti): Thank you very much for coming this afternoon. We appreciate it.

ROBERT McMURTRY

The Chair (Mr. David Oraziotti): Our next presentation is Dr. Robert McMurtry.

Good afternoon. Welcome to the Standing Committee on General Government. You have, as you know, 10 minutes for your presentation and five minutes for questions among committee members. You can start by stating your name, and you can proceed when you like, please.

Dr. Robert McMurtry: My name is Dr. Robert McMurtry, and I'm pleased to be accompanied today by three people: Carmen Krogh, who is a pharmacist and editor for 15 years of CPS, the bible for drugs; as well, I have Lorrie Gillis, to my right, who led the research effort we'll hear about; and the scrutineer of the research is Nick Kouwen, who is professor emeritus at the University of Waterloo and an engineer.

I will launch right into it. There are four parts to my presentation, which you can see before you.

Regulations in Canada: I'm sorry to say that at a national level, in regard to industrial turbines or similar devices, they don't exist. To add to my concern in regard to this regulatory uncertainty is the fact that the provincial Ministry of the Environment has regulations that are in some ways flawed. One of these flaws is a failure to measure for low-frequency noise. All the regulations are expressed in something called A-weighted decibels or dB(A). In order to measure for low-frequency noise, it is necessary to screen with C-weighted decibels, or so-called dB(C)s. I'll have a lot more to say about that in due course. In short, I don't believe that you can have authoritative guidelines, and this is carried out. Certainly authoritative guidelines do not exist at this point.

While there are many problems with industrial wind turbines, I will concentrate on low-frequency noise. A few facts about low-frequency noise: Humans' auditory range is from 20 to 200,000 Hz; a low-frequency noise is about 20 to 200 Hz. It's an area of growing example. When I went on that website six months ago, there were 650,000 hits; two days ago there were 15,400,000 with the same Google keywords, so it's a mounting issue. But there is quite a variance of opinion, it seems, with its significance. The wind industry, and particularly IPC Energy, when I contacted them about their intention to measure low-frequency noise, said that it wasn't necessary. Indeed, the wind industry at large agrees, as does the Ministry of the Environment. As you will see, this is one side of the issue.

What dB(A) does measure for and how it does matter is the characteristic swoosh, swoosh, swoosh the turbine blades make at night and when the wind's blowing, which is in the mid-frequency range. The World Health Organization, writing a paper about community noise—this is not about wind turbines; it's about community noise broadly writ—stated, “Since A-weighting underestimates the sound pressure level of noise with low-frequency components, a better assessment of health effects would be to use C-weighting.”

“It should be noted that a large proportion of low-frequency components in a noise may increase considerably the adverse effects on health.”

“Thirdly, the evidence on low-frequency noise is sufficiently strong to warrant immediate concern.”

It is important. The answer is clear: It is very important as a source of community noise. However, there's a crucial difference of opinion. The author of the foregoing paper, H.G. Leventhall of the United Kingdom, who quoted the WHO—which I thought was ironic and thus I included it—denies there's any low-frequency noise. He is a high-profile spokesperson on behalf of the industry.

Others, however, disagree. For example, Styles et al., who are a group from Keele University in Scotland, did a very detailed and elegant study a few years ago and they observed “clear evidence that wind turbines generate low-frequency sound (infrasound) and acoustic signals which can be detected at considerable distances”—that is to say, many kilometres—“from wind farms on infrasound detectors and low-frequency microphones.”

Secondly, Kamperman and James of Wisconsin and Michigan, respectively, commented as follows: “Some residents living as far as three kilometres ... from a wind farm complain of sleep disturbance from the noise. Many residents living one-tenth this distance ... from a wind farm are experiencing major sleep disruption and other serious medical problems from nighttime wind turbine noise.” They further comment that “the single A-weighted (dB(A)) noise descriptor used in most jurisdictions for siting turbines is not adequate.”

So that brings us to adverse health events. These are very important developments that I want to bring you up to date with. Some of these are more historical. There have been many reports of adverse health events. Indeed, Kamperman said that in the 50 years he’s been an acoustician, he’s been hearing the problem for some decades.

It must be clear at the outset that there is no systematic epidemiological study that could yield authoritative guidelines for siting wind turbines. It doesn’t exist. Now, the flip side of that is also claimed, and that is that there is no epidemiological study, no authoritative study that has shown there are adverse health effects. The point is that there are competing claims.

Dr. Amanda Harry reported on 39 cases. This is a case series. It’s not anecdote; there was systematic collection of information. For these people, whose health and quality of life were compromised, she concluded that people “living near wind turbines are genuinely suffering.”

Dr. David Manley, a chartered physicist, acoustician and engineer who worked with Dr. Harry, stated: “Much work has been done by me near wind farms to evaluate the acoustic effects. It is found that people living within five miles of a wind farm cluster can be affected and if they are sensitive to low frequencies, they may be disturbed.

“It has been found that an extensive seismic signal passes through the earth and may ... at nighttime affect people’s sleep. It is admitted by fellow acousticians that much more research in this subject is needed and that none has been done since 1996.... At many inquiries, wind farm promoters will not accept there is an acoustic problem.”

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Todd et al., a neurosciences research team, published a paper in August 2008 that demonstrated that the human ear is more sensitive to seismic vibration than to hearing. In other words, it’s possible to perceive energy that isn’t heard. Seismic vibrations can and do affect people.

Another group is Nina Pierpont—38 cases from 10 families. She, too, is about to publish a book in 2009.

The National Academy of Medicine in France has taken note of adverse health events and recommended that an epidemiological study be done and that the setback be 1.5 kilometres until that occurs. They recently ruled that 25 decibels should be the limit for houses near wind turbines; currently, our Ministry of the Environment says that can be 40 and they have circumstances under which that can go to 51. Please recall that for every

three-decibel increase, you’ve got a doubling of the intensity of noise. So there is certainly a divide here.

The industry, of course, cites more than 20 years’ experience, with at least 68,000 wind turbines. What isn’t heard so often is that there’s an enormous resistance within Europe. The European Platform Against Wind-farms begs to differ. They currently have 319 organizations from 18 nations opposing wind farms. To quote from their web page—and I won’t do the full quote because it’s pretty strong language. I’ll quote the third bullet: “The only thing wind turbines do is cause considerable harm to people, the economy, national budgets and the environment.”

Closer to home, these sentiments are clearly rising, certainly as it relates to harm to people, as this committee has probably heard from Wind Concerns Ontario.

Let me be clear, however, as to why I’m here. I’m here because of people who are suffering as a consequence of being near wind turbines. Adverse health effects are occurring as we speak. The two people on my right are victims, and if those who would deny that there are problems wish to speak to them, I recommend you do. In addition, in the audience there’s a large number of people who have been victimized by wind turbines. I don’t know if you wish to stand up at this moment, but you should be seen, because there’s a denial that such things exist.

These victims, led by Carmen Krogh, whom I’ve introduced, and Lorrie Gillis, have organized a survey of people living near wind installations. The methodology and detailed results are attached as part of the submission. Seventy-six people responded to the questionnaire: 23 denied any problem; 53 indicated that they had experienced at least one symptom and complaint, and on average had five complaints.

The findings are remarkably similar to the work quoted above and as well to that of Dr. Michael Nissenbaum in Maine, with whom I’ve been in contact. He has a very interesting situation of 20 homes being within 1,200 to 3,400 feet from wind turbines, and then there’s a gap and people live outside that. All of the first 15 people he interviewed had complaints and issues, especially visual, hearing, headaches, sleep disturbance and the like. That represents 42%, and his initial findings are that a further 20 are also in trouble, but that’s something he’s going to be doing in the next few weeks. That’s the first time we’ve had a denominator—how many out of—and that’s why Nissenbaum’s findings are so important.

In our own group, one person had to be admitted to hospital with an acute hypertensive episode. If you turn to tab 4 and look at person number three, you’ll see that they report a high blood pressure of 217 over 124.

The Chair (Mr. David Oraziotti): Mr. McMurtry, thank you for your presentation. That’s time, but I’ll give you 30 seconds if you want to wrap up.

Dr. Robert McMurtry: I would like to wrap up. Thank you very much for that opportunity.

My proposal is this: Authoritative guidelines must be developed, and the only way to do that is a well-designed

epidemiological study conducted by arm's-length investigators, mutually agreeable to all sides. That must be done—as well as check for low-frequency noise. In the meantime, let us listen to and help the victims. Anything less would be an abandonment of responsibility by government.

Applause.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation.

I appreciate folks holding their applause until the end of the presentation. That's helpful, so that all of the information can be recorded for Hansard.

We'll start with the Conservative caucus questions. Mr. Yakabuski.

Mr. John Yakabuski: I appreciate you coming today, Dr. McMurtry. Interestingly enough, your recommendation—I asked a very similar question the other day. In your statement today, you say there's no epidemiological study that says that wind turbines give an adverse effect, and there are no epidemiological studies that say that they're totally safe, without any effects. If, as I said, a mutually acceptable, accredited third-party group, whatever, was to conduct this study, whatever the findings were, would you accept them as being—

Dr. Robert McMurtry: Absolutely. We would abide by them. When you have competing claims, there is but one option, and that is to find the truth.

Mr. John Yakabuski: So if that's done, you'll abide by them?

Dr. Robert McMurtry: I will.

Mr. John Yakabuski: All you're asking is that the government do the study, to put this issue to rest once and for all.

Dr. Robert McMurtry: Yes.

Mr. John Yakabuski: Thank you very much for coming. I appreciate that.

The Chair (Mr. David Oraziotti): Mr. Tabuns, questions?

Mr. Peter Tabuns: Thank you, Dr. McMurtry, for coming today. Just to be clear, this act covers a range of renewable energy sources—biogas, biomass, solar etc. I'm assuming that you have no concern about those other forms of renewable energy, but you were focused on one form—

Dr. Robert McMurtry: I'm talking solely about industrial wind turbines.

Mr. Peter Tabuns: Okay. Thank you.

The Chair (Mr. David Oraziotti): Thank you. Ms. Broten?

Ms. Laurel C. Broten: Thank you very much, Dr. McMurtry. I just want to turn to your documents and get some clarification. The survey is the document at tab 2, which is entitled "Wind Energy Concerns," and then it goes on to ask people to respond. Is that right?

Dr. Robert McMurtry: Right.

Ms. Laurel C. Broten: And the number of surveys that were distributed—I'm searching to try to find out where that is in here.

Dr. Robert McMurtry: I didn't do it, but what I can tell you is, what was sent out was the flyers that are shown there. People then had the opportunity to ask for surveys, and then surveys were mailed out. That was the process. Any further questions you have, I'd ask you to ask our committee leader.

Ms. Laurel C. Broten: Okay. Well, maybe they can let me know how many flyers were distributed, that type of information, because I have a few other questions.

I want to ask you: Which jurisdictions utilize C-weighted criteria in their noise bylaws and guidelines in establishing their setbacks?

Dr. Robert McMurtry: I don't know.

Ms. Laurel C. Broten: Do you know of any?

Dr. Robert McMurtry: No. I only know of the authorities that have told you that, who are acousticians.

Ms. Laurel C. Broten: You've given us a lot of information today. I did have a chance to anticipate what you might be talking about, because I had a chance to read the deputation that I think you made in Prince Edward county, which is where you live.

Dr. Robert McMurtry: Correct.

Ms. Laurel C. Broten: And that was in response to a SkyPower project and the municipality looking at that issue?

Dr. Robert McMurtry: Yes, SkyPower, amongst others.

Ms. Laurel C. Broten: Okay. If the province established provincial requirements and setbacks for wind turbines that were designed to ensure human health, safety and the environment and that were based on scientific and technical advice, would that meet your concerns?

Dr. Robert McMurtry: My concerns—I want to go back to an earlier point you made on other jurisdictions doing it. The World Health Organization has made clear the damage that low-frequency noise can do, and I don't think that we can fly in the face of that. A lot of people are complaining about the low-frequency noise and vibration. So any report that is done has to be mutually satisfying to all the parties, and that is that it has to be an authoritative epidemiological study.

I acknowledge the absence of appropriate guidelines internationally, but that doesn't mean that we should repeat that mistake and ignore all the evidence on health and low-frequency noise.

Ms. Laurel C. Broten: Thank you.

The Chair (Mr. David Oraziotti): On that point, that's time. We appreciate your coming in today for your presentation.

Dr. Robert McMurtry: Thank you.

ASSOCIATION OF MAJOR POWER
CONSUMERS IN ONTARIO

The Chair (Mr. David Oraziotti): Our next presentation is the Association of Major Power Consumers in Ontario.

Good afternoon, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five minutes for questions from members of the committee. State your name for the purposes of Hansard, our recording process here, and we can get started.

Mr. Adam White: Thank you very much. My name is Adam White. I'm here to speak to the interests of the Association of Major Power Consumers in Ontario on Bill 150, the Green Energy Act and Green Economy Act, 2009. Thank you very much for inviting me to speak to you this afternoon. I think my presentation is going to be brief.

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AMPCO members are among the largest investors and employers in Ontario. Across Ontario in cities and towns like Sudbury, Sault Ste. Marie, Thunder Bay, Red Lake, Timmins, Sarnia, Windsor, Hamilton, Oakville, Oshawa, Brampton and Wingham, AMPCO members play a major role in the communities in which they operate. AMPCO members together spend more than \$1 billion on the electricity commodity and half as much again on transmission and distribution rates, ancillary services, uplift surcharges, fees, levies and taxes.

The policy choices of the Ontario government and the decisions of its regulatory agencies can mean the difference between failure and success for industry in Ontario. Bill 150, the Green Energy and Green Economy Act, 2009, marks a significant milestone in the ongoing evolution of electricity policy in Ontario. The act raises the bar on renewable energy by removing impediments, reducing risks and improving prospects for investments in renewable energy. The act also aims to promote conservation. For customers, conservation is the first priority.

AMPCO supports the government's emphasis on conservation and demand management. Industry offers abundant, untapped potential for cost-effective conservation and demand management. Industrial customers offer the quickest, cheapest, most cost-effective opportunities to reduce demand during peak times, which benefits all customers through lower prices and reduced strain on the grid. AMPCO strongly supports the introduction of programs that are designed to unlock the substantial conservation and demand management potential that exists in industry.

But as significant as the many changes that we see proposed in the Green Energy Act, we have been interested to see what the bill does not propose to change. In particular, AMPCO recognizes and applauds the government's decision to leave in place the fundamental market reforms of the last decade. Market forces remain the least costly and most efficient means of promoting efficiency—promoting efficiency in the generation, transmission, distribution, sale and demand management of electricity.

AMPCO members, like all customers, are always concerned about costs and the effect of increasing costs on Ontario's industrial competitiveness. With this legislation, Ontario has taken a bold step towards a greener electricity future.

The next step, not yet taken, is to ensure that manufacturing also has a competitive future in this province. The key, in our view, to efficient demand management is efficient prices and efficient rates. The benefits of a smart grid and smart meters will not be realized if we don't have smart rates and smart bills to go along with them. No matter how much investment is made in so-called smart technologies, one cannot expect consumers to make smart decisions if they are not exposed to the true cost of the power they consume, through efficient prices and efficient rates.

Changing the way the global adjustment is allocated—the provincial benefit is what most customers see on their bill—is probably the most pressing reform, but we're also looking for reforms in the way the transmission and distribution rates are set. We think, together, if we can get those parts of the bill in alignment and supporting our shared policy priorities, the bill itself offers the most efficient and cost-effective means of promoting efficiency and demand management.

In closing, I want to emphasize AMPCO's interest in supporting programs for industrial conservation and demand management. We are committed to working with the government and its agencies to develop cost-effective programs for industry, and we'll do as much as we can to help promote and support the implementation of those programs when they are developed.

I also want to stress how much value AMPCO places on the government's decision to continue to support the development of Ontario's electricity market. While it's not perfect, by any means, the IESO market price—the hourly Ontario energy price—provides an effective indicator of the marginal cost of meeting demand in real time. It's not perfect, but it's vastly superior to the alternative. Now we need to focus on the rest of the bill, so that every other charge, rate, levy, fee and tax works to support our shared policy priorities.

Those are my comments. I appreciate your time. I look forward to your questions.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. Mr. Tabuns, you're up first.

Mr. Peter Tabuns: Thanks very much for the presentation, and thanks for coming down. In concrete terms, when you talk about reflecting the real cost of power, you're well aware of the government of Ontario's interest in restoring the nuclear fleet so that it provides 50% of the power in this province for the next few decades, and you're aware of the costs that are being quoted for new nuclear generation in the American experience. Does AMPCO have concern about that investment in nuclear, as opposed to an investment in conservation and efficiency?

Mr. Adam White: I'm not an expert on nuclear power. Let me first say that. It is our concern about costs in general, and there isn't a cheap new electricity supply option for Ontario. Ontario's cheap supply options are its existing stations, and those are aging and in need of replacement. This is why we place so much emphasis on conservation, because the cheapest power, as Minister

Duncan has said and as Minister Smitherman has said—the cheapest and best kilowatt hour is the one you don't use. But over a number of years I think we've come to terms with the reality that energy costs are increasing, and I think that the best way to manage exposure to those costs is to find ways to reduce consumption.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. David Orazietti): Mrs. Mitchell.

Mrs. Carol Mitchell: Thank you very much for your presentation. I have just a little bit of a twist of a question: One of the major consumers of energy in my riding is the salt mine, and they have been looking at cogeneration options for a very long time. They've not had the opportunity. You mentioned Wingham. They also would like to see further expansion of cogeneration once some of the other issues are dealt with. Do you see the Green Energy Act as being an enabler to move forward our large consumers—moving in cogeneration?

Mr. Adam White: I think the act and the government's statements around the act make clear that it is intended to remove barriers and to promote new projects like that. Cogeneration and combined heat and power isn't a panacea for industry. For one thing, these are long-lived assets; they require a significant investment. It's not a core competency of most companies in Ontario. If you're a steelmaker or a car maker or a salt miner, that's your competency, and running and operating a generation facility is not necessarily.

The other challenges that come with combined heat and power in cogen is that it requires a fairly stable and long-term commitment to taking the heat output as well as the power output. The power output you could put on the grid and you can sell it to others if you don't need it, but the heat output and the efficiency of those units only make sense if you have somewhere to put that heat.

Where these kinds of facilities make the most sense is where you have a steady stream of an alternative fuel, a by-product fuel. There are lots of applications for that, and I think the Green Energy Act will help.

Mrs. Carol Mitchell: Of the people within your association, could you give me a percentage of those who would qualify in the last part of your comments that would have the ability—

The Chair (Mr. David Orazietti): A brief response, if possible; that's about time.

Mr. Adam White: I'm not an expert. I had the opportunity to work with TransAlta in the development of that large cogen plant in Sarnia. The industry in Sarnia provided a great place for that. I think there are good opportunities in Hamilton with the steel industry there. I'm sure there are others. I know that the forest sector has already taken advantage of some of those opportunities, but I'm not an expert.

The Chair (Mr. David Orazietti): Thank you. That's time. Mr. Yakabuski.

Mr. John Yakabuski: Thank you very much, Adam, for joining us this afternoon. Last time we were here in Toronto, the Automobile Parts Manufacturers' Association visited us. They told us that if Ontario's electricity

pricing regime is not competitive—I'll use their words—"We are done." They'd be, certainly, a major power consumer in the province of Ontario. That was one of the things they were concerned about: the price of electricity under this act.

The other thing that they mentioned was, if the government had invested—and you talked about energy efficiency and conservation—as much as they're prepared to invest in these projects, in making our major power consumers more energy-efficient and therefore reducing their energy costs and consequently the amount of greenhouse gases that are emitted in this province, we would have accomplished more—the price. Without some kind of an agreement, an industrial power policy—because, in Germany, we're talking twice the price of power and in Denmark, we're talking three times the price of power for consumers. Unless there's a special rate for major power consumers, what happens to your members under the price regime under this bill, and what about the investment in making you people more energy-efficient?

Mr. Adam White: AMPCO doesn't and isn't advocating for some kind of subsidized rate. We are aware of regimes in other jurisdictions that have made decisions like Ontario has to promote renewable power and conservation and to allocate those costs so that industrials continue to pay a rate which is competitive.

In my remarks, what I'm hoping to get across, and we've been very consistent on this point now for a year and a half at least, is that we need to look at all of the line items in the bill. We need to look at the elements of the bill.

The thing that makes industrial consumers special isn't that we're large—we are—but it's that we use power differently than residential or commercial consumers. We don't use it for heating, ventilating, air conditioning and lighting; we use it in our industrial processes. It's mostly motor-driven load, and we use the same amount of power all the time. It's that flat load profile that ought to give us an advantage in terms of pricing.

With the current regime, with the way the global adjustment is allocated and with the way that transmission distribution rates are set by the Ontario Energy Board, industry doesn't see that advantage. In other words, industry is not rewarded for peak shifting. My view, and AMPCO's view, is that if we can get the other elements of the bill lined up the way that the power price is lined up—higher during peak times, lower during off-peak times—industry is going to see an immediate advantage just because of the inherent way that industry uses power. There's a significant opportunity there to benefit industry without a subsidy.

The Chair (Mr. David Orazietti): Okay. I'm going to have to stop you there. That's time. Thank you very much for coming in today and thank you for your presentation.

Mr. Adam White: You're welcome. Thank you.

The Chair (Mr. David Orazietti): The committee's going to be in recess. Before we do that, I'd ask every-

body to exit the room. If you have anything that you want to bring with you, please do that, because the room will be locked in a few minutes.

The committee is recessed until 7 o'clock.

The committee recessed from 1752 to 1900.

The Chair (Mr. David Oraziotti): Good evening, and welcome to the Standing Committee on General Government.

Just for the members' information, information has been provided from research with respect to the interim summary and recommendations, so members have that package in front of them now. That's information from hearings on the 6th and 8th and from committee travel on the 14th, 15th and 16th for the committee. The interim recommendations are there for all members.

AGRI-ENERGY PRODUCERS ASSOCIATION OF ONTARIO

The Chair (Mr. David Oraziotti): We'll start with the first presentation for this evening, the Agri-Energy Producers Association of Ontario, if you'd like to come forward.

Good evening, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five minutes for questions among members of the committee. If you could just state your name for the purposes of our recording Hansard, then you can begin your presentation.

Ms. Nicole Foss: My name is Nicole Foss. I'm from the Agri-Energy Producers Association of Ontario. We represent small farm-scale biogas systems, primarily. We would like to comment on the Green Energy Act as it applies to biogas in particular.

We notice that you have very differentiated tariff bands under the regulations that are proposed for solar, for instance, all the way down to 10 kilowatts, but you have very few tariff bands for other technologies, notably biogas. You have above and below five megawatts, but that completely disregards the reality of biogas in Ontario. Nobody, not even the city of Toronto, would ever build a five-megawatt biogas plant. In other words, everything would be smaller than that.

You really need a much more differentiated set of tariffs, much more like they have in Germany and other parts of Europe, where these systems are particularly successful. You need to look at tariff bands at 100 kilowatts and less, or 250 kilowatts and less—several different tariff bands for much, much smaller systems—and they need much higher tariffs. They would never, ever be able to compete at the tariff that you're proposing; some of the larger systems would, but farm-based biogas would never be able to compete under those circumstances.

If you don't have farm-based biogas, you don't have the digestion of manure, which is where most of the environmental benefits of anaerobic digestion actually lie. If you make the farmers compete on the same tariff basis with the larger systems, you would have a pro-

liferation of larger, centralized systems, because they would be very profitable. A lot of off-farm waste would go into those systems, but there would be very little off-farm waste to go into the farming system, and manure on its own does not make a viable project, financially.

You really need to have a tariff that makes these projects viable and that allows them to compete in the off-farm waste market as well as the electricity market in order to capture the environmental benefits of digestion of manure—and they are considerable.

Water pollution will be far less if you take the pathogens out of the manure rather than spreading raw manure on the land. Raw manure can also burn plant leaves. It can clog up the pores and reduce growth.

There are many disadvantages to using raw manure that are addressed by using digestate. You have a much, much better fertilizer if you use digestate, with no pathogens and reduced weed seeds. You don't need as much in the way of fertilizer and herbicides. The environmental benefits are considerable.

You also have a lot of employment. Thirty-six people per gigawatt hour per year could potentially be employed in agricultural biogas. That's much higher than for centralized systems. So you would see a significant driver for rural development as well if you actually had income streams going into these farms.

But we would need a tariff for farm-based biogas of probably at least 21 cents a kilowatt hour, which is significantly higher than the 14.7 cents that you're proposing at the moment.

We would also like to point out, with regard to grandfathering of RESOP contracts into the FIT program, that the people who have been taking this industry forward have put an enormous amount of their own time and effort, completely uncompensated, into this industry getting over the hurdles in terms of environmental regulation, grid connections and many other things. These people have worked tirelessly to support this industry, and now, if we manage to get a higher tariff for biogas, those people will be left out of the higher tariff—those four people. It would not cost a great deal of money to promote four biogas systems into a FIT rate, and I appreciate that if you did that for other RESOP contracts, the cost would be significantly higher. In the case of biogas, there are only four systems that have RESOP contracts that were operating, and they would be the only four that would get very significantly lower rates than everybody else in the system, and that really does seem extremely unfair.

The other thing that we've been looking at is grid connection policy and how we might twin load and generation. Biogas is particularly good for this because you can produce biogas where you actually have load. One of the problems with grid connections is simply that for a lot of renewable energy they're very distant from load so you have to carry energy over a long distance, and the losses tend to be very high when you drive power backwards along a power system at low voltage and high current, where the losses are proportional to the square of

the current. So you can end up with significant problems if you have to transport renewable energy. If you can produce it near where the load is and send price signals through perhaps a use-of-system charge for the transmission system, then you would be able to address the problems of renewable energy to a large extent without having to upgrade an enormous amount of the transmission system and distribution systems right away. You would plan to do that over time, but you could bring renewable energy online much more quickly.

We really need a “must take” policy for renewable energy, and we need shallow entry, which means that the distribution and transmission upgrades would be performed and paid for initially by the transmission companies and distribution companies, but they would then be able to put that into the rate base so they would recover that cost, probably mostly from load. But if we introduced use-of-system charges, we would also be able to allow them to recover some of that from generation after it had been built, and it would be typical to recover perhaps 25% of the cost from generation. If you had a locational pricing system, you could send price signals both ways. You could encourage generation in areas where you were near load and you wanted extra generation, you could use the same system to discourage generation in extremely remote places very distant from load, and you could have capacity charges and energy charge components, as I’ve explained in the submission that I’ve handed out.

So there’s a great deal that can be done with the system that we already have, but we do need to look at connection policies, we need to look at transparency and we need to get away from the case-by-case negotiations that these project proponents have with the transmission and distribution companies, because it allows an imbalance of power to be exploited so that utility companies can block projects. We’ve literally had this exact same kind of project get connection assessment anywhere between \$30,000 and \$1 million, simply depending on the infrastructure in place where they wanted to connect. We really need people to know in advance or at least have some sense of what they’re going to be on the hook for for connection costs, and we need the time scales to be shorter. So we need standard connection procedures that are published and a reasonable idea of what connection costs will be; otherwise, these systems become extremely difficult to finance. And if you can’t get access to financing because there’s too great an uncertainty, things simply don’t get built.

There’s a great deal we can do with the infrastructure that we have. We can have a planned build-out of transmission and distribution infrastructure as well, first serving the resources that are of most use to the system and therefore of most public benefit, and those would be the ones that were reasonably near to larger load centres.

The Chair (Mr. David Orazietti): I appreciate the presentation. Ms. Mitchell, questions?

Mrs. Carol Mitchell: Thanks very much for your presentation. Just so that we clearly understand: You’re

proposing that we move towards a standard for connection charges based upon the seven zones, as described by the independent energy—

Ms. Nicole Foss: Yes. There are seven zones that they’ve defined on the basis of transmission constraints. There are significant pinch points between these zones, and if you had a locational pricing system that specifically encouraged a balance between generation and load within one of those zones, you would alleviate those transmission constraints and thereby alleviate the need to upgrade the transmission system. So a lot of the costs of bringing renewable energy online could be significantly alleviated by doing this. You might end up with people in very remote locations who would complain because they wouldn’t be able to develop an enormous wind farm where nobody lives, but it’s simply a reality that we have limited resources to expand the transmission system and upgrade distribution, and we really need to concentrate those resources in the areas where they will do the most good for the system.

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We could exempt First Nations projects, for instance, from user system charges because there are good reasons they are where they are, and in order to encourage development, we could build proper transmission lines to one or two remote locations, but at least we wouldn’t be building transmission lines to everywhere.

The amount of transmission and distribution capacity that would have to be added to really bring online Ontario’s renewable potential would cost tens, if not hundreds, of billions of dollars and would take decades. We really need to move forward from where we are now, which means we have to make best use of the system we have. There’s a lot we could do with better generation management as well. If you could bring projects on in advance of reinforcements but on the understanding that if the system could not cope with their power transfer at that time, they would be constrained off—

The Chair (Mr. David Orazietti): Thank you. I’m going to have to stop you there. Mr. Yakabuski, questions.

Mr. John Yakabuski: Thank you, Nicole, for your presentation. We’ve seen and heard evidence of this in our past hearings. It’s pretty obvious that the government had a bias with regard to the FIT program. It was very much biased towards the wind generators. Up to 19¢ a kilowatt hour for wind—

Ms. Nicole Foss: And solar is very well developed—the tariff structure—too.

Mr. John Yakabuski: We understand that, but it’s going to be so small, the amount. There’s no cost for wind; it’s zero. Yet in the biogas, you’ve got the cost of gathering, processing and doing all kinds of these things with the fuel that we would use. But we gain two other benefits: We deal with the product that can itself be a problem, and we deal with the methane gas that is a problem, and we also help a very key industry, meaning our agriculture people.

Ms. Nicole Foss: Very much so.

Mr. John Yakabuski: Was there proper consultation with the agricultural community?

Ms. Nicole Foss: No.

Mr. John Yakabuski: Because I've got a biogas digester in my riding. It's 50 kilowatts; they're talking five megawatts. Where was their thinking?

Ms. Nicole Foss: It obviously was nowhere near the biogas industry in Ontario. If you look at the biogas data that came out of the Navigant study that the OPA has been discussing, they're looking at only two projects, completely different projects. They're not even comparable to each other. The smaller one uses a covered lagoon technology that you would never even use in Ontario because you can't heat them. It is just completely inapplicable to the climate we have here. So even they are not comparing apples with apples, even within their one small study.

The Chair (Mr. David Oraziotti): Thank you. I'm going to have to—

Mr. John Yakabuski: It just shows their bias, eh?

Ms. Nicole Foss: Yes.

The Chair (Mr. David Oraziotti): Mr. Tabuns, questions?

Mr. Peter Tabuns: Nicole, thank you for the presentation and for being here this evening. If, in fact, the feed-in tariff was set at a rate that was adequate to draw people in, what sort of average annual income would be generated for an average farm in Ontario?

Ms. Nicole Foss: I would have to actually run the numbers. I don't have them in my head, but it's approximately 8,000 hours a year of operation. The revenue streams will vary over time, because at the moment sometimes there are tipping fees. It depends on the contract. So there are revenues potentially for more than just the tariffs, but I would actually have to run the numbers through my model to know that for sure.

Mr. Peter Tabuns: Okay. And I assume that you've done some survey as to the percentage of farms that would actually be interested in this at a tariff that would work?

Ms. Nicole Foss: There are many farms that would be able to put this in. Mostly they're not interested at the moment because of all the enormous hurdles that the early movers have faced. It's been years and years that these people have taken just trying to get on to the grid and trying to fight with the Ministry of the Environment over the use of off-farm waste. There have been so many hurdles that most farmers are just sitting back to wait and see if anything will come out of this and if there's a tariff that would make it economically viable as well. But the potential is enormous: Hundreds, if not thousands, of farms would be able to build systems like this.

Mr. Peter Tabuns: Thank you very much.

The Chair (Mr. David Oraziotti): Thank you for your presentation.

CITY OF MISSISSAUGA

The Chair (Mr. David Oraziotti): Our next presentation is the city of Mississauga.

Good evening. Welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five for questions. You just need to state your name for the purposes of our recording Hansard, and you can begin.

Ms. Mary Ellen Bench: My name is Mary Ellen Bench. I'm city solicitor for the city of Mississauga.

On behalf of the city of Mississauga, I wanted to present to you—I think it's being distributed—a copy of the report that was adopted by the city of Mississauga, which contains a number of recommendations on different key areas of the legislation.

The structure of Bill 150 sees many of the operational details yet to be introduced in the form of regulations, and therefore the comments made by the city of Mississauga are not complete. The impact cannot be fully assessed until such time as the regulations come forward, and in that respect, it is key that municipalities be consulted in the development of these regulations in respect of all aspects of the bill.

My comments will address the three main areas of the legislation but will focus mainly on the new approval process.

Mississauga supports the concept of facilitating the development of renewable energy projects and the creation of efficiencies in the permitting process. Having said this, Mississauga shares the concerns expressed by others, including AMO and OPPI, about the reduced role that the municipal planning process will have in approving these projects. While diagrams presented by provincial staff—the diagram I'm referring to is part of the report—indicate that municipalities will have a role as a commenting agency or a consulting agency, and it's difficult to tell which, early on in the stage, no details have been provided as to exactly what that means.

The approval of renewable energy projects must take into account how they fit into the surrounding municipality and their land uses. As the previous speaker noted, there's no point in having these facilities in areas where there are transmission constraints. They have to be in areas close to the population, and that's where large urban centres like Mississauga have a concern.

Currently, municipalities are able to use the tools provided in the Planning Act, such as zoning and site plan control, to address any such adverse effects. Through the Planning Act and related legislation, municipalities are also charged with assessing development applications to ensure that proper protections are in place regarding health and safety, the natural environment and sensitive heritage features, to name a few. These are all valid municipal concerns.

If the province is going to pursue a consolidated approval system at the provincial level for renewable energy projects, one suggestion is that the bona fide requirements of municipalities be addressed through the implementation of what we have called a municipal services permit, which is something that could operate similar to the development permit process that's allowed under the Planning Act. That system, as you will see

from appendix 2, is basically a checklist system. It hasn't been used a whole lot in the province of Ontario. It's widely used in other provinces, most notably in British Columbia and in a number of American jurisdictions as well.

Similar to the development permit process, it is recommended that this system allow applicants a way to provide the necessary details to municipalities to address the requirements that municipalities have. In Bill 51, the province provided municipalities, when looking at complete applications, with the ability to determine what those requirements are. In this case, the other option—if there is concern about municipalities operating in a way that's been referred to as NIMBYism—would be to provide in a regulation what could go on that checklist, and that way you're restricting what municipalities could request information on to a very objective list that's approved by the province.

For purposes of this presentation, I would assume that most of the information that would be required by municipalities, such as the identification of wetlands and watercourses, significant natural features, heritage features, site design, and servicing requirements, would also be things that the province would want to know about when issuing approval.

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Accordingly, introducing a municipal permit system would allow the municipalities to have the information they need without resulting in any unnecessary delay and without being unduly onerous to meet. A municipal services permit would also provide an ability for municipalities to ensure that road occupancy permits are obtained and related letters of credit are in place at the municipal level to account for damage or other impacts on municipal infrastructure that result from the construction or operation of the renewable energy project. These must be accounted for and are bona fide municipal concerns. Again, it is our recommendation that the best way to do that would be to include something like a municipal permit as a requirement in the definition of applicable law under the Building Code Act.

From a safety perspective as well, emergency management details must be provided to municipalities. For a renewable energy project to be developed in an urban area, it must take into account the needs for access for emergency vehicles—in particular, large fire trucks. Those are things that may not always come up at the provincial level that are very important in the event that they are needed.

Finally, municipalities are entitled to know how the proponent will mitigate the visual noise and other impacts that these projects will have on surrounding properties, as well as the details of decommissioning plans so that when the project disappears, the municipality is not left with a mess to clean up.

With respect to the energy conservation initiatives, Mississauga supports energy conservation leadership and has taken many steps in this respect already. In fact, just today, Mississauga council approved a new strategic plan

built on five pillars, one of which is green living. That's the small document that was handed out today; it's an overview of what council has approved. Furthermore, discussions around the construction of our new fire-training centre have also asked that staff include a windmill similar to the one that was recently approved for the Lisgar GO station to ensure that facilities such as this under municipal ownership lessen their burden on energy.

Bill 150 proposes to require by regulation that municipalities prepare prescribed energy conservation and demand management plans to cover prescribed periods and that they be produced at prescribed intervals. It's difficult to know what that's going to mean. Bill 150 will also allow the province to prescribe targets for energy and environmental standards that a municipality must meet, and the province can require municipalities to comply with these prescribed requirements when acquiring goods and services or making capital investments. While the intention is definitely laudable, these requirements can be very onerous and also very expensive to municipalities. There's nothing in the legislation or in any other document that talks about how municipalities are to fund this. In this respect, Mississauga supports AMO's request that the province provide funding to support the new staff and investments necessary to develop these plans and to meet these requirements.

Also, in establishing these targets, it is hoped that any such targets will also take into account the efforts already being made by municipalities to conserve energy. For example, if the target is a 5% reduction from current usage, applying that across the board would penalize those who have already done significant work to reduce their usage through other initiatives such as the fire training initiative, which I've already talked about.

Finally, if new, energy-efficient building standards are to be prescribed, it is recommended that they be prescribed through amendments to the building code and enforced against all construction, not just public sector construction. I understand that the state of California has already mandated green buildings, and Washington DC now has an incentive program but will soon be mandating requirements as well.

The Chair (Mr. David Oraziotti): Thank you. That's time for your presentation. Mr. Yakabuski has questions.

Mr. John Yakabuski: Thank you very much, Ms. Bench, for your presentation on behalf of the city of Mississauga. You mentioned one item there: The government wants to take over the control of setting rules and regulations with respect to the establishment of renewable energy projects and, as they say, set a provincial standard. You also talked about decommissioning. If they're going to do that, do you also feel that there should be a provincial standard with respect to the responsibilities of decommissioning a renewable energy project in a municipality?

Ms. Mary Ellen Bench: Absolutely. The last thing we need is a situation where decommissioning is left, that the site is abandoned when it's no longer economically viable.

Mr. John Yakabuski: That is something that has been raised by other municipalities. More rural municipalities have a concern that if it's no longer economical, away they go and they're left holding the bag. So your concerns are the same thing, then?

Ms. Mary Ellen Bench: Yes, they are.

Mr. John Yakabuski: Thank you very much. I appreciate that.

The Chair (Mr. David Oraziotti): Mr. Tabuns?

Mr. Peter Tabuns: Mary Ellen, it's good to see you.

Ms. Mary Ellen Bench: Likewise.

Mr. Peter Tabuns: The city of Mississauga, like other municipalities, would be constrained by the 10-megawatt cap on the amount of power it could generate. Does Mississauga have interest in generating power? Does it have interest in generating power beyond that 10-megawatt cap?

Ms. Mary Ellen Bench: We've raised that issue with our LDC, Enersource. At the present time, they like the idea, but they don't have enough information to decide whether or not that's something that's feasible for them.

Mr. Peter Tabuns: Okay. Are there any renewable energy projects going ahead in Mississauga at the moment?

Ms. Mary Ellen Bench: The Lisgar GO station has a windmill, and we're looking at putting one in our fire-training station. We've got a number of proposals that will involve green roofs but also solar panel installations, mainly rooftop ones as opposed to ground-level ones. We are encouraging that. The new powers that we got in Bill 51 have certainly helped us to encourage development in that direction.

Mr. Peter Tabuns: Thank you very much.

The Chair (Mr. David Oraziotti): Mr. Delaney?

Mr. Bob Delaney: Welcome to Queen's Park, Mary Ellen. It's good to see you here. I'm glad you mentioned the new 50-kilowatt wind turbine at Lisgar; yesterday, Minister Bradley, Councillor Saito and GO president Gary McNeil and I were there to inaugurate it. I was going to ask you—over and above the very detailed brief that you submitted to us, for which I thank you—whether or not you could add any other details on some of the measures for conservation and renewables that the city is considering.

Ms. Mary Ellen Bench: The city already has a fairly detailed program in terms of our energy contracts and trying to lower temperatures in buildings in the winter and lower air conditioning in the summer. A number of green roof programs are being encouraged in new construction. We're looking at a couple of buildings that will be brought to the LEED silver standard. So there are a number of initiatives that the city has under way.

Mr. Bob Delaney: All right. Thank you.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation.

SUMMERHILL GROUP

The Chair (Mr. David Oraziotti): Our next presentation is the Summerhill Group.

Just for individuals who are presenting or members of the public who are here, there are some refreshments over to the side, to my right. If you want to get something to drink, please help yourself.

Welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five for questions among members. You can start by stating your name. Go ahead when you're ready.

Ms. Stephanie Thorson: Stephanie Thorson, Summerhill Group.

Summerhill Group is a market transformation company that designs and delivers energy conservation and renewable energy programs for utilities, retailers, manufacturers and governments. We're home to two not-for-profit organizations, the Clean Air Foundation and the Carbon Reduction Fund, and we have a clean technologies firm called Transformative Technologies Inc. We're a Toronto-based firm with 45 full-time staff and over 1,500 part-time employees whom we employ across the country to deliver our programs.

I'd like to make three points today. The first is to wade through the details and enact the Green Energy Act. I'm honoured to be here on Earth Day, congratulating this government for creating such positive, progressive legislation that will move Ontario toward cleaner energy and green job creation. You've had much applause, but also detractors who argue that this route is too expensive, too unrealistic or too risky. My message is this: You have the support of those less vocal than me and the other presenters. Those with children, who care about the future and who challenge the way energy has traditionally been generated, support you. You have the support in many private and public sectors, and we'll help rally that support if asked.

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In return, support your supporters. Be bold in the face of opposition to feed-in rates that will actually translate into scale for meaningful energy production. This means proceeding with your proposed rate of 80.2 cents for rooftop solar energy systems, for example, so that concerned citizens can join the solar revolution and proudly produce their own energy.

Recently, the OPA was quoted as saying that this power would be purchased only when needed, but this is an untenable position that won't translate into contracts. You'll scare people away. Ontario will be known as the greenwashing capital—all talk and no real action. So buy the power consistently, produced at the promised rate, and put it in writing.

Acknowledge that conservation is getting more expensive as the market changes and that the simpler changes have, in many cases, already been implemented by households and businesses. This means ensuring enough flexibility within the legislation to enable innovations to be captured in the future for conservation programs.

Second, recognize the need for comprehensive outreach to meet the targets. Simply offering incentives won't lead, necessarily, to uptake. Summerhill Group designed and executed the marketing strategy for the

PowerHouse zero-interest loan and rebate program that was piloted in Ontario on behalf of Hydro One and Enersource. The Green Energy Act calls for this program to become province-wide, which we strongly support. We also ran the province's Go Solar program, conducting outreach to Ontario residents from 2007 to 2009 through a website, a hotline, communications materials and outreach events. We understand that outreach and financing will be rolled into one financing program in the future, which is highly commendable, but just be sure to provide enough outreach support to explain the technologies to people, accredit and communicate with installers—and don't allow the municipal permit process to continue to be a nightmare. It took me over four months to get a plumbing permit from the city of Toronto for my solar water heater and it cost my installer many days of unpaid labour. You'll kill the market this way, not grow it.

Provide the support the public will need through a comprehensive outreach plan, and include such things as detailed evening and weekend workshops across the province, a digital and a physical presence—a place for people to go and call and get answers to their questions. Involve NGOs and other credible organizations. This is a major investment for people, so brochures in the mail won't get shovels in the ground or panels on the roof.

Third, the last point, is to make use of on-the-shelf permanent load-shifting technologies. Ice storage technologies are able to shift up to 95% of electricity demand for air conditioning from the daytime peak to off-peak, night-time periods. Distributed energy storage systems such as Ice Energy store cooling energy at night, when electricity generation is cleaner, less expensive and more abundant, by freezing water at night within an insulated storage tank to create and store cooling capacity for the next day. As daytime temperatures rise and the building requires cooling, cooling is provided to the building by ice melt and a low-wattage fan instead of air conditioning. In addition to addressing peak demand, since renewable energy technologies are often variable or not always on-peak when power is most valuable, energy storage plays a critical role in helping renewables succeed by maximizing their value and ensuring optimal integration into the system.

The Green Energy Act identifies energy storage technologies within the bill, but doesn't clearly indicate the manner in which they'll be integrated and encouraged as critical components. Specifically, we recommend that the committee consider:

- including permanent load-shifting technologies that shift peak-demand air-conditioning energy to off-peak within the act;

- using a time-variant tariff or other appropriate incentives for energy storage technologies that will encourage investment in this technology and smart-grid tool, because right now there is no incentive to go to night-time storage within the current pricing structure;

- ensuring that distributed energy storage is built into efforts to increase the use of renewable energy sources. You could have a fire-and-ice concept, where you have

ice storage at night and use solar to just power the simple fan blowing over the coils. You're moving from 7,000 watts in a day for air conditioning down to 300 watts, which could be powered by solar; and

- ensuring that there is a cost recovery mechanism so that the utilities can actually own these assets themselves.

Thanks for your attention.

The Chair (Mr. David Orazietti): Thank you very much for your presentation. Mr. Tabuns's questions first.

Mr. Peter Tabuns: Stephanie, thanks very much. It's good to see you here.

Ms. Stephanie Thorson: Thanks.

Mr. Peter Tabuns: Two points: The ice storage system—very briefly, I assume that they're now commercially available and commercially competitive. The second question, then, is the question about paying renewable energy producers consistently. Could you enlarge a bit on what it would do to renewable energy producers if they didn't think that they were going to have a consistent stream of revenue? Sorry; two questions.

Ms. Stephanie Thorson: Sure, okay. So the first question on ice storage: There are large commercial systems and small commercial systems. The one that we're most familiar with is smaller, sort of more flexible. It's infinitely scalable. There are some units on the Mountain Equipment Co-op building in Burlington, and we've taken some folks, decision-makers, on tours of that. So there's a local solution that you can see in action. Mountain Equipment Co-op bought it more as a statement. It has a long payback right now, but again, that is related to that tariff, the time-of-use rates that I mentioned.

The other question that you had on the pricing: I'm not sure that concern applies to—I mentioned the Ontario Power Authority entering into contracts. That may not apply to the micro-systems. I think it's referring more to the larger systems. But if you have an investor who is considering investment but they don't know what their return on investment is going to be, then they're just going to walk away. If there's no certainty there, then there is no incentive for them to make that investment, because they can't predict what the demand will be for energy. You either produce the energy and get a revenue stream from it or there's not a compelling case economically.

The Chair (Mr. David Orazietti): Okay, thank you.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. David Orazietti): Ms. Broten?

Ms. Laurel C. Broten: Thank you for being here, and happy Earth Day to you. It's nice to be dealing with this piece of legislation on Earth Day.

I wonder if you have any thoughts with respect to global best practices associated with energy storage. Over the last number of days, we've heard snippets of commentary with respect to the importance of energy storage. But we haven't really had an opportunity here—how is this being used elsewhere in the world, perhaps ahead of us, in designing some of these models to move to decreased load usage and increased renewables?

Ms. Stephanie Thorson: The best example that I know of is in California, where the utilities actually have—there is an infrastructure for them to own the asset themselves and to just find customers that agree to have them at their facility. So the California example would be the one I would point to as the best practice.

Ms. Laurel C. Broten: Thank you.

The Chair (Mr. David Oraziotti): Thank you. Mr. Yakabuski?

Mr. John Yakabuski: Thank you very much—

Ms. Stephanie Thorson: Stephanie.

Mr. John Yakabuski:—Stephanie, for joining us. I knew I had it here somewhere.

Ms. Stephanie Thorson: It's been a long day for you folks, I'm sure.

Mr. John Yakabuski: Ice storage. Okay, hypothetically, a 3,000-square-foot home, a plenum-mounted A-coil air conditioning system—

Ms. Stephanie Thorson: It's really a commercial application right now.

Mr. John Yakabuski: Okay, so it's not—I was going to ask you, because there doesn't seem—

Ms. Stephanie Thorson: I think that in the next couple of years, you'll see—

Mr. John Yakabuski: So you're saying it would work in an open concept, more or less. If you had to send it into multiple rooms through ductwork and everything, it doesn't work.

Ms. Stephanie Thorson: It just hasn't been—the market—I mean, it could be, for a giant house, but really—

Mr. John Yakabuski: So right now, it's a centrally located fan pushing cold air. Right now, it doesn't have an application in a home environment.

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Ms. Stephanie Thorson: Correct. I think in the future you'll see that, but there need to be more commercial and small commercial applications and then you'll see the manufacturers scaling to residential.

Mr. John Yakabuski: So for a 10,000-square-foot building, how much ice storage would be required on a typical 30-degree summer day, and what would be the cooling costs associated with making that ice?

Ms. Stephanie Thorson: I'm not really the details person on this one, but I do believe that the Mountain Equipment store, whatever their square footage would be, has five units. Each unit is displacing roughly 7,000 watts of peak air conditioning, so that is moving to night-time use. During the day, then, you're looking at 300 watts just to keep a fan blowing over that ice and blowing in the cool air. So it's not actually decreasing overall load; it is truly shifting it.

Mr. John Yakabuski: Shifting peak to a lower—

Ms. Stephanie Thorson: That's right, on a storage basis.

Mr. John Yakabuski: I appreciate that.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. That's time.

FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO

The Chair (Mr. David Oraziotti): Our next presentation is the Federation of Rental-housing Providers of Ontario.

Good evening, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five minutes for questions from members of the committee.

I just want to remind individuals who are here watching the presentations that there are refreshments over to the side. If you'd like, please help yourself.

Go ahead. State your name for the purposes of Hansard, and you can begin your presentation.

Mr. Mike Chopowick: Good evening. My name is Mike Chopowick. I'm the manager of policy for the Federation of Rental-housing Providers of Ontario. FRPO represents over 800 members who supply or manage over 250,000 rental housing suites across the province.

We appreciate the opportunity to provide input on provisions in the Green Energy Act that will directly affect landlords and tenants in Ontario. We support the government's efforts and policy direction as outlined by the Green Energy Act and we look forward to working with the government on initiatives to promote a greener Ontario.

Before speaking to the specific parts of Bill 150 that directly relate to rental housing and tenants, we also want to review the ways rental housing already plays a leading role in energy conservation and sustainability issues in general. We think it's important for you, as our elected officials and policy-makers, to understand the green benefits of rental living and various policies that are put in place under the framework of the Green Energy Act.

Apartment buildings are already the most efficient and environmentally sustainable form of housing in Ontario. They are higher density, they use less material per housing unit and they have an inherently lower environmental footprint per housing unit, which I will discuss briefly in a moment. Rental housing is also an essential element for meeting our province's affordable housing needs.

Landlords are already making sizable investments in energy efficiency and sustainability. To recognize this, FRPO started an Environmental Excellence Award in 2006 to honour the achievements of apartment owners and managers who make these investments. Some examples:

—Minto has invested \$15 million in its multi-residential environmental retrofit program. They've achieved a 25% reduction in gas, a 36% reduction in water and a 10% reduction in electricity use, and they have reduced greenhouse gas emissions by over 20,000 tonnes since 1999 for those 11,500 suites.

—Wellington Suites is a 50-unit apartment building in Port Hope, Ontario. Since 2005, the owners have accomplished a 53% reduction in gas consumption, a 33% decrease in water and a 28% decrease in electricity, and they've also increased waste diversion from 10% to 60%.

—O'Shanter Development Co. has won the most recent FRPO environmental award in 2008. Since 2005, O'Shanter has achieved a 43% reduction in water consumption, a 45% reduction in gas and a 30% increase in the recycling rate. They've also improved electricity savings by 15%.

Since August 2008, FRPO's appliance replacement program has replaced 6,000 old refrigerators in apartment buildings with new Energy Star models. Of these 6,000 old fridges, over 2,400 were pre-1993 models, resulting in energy savings of over 50%. All old fridges have been environmentally decommissioned as well. The Green Energy Act contemplates a requirement for all new appliances to meet certain energy efficiency standards. We're already there as an industry and we're being proactive in reducing our consumption.

As mentioned, apartment buildings are already the most efficient and environmentally sustainable form of housing that there is. Our landlords are providing quality housing that leads the way in sustainability and efficiency. For example, the average multi-residential rental housing unit consumes almost 40% less water compared to single-family homes; the average high-rise rental unit consumes over 8% less electricity compared to the average single-family home, while low-rise multi-residential units use 27% less electricity.

Compared to single-family homes, landlords and tenants in Ottawa and Toronto generate over 60% less total waste per household. Rental housing also uses fewer car trips per household; renters make more use of public transit. Rental apartments also support Ontario's "creative class," as identified in a recent provincial report as a source of future economic growth for this province.

FRPO is also partnered with the Ontario Power Authority for a pilot project to conduct measurement and monitoring, to develop energy benchmarks in apartment buildings and to engage and educate tenants in awareness of available conservation measures. These are just some of the ways landlords are taking a lead role in energy efficiency and sustainability.

As we indicated earlier, we support the government's efforts to promote energy conservation and its efforts to facilitate green energy. Given my limited time, my comments today will just focus on a few key concerns of the act.

Mandatory home energy audits: While there are benefits to energy audits of properties, home energy audits should be conducted at the discretion and the expense of the purchaser. As currently worded, the Green Energy Act could require energy audits on all leased property, including rental housing units. Audits of rented multi-unit dwellings would have little value, since most energy consumption is due to the individual behaviour of the tenant, and mandatory audits would result in an additional cost for each tenant every time they move into an apartment. We recommend that in schedule A, subsection 2(1) of the act exclude any possibility of leased residential property being required to have a mandatory energy audit.

Despite the Ontario government's publicly stated objective of implementing smart meters in every home and business by the year 2010, a workable legislative and regulatory framework for smart meters in apartment buildings does not yet exist. In fact, recent actions by the Ontario Energy Board have halted submetering projects, which have been providing electricity consumption reductions of about 39% in electrically heated buildings. Landlords support the government's smart meter implementation objective, but uneconomic rules that fail to promote energy conservation will prevent smart submetering of hundreds of thousands of rental housing units.

Section 3 of Bill 150 must allow the designation of technologies that promote energy conservation, such as smart meters, to be implemented in rental housing despite any restriction imposed by other laws such as the Residential Tenancies Act. FRPO supports the development of new, fair and workable rules that would encourage smart meter installation and promote energy conservation among tenants.

Subsection 5(2) of Bill 150 permits cabinet to define classes of energy users and require such users to prepare conservation and demand-management plans. Residential landlords and property management companies should be excluded from this requirement, as it would add unnecessary costs to tenants and have minimal impact on energy conservation, since most of the energy usage will be influenced by the behaviour of individual households.

Section 14 of the proposed Green Energy Act prohibits the sale or lease of an appliance that does not meet energy-efficient standards. As indicated earlier, this is a positive measure, but the government needs to clarify that this provision excludes the indirect leasing of appliances that may occur when a landlord leases a rental unit along with its appliances or when a landlord sells a rental property that includes appliances as chattel.

The proposed Green Energy Act also includes provisions to empower local distribution companies to help deliver conservation programs to consumers. Bill 150 must provide requirements that energy-efficiency programs delivered by local distribution companies and utilities to the residential sector include multi-residential rental properties as eligible participants. All too often, our sector is left out of such initiatives, to the detriment of provincial conservation efforts.

The Green Energy Act creates opportunities for requiring targeted conservation measures to protect low-income Ontarians. We strongly support this element of the legislation. However, when implemented, rather than rate-based subsidy programs, priority should be given to reducing consumption through demand-side management programs that are especially targeted at both low-income consumers and their housing providers.

Thank you very much for the opportunity to speak on this matter today.

The Chair (Mr. David Orazietti): Thank you very much for your presentation. Ms. Broten, questions?

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Ms. Laurel C. Broten: Thank you for your presentation today. I'm wondering if you, on behalf of your

members, have any best practices that you'd like to provide to the committee with respect to how large, multi-unit rental housing buildings might have tackled some of the issues with respect to increased conservation or helping tenants manage their bills. It certainly is something that we do hear a lot about, and it seems to be one of the sectors with which we struggle to meet our mutual goals.

Mr. Mike Chopowick: Many new rental housing buildings being constructed in the province, as I understand, are meeting the LEED certification requirements, and that seems to be a common benchmark or standard that rental housing providers seem willing to meet. There is a slightly different situation with some of the older stock of buildings in Ontario that were built pre-1970. As I mentioned, we are working with the Ontario Power Authority to develop some appropriate benchmarks for those types of buildings. So once we have established that, we'll have a better idea of what standards would be appropriate for that stock of housing.

Ms. Laurel C. Broten: Thank you.

The Chair (Mr. David Oraziotti): Mr. Yakabuski.

Mr. John Yakabuski: Thank you very much, Mr. Chopowick, for joining us tonight. Sub-metering: When this issue was being talked about originally, Donna Cansfield indicated that she was going to have sub-metering in rental buildings. George Smitherman fought her tool and nail on that and got it out of there, because he was concerned about his own constituency and the number of people who rent here in his riding. You're saying that where they have been installed, they've resulted in a 39% reduction of electricity usage—and they don't want to put them in?

Mr. Mike Chopowick: That's the directive from the Ontario Energy Board, that any metering activities in rental housing properties are now in contravention of the act. So that seems to be the case.

Mr. John Yakabuski: I guess they're not interested in conservation.

Mr. Mike Chopowick: We have a lot of case studies that do show positive results. The answer to that question is that Ontario is the only jurisdiction that we're aware of in North America—any province or state and even European countries—where tenants are forced to subsidize their neighbours' energy usage. It's not fair. It's something that we'd like to put an end to, and sub-metering would help achieve that. Like I said, if the government does have the objective of implementing smart meters in every home, as they've previously stated, we do support that objective, but we need some clear and workable rules to—

Mr. John Yakabuski: Those people who have grow-ops don't like the sub-metering either, because—

Mr. Mike Chopowick: It's not a laughing matter. A very practical use of smart meters and sub-meters is to actually identify some illegal activities that are hidden in apartment buildings.

Mr. John Yakabuski: We'll have to find out if George is interested in conservation or not, I guess.

The Chair (Mr. David Oraziotti): Thank you for your questions. Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for coming in and making a presentation this evening. I'm going to assume that those case studies that you've put forward here of substantial reductions in gas and electricity and water use all were financially beneficial to the apartment operator.

Mr. Mike Chopowick: There's no net effect to the apartment operator, because all tenants pay for the costs of utilities. The question is what proportional share of those costs they pay. So in a 100-unit building, does each tenant pay one one-hundredth share or do they each pay for their own individual usage? There's no net benefit or detriment to the owner of the building. It's just a matter of allocating billing based on usage or based on bulk consumption.

Mr. Peter Tabuns: In saying this, I'm not being critical. I'm very pleased that they did this—

Mr. Mike Chopowick: No, no. That's—

Mr. Peter Tabuns: So how did they recover their investment?

Mr. Mike Chopowick: I want to make this clear distinction: The landlords actually are removed from this process. What happens is that either a utility company or the metering company—

Mr. Peter Tabuns: My apologies; I wasn't clear. You had three examples at the beginning—Minto, O'Shanter and Wellington—where they've substantially reduced heating and electricity use.

Mr. Mike Chopowick: That's right, and actually most of those things have been done through things like replacing light bulbs, replacing HVAC equipment—just actual retrofit measures. I don't think very many of these case studies that I mentioned are even related to metering.

Mr. Peter Tabuns: No, and I didn't think they were, but I'm assuming they were able to get those reductions in energy consumption and get a positive payback on that.

Mr. Mike Chopowick: Yes, absolutely.

Mr. Peter Tabuns: Great. Okay, thank you.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation today.

SOCIAL INVESTMENT ORGANIZATION

The Chair (Mr. David Oraziotti): Our next presentation is the Social Investment Organization.

Good evening, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five for questions. Start by stating your name for the purposes of Hansard, and you can begin.

Mr. Eugene Ellmen: Thanks very much. I'm Eugene Ellmen, and I'm the executive director of the Social Investment Organization. You've probably heard this a lot today, but I'm glad to be here on Earth Day. I've got a brief in front of you, and I'm just going to talk about a few of the major points in the brief.

There are some specific regulatory changes that we call for, largely based on the work of the Ontario Green Energy Act Alliance. One of our members, the Community Power Fund, is one of the leading organizations in that group, so we have worked with them to develop these recommendations.

By way of a few general comments, I would first like to commend the government for this. Our members, which include the major companies in the socially responsible investment industry—companies that are in the mutual fund industry, the asset management industry, the investment consulting industry, financial advisers and some investors themselves—are all keenly aware of the green energy potential in investment. Most of our members are, in one form or another, investing in it already. We commend the government for introducing the Green Energy Act and making it easier, creating a greater environment of certainty for investors in renewable energy development in Ontario.

There are three reasons, particularly, why the new regime increases the comfort and security of investors. First is the system of feed-in tariffs, obviously providing long-term energy contracts. There are a number of long-term investors now—pension funds and insurance companies—that are looking for long-term income-producing investments in the infrastructure area. Certainly renewable energy is part of that, so the feed-in tariffs provide the security that long-term investors need to invest in the sector. Secondly, the right-to-connect provisions eliminate one of the significant investment risks, which is that a short-term investor might invest in a development project and then down the road find that they are not able to connect to the grid. Thirdly, the streamlined approval procedure for local approvals also reduces one of the major investment risks, which is that local development projects can get tied up in local approval disputes. We believe that these three elements will add some certainty and a higher level of security to the investment industry and increase the potential for investment in renewable energy.

I would like to focus on three major areas, which are on page 4 of my brief. All of these are really aside from the act itself.

First of all, in the venture capital area, you may know that the province of Ontario has been phasing out its tax credit for investors in labour-sponsored venture capital funds. Combined with other trends in the venture capital industry, this has created a major difficulty for fundraising by the Ontario venture capital industry and the Canadian venture capital industry.

The Canadian venture capital association said in a report just released in January, “As is the case for many other venture capital industries around the world, the industry has not yet been able to deliver strong enough returns to consistently attract institutional Canadian and foreign investors. At the same time, governments have shifted towards indirect support to the industry while allocations to government direct funds and tax credits to investors in retail funds have tended to be reduced. As a

consequence, fundraising is shrinking and the investment pace by Canadian funds is contracting.”

This is at a time when the sustainability requirements for new investment is at an all-time high and initiatives like the Green Energy Act are going to create additional demands for investment capital in renewable energy. This is at a time when our venture capital industry is contracting, not growing. This is particularly important because venture capital, as you may know, is an important source of capital in knowledge-based industries as a way of creating expansion and growth capital for knowledge-based industries, and renewable energy certainly is one of those.

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Our recommendation is that the Ontario government revisit its decision to reduce tax credits to the venture capital industry through the labour-sponsored venture capital program. Specifically, SIO recommends that the government consider a new retail venture capital tax credit aimed at supporting investment opportunities and funds investing in specified green energy industries that will respond to the needs for renewable energy expected from the development of the Green Energy Act. We’re not calling for a reinstatement of the labour-sponsored tax credit; what we would like to see is a more focused tax credit on industries investing in renewable energy.

The second area is homeowner financing. As you know and as you probably heard through these hearings, one of the largest barriers to homeowner construction—solar panel, small residential wind projects—is the large up-front cost. There are a number of banks, financial institutions and credit unions that already operate in this area, providing credit to homeowners to install energy retrofits. Alterna Savings, one of our sustaining members, was the first financial institution in Canada to go into this area, through the GreenSaver program. Citizens Bank, another member of ours, has the Enviro-Financing program. CIBC offers an Enviro-Saver mortgage for energy-efficient upgrades, TD offers a Green Mortgage and Green Home Equity Line of Credit and RBC offers the Energy Saver mortgage for green home retrofits. So the banking industry is already poised to deliver on this, but we believe that one of the barriers preventing homeowners from embracing these programs is still a reluctance to saddle themselves with the payback costs of such a large outlay.

What we are proposing here is regulatory changes that would enable utilities to have an on-bill payment system in which the payments for these homeowner loans would go directly to the financial institutions making the loans. The homeowner would still be on the hook for repaying these, obviously, but it would go through the utility bill, which would enable the repayment to be much more efficient. At the end of the loan, the retrofit equipment obviously would remain with the property, and then the homeowner would enjoy the energy savings from it. As well, if the homeowner leaves before the loan is paid off, the loan would stay with the house, not with the homeowner, and the utility bills would continue to repay the loan into the future.

The third area we want to talk about is community power. Community power projects are addressed in the initiative, and we're pleased to see that. Community power projects face particular capital barriers because often they are non-profit associations of landowners or co-operatives that have difficulty raising capital in the conventional shareholder markets.

What we would like to see, and this echoes the recommendations of the Green Energy Act Alliance, is a particular provincial financing program for community power projects, and our recommendation here in particular is that the government consider a comprehensive financing program to provide early-stage capital for community power projects. Such a financing program should also include a community economic development investment fund program that could provide investment tax credits for community-based power projects, raising investment funding from local communities, similar to the CEDIF program in Nova Scotia. This is quite a successful program. It has been used not just in community power, but in other sectors as well. But it has been successful in providing early-stage capital—

The Chair (Mr. David Oraziotti): Sir, I'm going to have to stop you there. If you want to take 30 seconds and wrap up.

Mr. Eugene Ellmen: —for community power projects. So those are our three recommendations.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. Mr. Bailey, questions?

Mr. Robert Bailey: I enjoyed your presentation very much, Mr. Ellmen. Could you give me an example of tying the loan to the utility bill? Is that a new concept or has that worked somewhere else before?

Mr. Eugene Ellmen: My understanding is that there's no precedent for this in North America, but in some European jurisdictions there are.

Mr. Robert Bailey: I found that very interesting.

Mr. Eugene Ellmen: There are some jurisdictions in the world that have done this. I can't speak for their success on this, but I think that it would reduce some barriers to the repayment of the loans.

The Chair (Mr. David Oraziotti): Mr. Tabuns.

Mr. Peter Tabuns: Eugene, thanks for the presentation and thanks for being here. Could you tell us a bit more about CEDIF, how it works and what it's been able to produce in Nova Scotia?

Mr. Eugene Ellmen: The CEDIF program is a community tax credit, 30% for Nova Scotia taxpayers. It's not just for renewable energy; it can be used for other community economic development projects. But essentially, it combines the provincial tax credit with an expedited share offering, and that's as important as the tax credit because, as you know, for investors, for offering issuers to go out into the market through the regular prospectus requirement is an extremely costly endeavour. It can run up into the tens of thousands, if not hundreds of thousands, of dollars. So the expedited approval process means that local community organizations can run their offering statements through an agency of the Nova Scotia

government. As long as it meets certain prescribed tests, those offerings are approved and then put out into the market. They've been quite successful in getting local community buy-in through the expedited process and through the tax credit.

The Chair (Mr. David Oraziotti): Ms. Broten.

Ms. Laurel C. Broten: Thank you for being here this evening. I wanted to focus on the venture capital analysis that you brought forward. Are there other jurisdictions that we can look to, perhaps, with respect to how a venture capital tax credit aimed at supporting these investments might facilitate the objects of the Green Energy Act?

Mr. Eugene Ellmen: Again, I believe there are other jurisdictions in Europe. The idea is that it has been a relatively successful program through the labour-sponsored venture capital program in Canada, in Ontario and other jurisdictions. The industry as a whole has not lived up to the expectations set for it by investors, and that's one of the reasons that I think the Ontario government is now phasing it out. So again, we don't think that we have to reinvent the wheel here. There is Canadian experience with the concept. What we're asking for is simply to take our existing expertise on the labour-sponsored program and narrow the focus into funds investing in green energy industries.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation.

SUSTAINABLE BUILDINGS CANADA

The Chair (Mr. David Oraziotti): Our next presentation is Sustainable Buildings Canada.

Good evening, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation, and there will be five minutes for questions among members. I understand you have a PowerPoint presentation this evening, so I'll give you a moment to get going. So when you're ready, for the purposes of Hansard just state your name, and then you can begin your presentation.

Mr. Bob Bach: All right. My name is Bob Bach. I'm representing Sustainable Buildings Canada. We have a handout which describes Sustainable Buildings Canada and my particular experience in energy efficiency and building codes.

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I want to address my remarks specifically to schedule J of the Green Energy and Green Economy Act, which specifies that the Minister of Energy and Infrastructure will in effect take over the responsibility for establishing energy conservation and environmental integrity in the building code.

Ontario has been a leader in energy conservation in building codes in Canada, and this slide shows a brief history. I should preface my remarks by saying that I'm commenting specifically about buildings rather than low-rise housing, and multi-family buildings fall into the category of "buildings" rather than "housing."

In 1993, Ontario introduced an energy code into the building code. An energy code is a document that lays down the way by which energy efficiency will be established. It in fact sets a level of energy efficiency. Furthermore, in 1993, the province developed a compliance review and inspection manual for building officials and also trained building officials across the province in how to apply the energy code within the building code. I led that work and I delivered the training, and I can tell you that many building officials had trouble understanding the issues required to establish energy efficiency in buildings.

In 1997, the province added the model national energy code for buildings as an alternative document to the one adopted in 1993. No other jurisdiction in Canada adopted either of those documents, with the exception of the city of Vancouver, which has its own building code. So Ontario has led significantly in this area.

In 2007, the province added a part 12, specifically dedicated to resource conservation, and updated the energy efficiency requirements by adopting a more recent energy code.

The building code development process is shown on this slide. It begins at the National Research Council, who developed a model building code known as the national building code. That flows through a committee called the Canadian Commission on Building and Fire Codes, who must approve and issue the document. Ontario is one of the provinces that do not adopt the national building code as drafted. It rewrites several sections, and one of them is part 11, which is unique to the Ontario building code, which is for renovation, and the other is part 12, which is new with the 2006 building code. The Ministry of Municipal Affairs and Housing is responsible for the development of that building code, and it is issued under the authority of the Building Code Act.

However, the Ministry of Municipal Affairs and Housing does not enforce the building code; the building code is enforced by the municipalities in the province. So, if I, as a permit applicant, wish to build a building, I go to my local municipality, although I will have designed it in accordance with the Ontario building code.

There are a couple of other organizations. One is known by the acronym PTPACC, the Provincial/Territorial Policy Advisory Committee on Codes, and it advises the CCBFC. In Ontario, if an applicant and a municipality cannot agree on how the code should be interpreted, there's an additional organization called the Building Code Commission which will hear both sides and render a decision.

What the Green Energy Act proposes to do is have the Minister of Energy and Infrastructure insert into the work of the Ministry of Municipal Affairs and Housing the energy and environmental integrity provisions. What I would suggest to you is that that's not where the problem lies in advancing energy efficiency. The way that energy efficiency is introduced in the building code is simply by adopting a document called an energy code, as I've described, and that is a highly specialized document. The

problem lies in the enforcement of the requirements of the energy code by the municipalities. I would suggest to you that the Ministry of Energy and Infrastructure is focusing in the wrong area by what is defined in schedule J.

There is a much better role for the Ministry of Energy and Infrastructure, I would suggest, and that would be to either become a key resource for municipal building officials who undertake the plan's examination to determine compliance with the energy efficiency aspects of the building code or else, in fact, to do that plan's examination for part 3 buildings, which are larger buildings, in order to determine that compliance. That's a really important role. Some of the US states have in fact taken that step, and they have greater success generally with compliance than those jurisdictions which rely only on municipal building officials. I should add that I chair a committee of municipal building officials known as the Mechanical Services Advisory Committee, which covers the 14 municipalities across the GTA. I'm very familiar with the problems they face, and because of the establishment of priorities in their review, energy efficiency is somewhere well down the line.

I can add a couple of other comments about the environmental aspect. The building code: as issued by the National Research Council, the model code has only four objectives: safety, health, accessibility and fire and structural protection. Ontario has added the fifth objective, resource conservation, but there are many other areas which are the real risks to our society that the building code does not address and which fall under the category of environmental integrity. I would suggest that those are far more important to look towards, and that's where the leading codes' authors are going in the development of their codes.

The Chair (Mr. David Orazietti): Thank you very much for your presentation. Mr. Tabuns questions first.

Mr. Peter Tabuns: Bob, thank you very much. The first question is: How broad would you say the range of non-compliance is?

Mr. Bob Bach: I was asked by Natural Resources Canada to prepare a study last year. I talked with a number of people, both in Canada and in the US, and I also held a workshop with my committee of building code officials, who, I will tell you, are responsible for about 30% of the value of construction in Canada. So this is a core group of people. The compliance level, they had to acknowledge, was very low.

Mr. Peter Tabuns: You're recommending that we amend the act by directing the ministry to become more involved with the—

Interjection.

Mr. Peter Tabuns: Well, enforcement, but I guess, when you approve the plan, then it has to be built according to the plan; that's easier to enforce. So that that's the direction you think it has to be taken most critically to deliver what we want to deliver here.

Mr. Bob Bach: Yes. You can write a code, but if it doesn't get enforced, you've gained nothing.

Mr. Peter Tabuns: The same with any unenforced law: It's a nice curiosity. Thank you.

The Chair (Mr. David Oraziatti): Ms. Mitchell.

Mrs. Carol Mitchell: Thank you very much for your presentation. Just so that I'm crystal clear on this, are you saying that you see that the environmental integrity should be part of the building code or thAT environmental integrity should be part of the resource conservation applied through the Ministry of Energy? Just so I'm crystal clear.

Mr. Bob Bach: "Environmental integrity" is not a term that is commonly used in the green or sustainable building field; it's a term that has appeared in the Green Energy Act. I can't give you a definition, but I'm assuming that it targets all those aspects of buildings that affect the environment. If I can back up a slide, what's inside the circle is what the building code deals with. What's outside the circle are the real, long-term risks to our society that result from buildings. So I would suggest THAT an interpretation might be that "environmental integrity" would include those things that are outside the circle.

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Mrs. Carol Mitchell: So you see it to be an adjustment of the building code or an adjustment of the conservation resource. Or it doesn't matter; you just feel it needs to be a part of the conversation or a part of the language for understanding how the building code needs to adapt.

Mr. Bob Bach: In the long term, the building code needs to adapt. In the short term, I believe that the intent of schedule J is misplaced, because the Ministry of Municipal Affairs and Housing has been doing, generally, a very good job on energy conservation in the building code. But they do not do the enforcement, and I will tell you that, having delivered the training in 1993, there has not been another round of training for building officials even though we have a newer energy code. That's a real lack, even as a first—

The Chair (Mr. David Oraziatti): That's time. Thank you. Mr. Yakabuski?

Mr. John Yakabuski: Thank you very much, Bob, for joining us this evening. I'm not surprised; this government loves to pass laws that are either unenforceable or irrelevant but make for good photo ops somewhere. I'm not sure where sometimes, but they find the places.

So I'm on the same wavelength, and my questions are the same as Mr. Tabuns's. If they enforce the provisions that are there today, that would accomplish most of the goals, as opposed to changing the jurisdiction and changing the enforcement criteria. Just getting enforcement onto the municipal level of what we already have in place would go a long way to making our buildings more energy-efficient. Is that what you're basically saying?

Mr. Bob Bach: I believe it would.

Mr. John Yakabuski: I'm not surprised. But they like paper. Thank you.

The Chair (Mr. David Oraziatti): Thank you very much for your presentation.

PEMBINA INSTITUTE—TORONTO BRANCH

The Chair (Mr. David Oraziatti): Our next presentation is the Pembina Institute—Toronto Branch.

Good evening, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five for questions among members of the committee. For the purposes of our recording Hansard, you can simply state your name, and you can begin your presentation.

Ms. Cherise Burda: Thank you. My name is Cherise Burda. I'm with the Pembina Institute here in Toronto. Thank you so much for this opportunity to present to you tonight..

Just a little bit about our submission: I think you've already met my colleague Tim Weis in Ottawa, and he gave a presentation focusing on remote communities. We are also a founding member of the Green Energy Act Alliance, so we are signatories to the expert analysis and submission from the alliance. We support all of those amendments, of course. So what I'm going to do tonight is also, like Tim, focus on one little aspect of that greater submission.

We have a very detailed written submission that's been distributed. Also, if I could allow this to be part of our submission: It's a report that I think you've seen distributed before as well. I have some copies of the full report with me tonight, but it's also available on our website.

First of all, congratulations. We're very excited about this piece of legislation. We note that a number of US states are also getting on the bandwagon and looking at feed-in tariffs. Pembina is a national organization, and my colleagues across the country are always saying, "How do we get one of these?" We really need to get the details right. I know that it's a challenge to do that because you have groups, such as myself, that say, "Great act. Let's do more. Let's go even further." Then you have, I guess, the other extreme of, "Please don't do it in my backyard." So it's really challenging to focus on all those things. But I'm going to focus on the let's-do-more camp.

What I'm going to be looking at is ensuring priority procurement and maximum growth of green energy. We know that, as far as our submission, Bill 150 doesn't go far enough to ensure priority procurement, but also that it doesn't go far enough to ensure that the maximum amount of green energy potential can be realized in Ontario. There have been a number of expert submissions that have been made that recommend policies and programs to increase the amount of green energy, including conservation. But the main problem here is that there simply isn't enough space on our electricity grid to allow for the maximum procurement of the amount of green energy potential in Ontario.

Let's look at CDM, for example. There really are no market or technical reasons why CDM is limited to 6,300 megawatts in Ontario, when we know, through a number of expert studies, that we can achieve at least more than twice that target. In September, Minister Smitherman

gave a new directive to the OPA to look at increasing renewable energy, but in the case of CDM, unfortunately, it was to accelerate the targets, not increase those. We would like to see the Green Energy Act ensure that we can achieve our maximum potential for CDM.

The same with renewable energy: Our current electricity plan, the IPSP, calls for about 8% of the total electricity supply mix to consist of new renewable energy by 2027. So I'm hoping that the Green Energy Act can be more than just a vehicle that ushers in the current targets that are already in the plan, that we can go further than that.

From what I've been told by the OPA, they are tasked with determining new green scenarios which will have new possible targets for renewable energy based on the uptake of the feed-in tariff. So what I'm here to say tonight is, let's try to make those as aggressive as possible. I'm not going to talk about CHP; a lot of people have. I'm going to get straight to trying to reach and exceed our potential.

The Green Energy Act Alliance proposes some very high, aggressive targets for renewable energy. We think that we should be aiming high, that we should be meeting and exceeding certain targets and not imposing any caps. We need to remove the de facto caps from renewable energy, simply because CDM, renewable energy and our electricity supply mix, through the supply mix directive, are interpreted by the OPA as absolute maximums rather than minimums, and that needs to change.

We need to look at some examples where other countries have exceeded their targets, then increased their targets and exceeded them, and then increased them again. For example, in Denmark, everyone thought they were crazy when, in the 1990s, they proposed a 10% wind target by 2000. The grid guys said it was impossible, but they met their 10% target by 2000 and then hit 20% in 2006. We are facing some of the grid stability and integration issues, as they have, so we can go a lot further.

The Green Energy Act must ensure that green energy does not remain marginalized in the electricity supply mix. The full potential of green energy, including conservation, can be realized. The de facto cap on green energy needs to be removed and space needs to be made for green energy on the electricity grid.

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This report that I sent around—I'm just about finished—goes into detail about how we can increase our amount of green energy and what different portfolios could look like, so I'm hoping that will be taken into consideration by the OPA when they are developing their scenarios.

Finally, making space for green energy: We need to understand that the current targets for nuclear energy, which are quite clear in the electricity supply mix, in effect impose a nuclear ceiling on the expansion of green energy, so we need to deal with that. We have heard recently about the report from the electricity system operator of Ontario that there's a problem with surplus

baseload from nuclear energy. The problem is that when demand is low, this might mean that we curtail the amount of green energy being expanded, simply because it's difficult to turn off nuclear in a case of low demand. So what we're suggesting is that we are in a situation right now where demand is even lower and we should be making some clear decisions about how to replace the aging Pickering nuclear station with green energy. In fact, the IESO suggests that we can do the same thing as well, using conservation, renewables, imports etc., and that we could be in a more flexible situation, procuring and deploying green energy rather than being in a situation where we have excess baseload.

I will stop right there. Thank you for your time.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. Questions, Ms. Broten.

Ms. Laurel C. Broten: Thank you for your presentation, and thank you for being orderly in your thoughts. I think all of us are getting a little bit tired tonight, so I appreciate that.

You made a number of thoughtful comments. If I look through your recommendations, there is only one that specifically is with respect to amendments to the act itself. Other things are that we need to be careful as we continue in development and design. As we move forward in this process, there are a number of outstanding issues that we need to manage, and you're giving us advance advice on those things.

Ms. Cherise Burda: Yes. To be clear, there is one specific amendment. Also, the other opportunity is through the green scenario development through the OPA, which is supposed to be part of the feed-in tariff process.

Ms. Laurel C. Broten: Great. Thank you very much.

The Chair (Mr. David Oraziotti): Mr. Yakabuski.

Mr. John Yakabuski: Thank you very much, Cherise, for joining us this evening. I've got a couple of questions.

Even if the Liberals are in power, we've got to believe that this economy is going to turn around at some point and we are actually going to start to create jobs again in this province. We've just got to believe that's going to happen. So demand is not going to stay low—and I'm now going to sound like I'm defending them. Sometimes I'm their friend too.

With nuclear procurement, you've got to plan these things years ahead. If you don't go ahead with the nuclear and you throw all these eggs into the renewables basket and it doesn't work, if it doesn't give us the capacity we need, if we don't have the reliability that we need to operate in an economy such as Ontario's, and you've squandered this time, then what do you do? What do you do when you're five years into this and it's not going to work and now you've decided not to go ahead with building new reactors? Then what do you do with the demand and the need for electricity in the province of Ontario?

Ms. Cherise Burda: What we're suggesting in our report is simply replacing the equivalent 2,000-megawatt

baseload capacity of the Pickering station. In fact, the report was written and researched before the reduction in demand. It's simply replacing the aging nuclear station with the deployment of green energy. It shows how we can do that and continue to meet the demand that there was before the economic downturn. It's simply a way of creating space for green energy. It's simply 2,000 megawatts that we're talking about. We're not taking on the entire nuclear capacity right now. It's an opportunity to put more eggs in the green basket, rather than have them all in the nuclear basket at this point. So it's creating a little bit more equity on the electricity grid.

The Chair (Mr. David Oraziotti): Mr. Tabuns.

Mr. Peter Tabuns: Cherise, thanks very much for the presentation and for sticking it out until this time of the evening.

Ms. Cherise Burda: You too.

Mr. Peter Tabuns: The drop in demand in Ontario—those are significant drops that you've projected. I think it's important to point out that your notes here say that the drop in demand occurred even before the economy turned down. Can you expand on that a bit?

Ms. Cherise Burda: That's just simply the load forecast; a readjustment was done. That's part of the evidence at the OEB hearings, which has shown that the drop in demand is less than was originally anticipated and planned for in the IPSP. That can be found online under the evidence of the OEB.

Mr. Peter Tabuns: One of the concerns that I have about investment in nuclear power—I have many, but one of them is that if you lock yourself in to those very large plants and the demand doesn't appear, then in fact you have a huge financial burden that you have to carry, as opposed to the modular nature of renewable power or the scalable nature of conservation, where you can adjust far more finely to the real demand that's there. Do you want to speak to that at all?

Ms. Cherise Burda: Yes. I think we're in sort of a perfect storm situation to try this out, because we are facing a low demand at least for another year or two. We are also going to be making a decision this year about what to do with the Pickering B station, and we have a Green Energy Act that says, "Hey, let's get more green energy." So this is a perfect opportunity to create that space on the grid without putting ourselves in an extremely vulnerable situation. In fact, it creates more stability and more flexibility, with a diverse deployment, as you suggest, over time with green energy, which can be more flexible in terms of shutting off if we experience even more low demand.

Mr. Peter Tabuns: Thank you very much.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. That's the time that we have.

ASSOCIATION OF POWER PRODUCERS OF ONTARIO

The Chair (Mr. David Oraziotti): Our next presentation is the Association of Power Producers of Ontario.

Good evening, and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five minutes for questions among members. Please state your name for the purposes of our recording Hansard, and you can begin.

Mr. David Butters: Thank you, Mr. Chair. My name is Dave Butters. I'm the president of the Association of Power Producers. I see some friends here on both sides of the House—all sides of the House, actually.

I have distributed copies of our presentation. I've also given you a copy of our latest issue of *Ippso Facto*, which has practically everything you ever wanted to know about the Green Energy Act: the good, bad and the ugly.

I don't think I need to tell you too much about APPrO; I'll skip over that. Suffice it to say that we are the makers of commercial electricity in Ontario. We make about 98% of it. It's our business; it's very important to us.

What I do want to say is that there is no question that Bill 150, which is what we're talking about, is an innovative, forward-looking and potentially game-changing piece of legislation in terms of its impacts. It does propose a bold new framework, implementing a broad series of coordinated actions designed to make it easier to bring renewable energy projects to life and to make Ontario a green energy leader. From the perspective of the developers of large-scale projects, which is generally APPrO members, there are many positive elements in Bill 150.

We applaud the government's vision for a "best in class" renewable energy feed-in tariff. As the details of the FIT emerge, the OPA will need to work through the inevitable obstacles associated with implementing a policy initiative of this scope, and those discussions are ongoing. We're engaged in those with a number of other stakeholders.

One thing that we do need to ensure with regard to the feed-in tariff is that, by providing meaningful incentives under the tariff for new biomass generation facilities, we don't create the unintended consequence of driving up the prices of an already limited biomass supply in the province. You only have to look at the state of our troubled forestry industry to get a sense of that. So the incentive shouldn't come at the expense of existing biomass facilities. We already have those. They shouldn't be forced to close down because they simply can't compete for the limited fuel supply against FIT-funded generators. That's a concern of ours. Nor should we lose sight of the fact that Ontario's experience with competitive procurement is also a well-trying and effective means to get project certainty and low cost and will continue to be necessary for projects outside the FIT envelope.

The bill also takes an impressive step to reduce costly delays for approvals and to provide greater certainty for developers by streamlining the requirements to obtain multiple permits, licences and approvals relating to provincial environmental issues, by reducing duplication and by providing one-stop shopping for renewable energy approvals with a six-month service guarantee. We've talked about these in the past. These are well known.

Together with other amendments which limit the effect of zoning and demolition control requirements, renewable generators, I think, can look forward to getting their projects online faster, with fewer regulatory hurdles and less opportunity for what we would call social friction.

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Now, that's the good news, and as I said, I think the act is an important step in a very important direction. I want to look ahead now a little bit and outline some of the issues we think a Green Energy Act will force us to pay attention to.

It is clear that the bill is reshaping and redefining the objectives for Ontario's electricity sector, and it's making them broader. Electricity policy is being used to address environmental, climate-change, health, economic and energy objectives in a more integrated way. This is an entirely legitimate policy direction, but it is a choice with its own set of outcomes, and those outcomes will incur costs not previously borne by the sector or the electricity consumers of Ontario. The impact should not be downplayed.

Our members are pragmatic: They believe that we can achieve an environmentally and economically sustainable electricity sector in Ontario that supports the business interests of electricity generators and which ensures adequacy, reliability and the optimal electricity cost for Ontario consumers. But they also know, probably better than anybody except for the system operator, that Ontario needs a balance between variable green energy and reliable emission-free nuclear and hydro and low-emissions generation such as gas.

To date, Ontario's competitive electricity sector has been fashioned to achieve the most economically efficient electricity system. By that I mean the optimum balance between prices for consumers, reasonable returns for the long-term investment in generation and transmission and the imperatives of reliable system operation.

Our bulk power system is designed for and must operate to meet customer demand in real time, meaning that supply and demand must be constantly and very precisely balanced. This is done by controlling conventional generation to make electricity when needed. But the introduction of more green, and therefore variable, generation will change this paradigm. Unlike our current generation fleet, green fuel sources cannot presently be controlled or stored. For example, wind power, which is the most abundant variable resource in terms of megawatt value today, is just as likely to be running when it's not required as when it is.

Moving Ontario to much greater reliance on intermittent resources such as wind and solar requires that there be extra investment to compensate for this variability. That investment will be on the consumer side—for example, in advanced metering or smart meters; in the way we control the system—for example, in the smart grid and both increased supply and demand management; and through additional facilities, whether that's storage or ramping facilities or new arrangements for existing facilities like our current non-utility generators to make them more flexible and responsive to system needs.

Consequently this new system's overall costs will be higher when compared to the starting point of the existing electricity system. The challenge, as I see it, is that the benefits will be dispersed broadly, extending across many sectors of the economy, across many years and across many important objectives such as global warming, but the costs will be increasingly visible on the electricity bill. The consumer will be purchasing a much broader set of products and benefits than has traditionally been the case: reliability and more variable green energy; cleaner air and Ontario jobs, for example. This is a very different way of doing business, and there needs to be a better understanding that the consumer's bill will increasingly reflect this new way.

The bill also enshrines access as of right to the electricity grid for renewables. This should stimulate renewable investment, as desired. However, an unlimited renewable tariff introduces new uncertainty into the future of existing suppliers. As I already noted, a reliable supply will demand a continuing and important need for some amount of the more controllable and more reliable capability. The province will need to assure existing suppliers of such energy that they will not face an unacceptable investment risk as a result of the priority treatment for renewable energy. To take a real example—this has actually happened quite recently—it would be indeed perverse if new and relatively expensive wind energy displaced low-cost heritage baseload hydro or nuclear energy or, for that matter, high-efficiency combined heat and power.

One of the most significant developments under Bill 150, from a generator's perspective, is the formal recognition that transmission and distribution constraints are a significant obstacle preventing new renewable generation from coming online. This problem has long been an issue for generators, and Bill 150 presents a policy framework designed to address this issue head-on. However, much of the renewable energy potential is in remote locations of the province and will need extensive new transmission to deliver to market. We need to think very carefully about that, how we're going to make that happen faster. It's a challenging issue, and it has the attention of policymakers everywhere, not just here but in the United States as well.

In closing, I want to remark on a few other issues. In reality, it's the regulations that will give substance to the act, and those remain to be developed. Until they come forward, the clarity and certainty that all parties need will be largely missing. In that regard, it would be helpful for the government to ensure that draft regulations emerge in an open and transparent manner which will allow for meaningful input and debate.

The provision to allow regulated local distribution companies, or LDCs, to own and operate generation is of some concern to APPrO. This raises questions of confidentiality, risk management, risk allocation and self-dealing. The current statute permits LDCs to do this, with Ontario Energy Board approval, through their unregulated affiliates, which are governed by the affiliate rela-

tionships code. There were and there continue to be sound policy reasons for the current approach, and we have seen no persuasive evidence that this needs to change.

Finally, we shouldn't accept that this initiative won't be without cost. From the electricity perspective, it will be. That's why we will need the Ontario Energy Board to be as vigilant as it can be on behalf of energy consumers and taxpayers in ensuring that investments are as economically efficient and as prudently incurred as they can be. We also need a realistic handle on the costs: If it can't be measured, it's highly unlikely it can be managed. This is a good reason why the integrated power system plan needs to come back before the OEB as soon as possible.

To conclude, this is a very bold step toward the future. It will change the way we think about the electricity system and its relationship to our society. That's a good thing, and it will force us all to think not just outside the box but indeed beyond it in order to make it all work. The various agencies of the government involved in rolling this out are all working very hard to make that happen if the bill is approved.

We are well served by their efforts, but we can't forget that we're also managing, in real time, a very complex machine every second, every minute of every day, and in some very uncertain and challenging times. I haven't even discussed the impacts and the complexities of impending climate change legislation, but you layer those on top of this and it gets pretty complicated very quickly.

The future is even more uncertain. Industrial demand is down precipitately, and the trends in this area are not very encouraging. The market price for electricity has been declining relative to the overall bill, and this trend is likely to accelerate over the coming years.

On the other hand, we also know that user-initiated conservation and demand management are the cheapest ways to address climate change. We will need a lot of serious thinking and courage to address the price contradiction if we want people and organizations to respond to price signals. We can't afford to overwhelm our agencies with trying to make a Green Energy Act work while failing to address these fundamental issues as well.

Those are my remarks. I'd be very happy to answer your questions. I understand that I'm standing between you and the end of this session. I guess that's the luck of the draw, but I'm sure you want to get out of here quickly.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. I'm sure members have questions. Mr. Yakabuski.

Mr. John Yakabuski: Thank you very much, Dave. And you're right: I'm always happy to see you, but today I'm especially happy to see you because that does mean that the hearings are over for the day.

I really appreciate your very balanced presentation, and I expected nothing less. You touched upon a couple of things that—we all support the improvements and the broadening of green energy. We all understand that. But the government has not been very forthcoming with

respect to the expectations with regard to price. You've talked about that. We know that you can't replace cheaper forms of generation with more expensive forms of generation and have literally no impact on the price. You're talking about an impact on the price. The minister tries to pretend in some fairytale world that it's going to go up by 1% a year as a result of this act. We know that's not true. So I really appreciate you talking about that.

You also talked about the OEB. There's been some concern raised about that. From your perspective, some people feel that this act amounts to the evisceration of the OEB. Ontario consumers need an OEB to be strong for this act to work in their best interests.

Mr. David Butters: I agree with the need for a strong OEB. I think where it will really play an important role is in looking at the efficiency and the prudence of the transmission and distribution, in essence, because without very large investments in that area, we can't actually achieve our green energy objectives. That will be a limiting factor: how much we can invest, and how quickly, in transmission and distribution. So we'll need the OEB to be vigilant and to be testing all of the assumptions that are being made, whether it's by Hydro One or Toronto Hydro—whichever it is—and to make sure that those costs are being prudently incurred in going into the rate base, because consumers will have to pay for that at the end of the day. There's no escaping that fact. They can talk about cost allocation, but somebody has to pay for it, and it will be consumers.

Mr. John Yakabuski: Thank you very much.

The Chair (Mr. David Oraziotti): Thank you. Mr. Tabuns.

Mr. Peter Tabuns: David, thanks for the presentation and thanks for hanging in until the end. Load demand, load projections: What do you see over the next five to 10 years in Ontario?

Mr. David Butters: That is a very good question. If I had the answer to that, I could probably be the finance minister and be very successful.

Here it is in a nutshell: What we've seen is, primary industrial demand has been declining for some period of time. It has taken a real nosedive over the past couple of quarters. Residential, small business and commercial enterprise demand has stayed pretty much the same—it has actually increased a little bit. So I think what we're going to see, once we get out of the recession, is some pickup in that primary demand; how far up is anybody's question. We'll continue to see growth in the commercial and residential sides. What we're going to get, probably, is a system that's more peaky, that has more volatility in it, and that's going to be part of the challenge for the system operator to manage that volatility, because solar's there during the day and it frequently is there during peak hours, but you can't count on it. Wind is 50-50 on-peak, off-peak, and only 30% of the time. It's great stuff, but—so managing that volatility is going to be a real challenge for the IESO. That's probably where we're going to need more ramping capability, and we'll probably see a lot more gas, ultimately.

The Chair (Mr. David Oraziotti): Thank you. Ms. Mitchell?

Mrs. Carol Mitchell: Thank you very much for a very thoughtful presentation. I just have to make the comment—and the lovely picture of me, which I’m sure you knew was here.

Interjection.

Mrs. Carol Mitchell: Yes, thank you.

You’ve made some comments about conservation and demand management, and you see that, obviously, we as a government see that as a very critical tool. What can we do to expand on both conservation and demand management, in your mind and your vast experience, to ensure that they are tools that are maximized?

Mr. David Butters: They’re an important part of the picture, and we understand that and we agree with that. But as I said, if the energy price continues to decline relative to the overall bill, the so-called global adjustment—that is the part that you get after the fact—it becomes very hard for people to respond and to see those signals. So I think that if we want conservation and demand management to be really successful, we have to get more of those costs that are going into the so-called uplift into the energy price. That’s very tricky. We’ve got a very complex market, with contracts and not-contracts. There are a lot of smart people trying to figure out how to

do that, but if we aren’t successful in that, it’s hard to see how people are going to be incented.

I’ve talked to industrial customers about load-shifting. What they’re saying right now is, “It’s not worth my while to load-shift because prices are low, I can’t hedge the global adjustment part of it, and therefore it doesn’t matter whether I’m running at 5 o’clock in the afternoon or 3 o’clock in the morning.” If prices reflected that, they might do that. So this is the contradiction that we have to solve in all of this.

Mrs. Carol Mitchell: Yes, we heard from—

The Chair (Mr. David Oraziotti): Okay, thank you. That’s time for questions. We appreciate you coming in this evening and appreciate your presentation.

Mr. David Butters: My pleasure.

The Chair (Mr. David Oraziotti): Before we leave, for the purposes of the subcommittee report that was agreed to by members, for administrative purposes, proposed amendments must be filed with the committee clerk by noon on Friday, April 24, and the committee will meet for the purpose of clause-by-clause consideration on Monday at 2 p.m. on April 27 and on Wednesday, April 29 from 4 to 6, if necessary.

That concludes the public hearings. We’re adjourned.

The committee adjourned at 2053.

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