



ISSN 1181-6465

**Legislative Assembly
of Ontario**

First Session, 39th Parliament

**Assemblée législative
de l'Ontario**

Première session, 39^e législature

**Official Report
of Debates
(Hansard)**

Tuesday 2 June 2009

**Journal
des débats
(Hansard)**

Mardi 2 juin 2009

**Standing Committee on
Estimates**

Ministry of Energy
and Infrastructure

**Comité permanent des
budgets des dépenses**

Ministère de l'Énergie et de
l'Infrastructure

Chair: Tim Hudak
Clerk: Sylwia Przedziecki

Président : Tim Hudak
Greffière : Sylwia Przedziecki

Hansard on the Internet

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

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

Index inquiries

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

Le Journal des débats sur Internet

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

Renseignements sur l'index

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

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



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Tuesday 2 June 2009

Mardi 2 juin 2009

The committee met at 0903 in room 151.

MINISTRY OF ENERGY AND
INFRASTRUCTURE

The Chair (Mr. Tim Hudak): Good morning, folks. Minister, welcome back to the Standing Committee on Estimates; good to see you again. Folks, good to see everybody and welcome back to the estimates of the Ministry of Energy and Infrastructure.

Just by way of update, we have five hours and 35 minutes remaining. During the last committee meeting, there was all-member consent to change the rotation for the first round of questioning to allow the official opposition to take the last 20-minute segment, following the third party and government. When the committee had adjourned last time, Mr. Tabuns, I believe the third party had finished their 20-minute segment, meaning we'll begin today with 20 minutes from the government members, followed by 20 minutes from the official opposition. Then we will resume normal rotation; that means the official opposition will have another 20-segment, then to the third party, then to the government. Is that understood? Minister?

Hon. George Smitherman: I just wanted to mention that there were a number of questions that we indicated we would get back to you on and provide some materials. We're working through some of them still, but I think we've already provided some of that information to the clerk. That will be distributed to members of the committee.

The Chair (Mr. Tim Hudak): Outstanding, Minister.

Hon. George Smitherman: We'll keep track of our homework and continue to feed that in as we're able.

The Chair (Mr. Tim Hudak): Perfect; an informed committee is a happy committee, so I appreciate that as Chair. Deputy, good to see you back again as well.

Mr. Saād Rafi: Thank you.

The Chair (Mr. Tim Hudak): We'll go to the government for their 20-minute segment. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Mr. Chair. Good morning, Minister. Good morning, Deputy. Thank you for coming back. I'm going to start this morning with my favourite topic, and that is the Green Energy Act. It's an exciting piece of legislation which, in my view, is revolutionizing the way we do business in terms of green energy in the province. Perhaps, Minister, you can start

by telling us how the act will stimulate the economy in Ontario and how it sets us up to be a green energy leader in North America.

Hon. George Smitherman: I think what I would say is, in a certain sense we've gained momentum on green energy, and credibility as well, by the early moves that we've made, through 2004 and afterwards, with products like our renewable standard offer program. That has resulted in about 1,000 megawatts, so far, of installed wind capacity, as an example, which represents private sector investment to the tune of between \$2.5 billion and \$3 billion. It gives us a bit of a glimpse of what is possible.

So what we've sought to do, with the language that I've used, is raise the bar on our expectations or our ambitions here in Ontario by making it easier to bring renewable energy projects to life and by, certainly, also trying to encourage microgeneration; not just seeing green or renewable energy as something that people in remote and rural Ontario could be involved in, but something that your constituents and mine, with their ample rooftops, might also look at, as an example, for opportunities to parlay that into microgeneration, which has many benefits—economic, environmental—in terms of reliability of our system overall.

We anticipate that the Green Energy Act will spark substantial additional investment. That, in and of itself, will create jobs in architectural areas, in engineering and in planning. It will certainly create employment related to installation.

What we're working hard for, and what the Green Energy Act enables, is the establishment of domestic content rules that will ensure that a greater percentage of the product that is actually installed in the province of Ontario can trace its roots to our jurisdiction. So we see jobs all across the landscape, but we're certainly focusing a substantial part of our attention on trying to take advantage of the skill set of Ontarians, with respect to manufacturing more of this product.

We've predicted, and I think some of the information is being provided to the committee, that economic forecasting shows that over the course of the first three years, we anticipate an incremental investment of more than \$5 billion from the rate base that we anticipate will help to leverage 50,000 additional jobs in the province of Ontario.

Mr. Yasir Naqvi: You mentioned "microgeneration." That term is known to some and not known to many.

Coming from, similar to you, a very downtown, urban riding, I find that phenomenon very exciting in terms of small, community-based projects to generate renewable energy.

Can you give a little bit more detail as to what you mean by “microgeneration” and how the act facilitates that type of behaviour and what communities like yours and mine need to do to make it happen under the act?

Hon. George Smitherman: Sure. Another way to refer to microgeneration—some people would call that “distributed generation.” The principle of it is pretty simple. Instead of just relying on a small number of really large plants to produce huge quantum of electricity, what we’re seeking to do is create thousands, and I would say ideally hundreds of thousands, of points of generation.

The benefits of it are the following: First, it’s an economic opportunity for some folks who are going to be motivated by the opportunity to make some investment on their rooftop to bring life to it in a way, as an example, that will pay itself off over time and produce some revenue. It is obviously about enhancing our capacity to take advantage of Mother Nature’s many gifts. Small-scale solar on rooftops in urban environments is going to be one of those extraordinary opportunities, I’m quite certain.

I think, in terms of what it does for the overall system is maybe where it gets most exciting. We know that, as an example, Toronto is growing, and over time, its electricity demands had been under some pressure. Until we opened the new Portlands Energy Centre, Toronto wasn’t producing any electricity within Toronto’s borders. But if we look to the opportunities for a distributed generation model, we can actually help to offset the otherwise necessary investments in transmission.

So if you think about reliability, which I mentioned when I was before the committee the other day, as kind of like the number one watchword for any energy minister, we have here the opportunity to create a more reliable system by having power generation spread out to thousands and thousands of points rather than just a few, and in so doing, to involve individual community members, clusters of communities, co-operative models—a wide variety of economic models that could see these kinds of projects coming to life.

I think it’s very important that urban constituents also have a chance to be involved in the promotion of cleaner, greener renewable energy. What we’ve sought to do in the alignment—so in the legislation in and of itself, as an example, a rooftop solar faces practically as of right within the law. The municipal involvement in permitting etc. is very minimal. That’s one way that we’ve tried to allow these projects to come further, faster.

In addition to that, the feed-in tariff model that the Ontario Power Authority is developing and that they’ve widely publicized offers a very, very good premium, especially for that really small-scale solar, say under 220 square feet, which is a fairly small space overall. We offer a very enthusiastic price that should encourage

many people to look for the opportunity to participate in this new green economy.

0910

Mr. Yasir Naqvi: Would you have any idea, if you’re looking at 200 square feet as the type of model, with the feed-in tariff, what rate of return we’re talking about? How long would it take somebody to—

Hon. George Smitherman: It’s 80.6. The price on that really small-scale one, which is I think—is it up to 10 kilowatts or three kilowatts? I’m not sure—is 80.6 cents. It’s a very, very high price for sure. Of course, the scale of it means that the overall quantum of electricity produced are relatively limited.

I think what’s most crucial about having more solar in your supply mix is this: Today is June 2, and it’s not very warm outside. I think we’re only going to have a high here in Toronto of 19 degrees. We don’t really plan an energy system so much around today; it’s not a stressful day to meet the electricity needs. But it could just as easily be 33 degrees and humid today. In those circumstances, the electricity system comes under a lot more pressure. If you imagine, on the hottest, sunniest days, that is our greatest pressure, these are also the days when solar is going to be most productive. So it really does align well with the most challenging times of supply that we can experience, and that’s why we’ve worked to try and encourage more people to be involved in that small-scale solar generation.

Mr. Yasir Naqvi: Keeping on the same thing about microgeneration and again focusing more on urban communities like yours and mine, can you highlight to us the interface between municipal governments and the Planning Act? How would that whole aspect work out when we’re looking at microgeneration in urban neighbourhoods?

Hon. George Smitherman: We’ve really substantially clarified the obligations that project proponents would have in bringing forward projects. When we think about solar and geothermal as examples, these are so benign. Geothermal is drilling some holes, not even noticeable really, and solar is obviously very, very well integrated into the rooflines of buildings. We have developed pretty much an as-of-right process that allows those to move forward.

What we saw, with respect, on the Planning Act, when we evaluated what decisions municipalities had been making, as an example, on the issue of setbacks from homes, we really noticed that across the province of Ontario municipalities were landing in very different places, and we were creating a patchwork quilt where in one place it might be 300 metres from a home that a wind turbine could be situated, and in other cases the number was higher by a factor of 20%, 30% or 40%.

We think, just as we did with the Smoke-Free Ontario Act, that it’s very important, rather than having a patchwork of laws across the province, that you have one standard that is universal and is established by the Ministry of the Environment with the best-known science applied with respect to the protection of the natural

environment and also human health. So we feel like the model that we're moving forward on uploads the responsibilities the municipalities had, because they were grappling with it—many times very small municipalities—and landing in different spots. We think that it's important to apply the best science and to have a strong universal standard across the province. So those Planning Act responsibilities in a sense have been uploaded to the province of Ontario, but we will give guidance around what's appropriate.

Another example would be solar in a rural context. We think it's critically important that we—Ontario is a big spot, and the sun is relatively consistent across Ontario, and some places in northern Ontario actually enjoy a greater intensity of sun. So what we know for sure is that Ontario is a big enough place that ground-mounted solar, which can cover acres and acres, should only take place in the circumstance where it's on land that is not the highest calibre of land. So we're going to work with OMAFRA and the Ontario Federation of Agriculture, as an example, to establish rules that say, "Solar, yes, but not on these classes of agricultural land," to make sure that the prominence of agricultural land is not lost in the balance.

Mr. Yasir Naqvi: Maybe this is because I don't understand the term "feed-in tariff." Perhaps you can explain to us what "feed-in tariff" means and how that mechanism works.

Hon. George Smitherman: A feed-in tariff really is just language adopted from Europe, where the model is extraordinarily well known.

What it is is two things in combination: It's a price schedule that is established by class and size of electrical generation, and it is based on the offering of a 20-year contract. So it's got the combination of security of price and certainty of length of contract offering, which assists people in being able to take that contract to the bank and leverage the necessary capital to bring projects forward.

The Ontario Power Authority is responsible for developing this model. Right now, I could quickly tell you, it's got a rooftop or ground-mounted solar in about four or five different size categories. It has got onshore wind. It's got a feed-in tariff for offshore wind, for water power of different sizes, for biomass of different sizes, for bio-gas of different sizes and for landfill gas of different sizes.

As new technologies come to the fore, it's kind of a scaleable product that allows for expansion into other technologies. A small example would be, there's a lot of interest in small-scale wind where for, say, \$3,000, \$4,000 or perhaps \$5,000 a homeowner could have a very, very light, small wind turbine—not a vision on a great big pole, but like a rooftop-mounted one as an example—that might meet 30%, 35% or even 40% of their electricity needs. Just using that as an example, if we wished to establish a feed-in tariff, we could establish it for small-scale wind as well.

So the point that I'm trying to make is, as new technologies come to the fore, the list is scaleable, and we

can use it to incent further economic activity, should we wish.

Mr. Yasir Naqvi: One quick last question before I pass it on to MPP Levac: When do you expect to start accepting applications under this program?

Hon. George Smitherman: Well, we are working very, very vigorously. The Ontario Power Authority has already put out very much information. We've also been working with the Ministry of the Environment around some of the rules that are necessary as companions. But we're really looking to launching these various complementary products in a July-August time frame. Everybody has been working on an expedited basis because there's a lot of interest and a lot of people who want to get going on things.

Mr. Yasir Naqvi: In 2009?

Hon. George Smitherman: Yes, sir: This summer.

Mr. Yasir Naqvi: Thank you very much. MPP Levac?

The Chair (Mr. Tim Hudak): Mr. Levac?

Mr. Dave Levac: Thank you, Yasir. I appreciate this opportunity.

Minister, thanks for being here today—

The Chair (Mr. Tim Hudak): So five and a half.

Mr. Dave Levac: Five minutes? Thank you very much.

Hon. George Smitherman: One question.

Mr. Dave Levac: It's one question, and then you can just take it from there and run her out.

I have a keen interest in partnership and partnering with First Nations, and under the circumstances that we're presently faced with, there seems to be an opportunity in my riding to form a native/non-native working relationship with a proposal that I know you're aware of; I've spoken to you about this. I'd like to have you make some comment on the possibility of a First Nations energy project that would be using gas as power generation within the vicinity of Nanticoke, the idea that has been gleaned from the Haudenosaunee. In support, both elected council and Haudenosaunee clan mothers are aware of this and supportive. The community has been polled, and a huge majority of people are in favour of presenting this as an option to the government of Ontario, which includes transmission line improvements and working with the government on possibly new transmission lines.

0920

I'm wondering if you could comment on that, with the understanding that this could also form a relationship that we've not seen in a while and provide us with opportunities for First Nations to provide their own energy and be self-sufficient, probably within 15, 20 years. So if you could comment on that?

Hon. George Smitherman: Sure. Thank you. There's quite a bit there.

First, I'd just like to touch on our overall approach with respect to First Nations. A lot of that is framed in the context of the Green Energy Act, but I'll speak more

particularly about the opportunity that you're mentioning, related to gas-fired generation.

What we really noticed is that there's a tremendous array of First Nations communities that already have expertise related to energy, and that it does look to many First Nations communities like the very best prospect they have for economic and social advancement in their communities. We're really, really keen to see more of these projects come to life, and in the context of the Green Energy Act, we actually take steps that will incent more of a partnership model, giving First Nations an ownership stake in such projects.

As a matter of principle—because you've applied some similarity in principle to this discussion going on in your riding—let me say this, first and foremost, about the role of natural gas in our energy supply mix: What we're seeking to do—our baseload supply is nuclear and water. They're not particularly manoeuvrable supplies. They're baseload and they're available to us in plenty. Last year in Ontario, 75% of our electricity needs were met this way.

On top of that, we layer opportunities for enhanced renewable energy. We recognize, of course, that associated with renewable energy like wind and solar is intermittency. They're very beneficial. We should take full advantage of them, but they're not necessarily consistently available. So it's necessary to have a fuel, like natural gas, which we can use for peaking purposes or with the attribute of dispatchability, which allows us to order it up on an as-required basis. So we're certainly looking to have gas elevated to the role, in our energy supply mix, of being used only as required, but for the purposes of delivering on reliability.

Obviously, the area that you're speaking of offers many attributes, especially, as an example, the transmission capacity that already exists. We do have some issues, obviously, where we were working on the reinforcement of some transmission lines. That's been disrupted. We're very anxious to get that stabilization project completed. But we also want to look for the opportunities to make sure that all of the wires that run from that area, that will no longer be involved because of the elimination of coal from our energy supply mix, do present some opportunities in that area. We also note that the county and municipal leaders have been calling for kind of an energy hub concept to emerge.

So for all of these reasons, we're looking very carefully at the proposals that have come from there, and working with our energy plan, or the Ontario Power Authority, to give us some advice on whether this model might actually fit well in the grand scheme of our energy supply mix needs in the province of Ontario. We'll look forward to carrying out more of those conversations with you and with interested members of the local community.

We think there is a big economic opportunity down there, and maybe we can all come up with a collective solution that will also address some of the economic challenges in the area.

Mr. Dave Levac: Thank you very much, Mr. Chairman.

The Chair (Mr. Tim Hudak): That does conclude the time. Thank you, Mr. Levac, Mr. Naqvi. The official opposition: You'll have two 20-minute segments consecutively, Mr. Dunlop.

Mr. Garfield Dunlop: Okay. Welcome, Minister, again. It's interesting: The government members used all my questions.

Mr. Dave Levac: We ask them nicely.

Mr. Garfield Dunlop: Thank you.

Minister, a year ago, when the Minister of Aboriginal Affairs was here—at that time, it was Minister Bryant—I had a discussion with him on Casino Rama and the contract that is due, coming up for 2011. I just want to emphasize it again. By the way, all my questions today are sort of Simcoe county-related, okay?

Hon. George Smitherman: Yes, good.

Mr. Garfield Dunlop: I know there are ongoing negotiations on Casino Rama, but the reality is, this is the most profitable gaming casino in our country. It's the largest employer of First Nations in our country. Not only the people of the First Nations, but employees of the casino and the communities around the casino are interested in when we might see some kind of announcement that would indicate that there will be a long-term future of the casino at its current location, at Casino Rama. Can you comment on that at all today?

Hon. George Smitherman: Yes. I don't have the date top of mind; if I get it too far off, you can correct me or someone else will. I think our contract is due for renewal by 2011. I would characterize the nature of the negotiations and discussions as extremely positive. The government holds the view that we should be looking to extend the relationship at that casino site. It has been a very successful one, as you've mentioned. We know that it has been positive for the First Nations community. We want to look, in our growth plan context, at whether the adjacent Ramara township might be given some opportunity to benefit a little bit more from the economic opportunities and all the traffic that's generated and which principally rolls through their community. For all of these reasons, I would want to give you, as the local member, a strong, strong indication from the government's viewpoint that the negotiations are going very well. They're headed in a direction towards the long-term renewal of Casino Rama for the purposes of providing this resort casino experience.

You have a local sense of pride, I think, around the way that facility is operating, and we certainly view it as a real gem and one that we should look to extend. That's the nature of the discussions that are ongoing. I don't know when we might conclude those, but we're in good shape, given the timelines, for sure.

Mr. Garfield Dunlop: I appreciate that. I just wanted to emphasize that it's not only the aboriginals from the Chippewas of Rama who work there. We draw in a lot of people from the Beausoleil First Nation as well as Georgina Island's aboriginals, and other aboriginals from Muskoka etc. are employed there. So it has been very, very positive in that way.

I'm happy to hear you mention some discussion around the township of Ramara. They've always felt that they were left out of the original agreement and that they should have had something because some of the other municipalities, Niagara, Windsor, sort of the host municipality—although the argument has always been that the First Nation was the host jurisdiction. If we can work with that at all, it would be nice to see some kind of assistance come to the township of Ramara.

The next question is around Georgian Downs and the racing dates. I think it's fairly clear, when we look at the slot machines at racetracks, that the original intent when they were allowed to go into racetracks was that it would enhance agriculture. What I'm hearing from harness racers is that, particularly here at Georgian Downs, they were shut out of harness racing this winter for January and February although the slot machines remained open.

Now we have a huge expansion going on at Georgian Downs. Apparently by the end of the year, we'll have close to 1,050 slot machines at the Downs. We're curious to see if we can, through your office or through the ministry, push the commission a little more strongly and even the facility itself to include more racing dates. It seems that if you double or almost triple the number of slot machines, you should at least double or come close to having more racing dates for the horse harness people. The reason I say that is because when they were shut down for January and February, the horses still had to be fed, they still had to be trained. They're like athletes: They continue on. It was very, very difficult this winter when those racing dates were shut down. I'd just appreciate any comments you could offer on that.

Hon. George Smitherman: Thank you. A couple of—

Mr. Garfield Dunlop: I appreciate you have a large ministry and that there are a lot of things to cover here.

Hon. George Smitherman: No, no, no. I've got a lot of opinions. I've got a lot of information.

Mr. Garfield Dunlop: We know that.

Hon. George Smitherman: There was one number in particular that I wanted to be able to speak to you about that wasn't top of mind.

Firstly, I would say, just from the standpoint of your question, that I have a slightly different take on it insofar as all of the questions about race dates were linked to the issue of slot machines. I think that the horsemen need to look at their industry, their sport, whatever you want to refer to it as, and ask harder questions of themselves about wagering and fans. So I get the point that the slots have created a stream of revenue and the horsemen want to get as much of that revenue as possible. But I think what's incredibly important, when we look at the issue of harness racing, is, what efforts can we make to improve the quality of the product on-track and try and create a greater buzz, if you will, around the entertainment, to try and get a few more fans back?

0930

After I got this job last year in the summer, I was just on my own but I dropped in on five or six different

tracks, especially some of the smaller ones in rural Ontario. Even on a Saturday afternoon I've had more people, when I was seven years old, at my hockey games than were there on those days in the stands. I also remember days when I used to go with my dad, back when there would have been thousands of people there. I get that entertainment product evolves, but as relates to this sector I always ask myself, "What steps are we taking to try and make this more appealing, so that they can make sure the product on the track is of a calibre that's actually incenting more people to come and operate?" Of course, I'm not going to give direction to the Ontario Racing Commission in that sense. They have an obligation to measure many things in determining the appropriate race date calendar.

I think I could just give the number that I was looking for. In 2009-10, we anticipate about \$349 million will be provided to economic growth in the horse racing industry. Since 1998, its total is about \$2.6 billion, and those numbers have remained quite good. I think also that if we look at the numbers with respect to race dates, there's not so much variance year to year in terms of the number of race dates that we are offering.

I know that Georgian—there have been some issues and some levels of confrontation there. There's been a bit of a different approach, if I could characterize it that way, between the horsemen and the track. I could endeavour to look into it a bit more carefully to see whether there's something particular at Georgian that would warrant a look at those race date issues. That would be about the extent of my knowledge of what's happening there at present.

Mr. Garfield Dunlop: There are a lot of harness racers in our ridings—Dufferin, Grey, Simcoe county—and they come to us quite frequently with these kinds of concerns. They wonder why you can almost triple the number of slot machines and yet reduce the number of racing dates. So that's become a bit of an issue and we continue on with it.

I was going to move over to a question, and I appreciate your comments on it—

Hon. George Smitherman: Could I make just one small comment? I think this has come up, actually—the chairs had comments on this, I believe, in the context of Fort Erie. Some people have made comments about this in the context of Belleville.

At some points we end up in a circumstance where there's either a threat that we wouldn't have racing any longer or where racing hasn't yet emerged. That would be, in the first case, Fort Erie, and in the second case, Belleville. But I think it's important to note that even as the slots are operating, absent those other functions, the portion of those revenues generated by the slots which is designed for racing is still appropriately set aside for those purposes. I know that's been a question that has come up in a few different environments and I thought I might offer that to the member.

Mr. Garfield Dunlop: Thank you. Something that you've been involved in in the past as Minister of Health,

and it's been quite positive, has been the redevelopment of the Oak Ridges Penetanguishene Mental Health Centre. Let me point out that it's going along very well with the planning stages etc.; I'm not concerned at all about that. I was curious: Does the money for the infrastructure of the redevelopment come from your ministry or is that part of the Ministry of Health budget?

Hon. George Smitherman: Our ministry provides the role of helping to coordinate the allocation of capital resource across ministries, but almost always the dollars to pay for the actual project are embedded in the capital budget of that ministry. This year in our estimates, there would be one small departure from that: Because of the stimulus funds, we've kind of, if I could use the expression, parked those in our ministry's budget. But as decisions are made on them in terms of allocation, there is then a transfer over to the responsible ministry's budget. If you look at our ministries' budgets overall, they're quite modest in the grand scheme of things, but our coordinating function does cover the broad spectrum of infrastructure. With respect to the project, when we want to move that from the planning phase into the development phase, we would work with the Ministry of Health, which we think of like our client, to assist them in prioritizing the multitude of projects that are available to them, and then work with the Ministry of Finance to find the appropriate allocation in the ministry's budget to pay for the actual project.

Mr. Garfield Dunlop: In your discussions with the ministry or your colleagues, have you seen anything that would derail that project in any way? Does it appear to be going along? Are you happy with the way the project is going along?

Hon. George Smitherman: I wouldn't use the word "derail." What I would make comment on—and I think most members here know this—is that we've put a lot of money into building new hospitals. We've seen some of the evidence of that with the great project in Orillia, as an example, we know there's a lot of activity right now in Barrie, and I could mention a whole ream of others, but there's still quite a lengthy list of communities looking for hospital projects. Having said that, anybody who's visited that Oak Ridges facility, and I have visited it, would be acutely aware of the necessity of continuing to move that capital project forward apace. It's obviously a crucial economic lifeline in the community, but more to the point, I think we owe a substantial obligation to the people who are being served in that facility and the people who are working in that facility to bring that into a more modern age.

Mr. Garfield Dunlop: Have I got a couple of minutes?

The Chair (Mr. Tim Hudak): Yes, you still have about six minutes left in this first segment.

Mr. Garfield Dunlop: I was happy to hear comments about solar panels and solar farms. A caution, and this is just from my background in construction: You want to make sure, before you start putting a lot of rooftop units in, that they have a really superior roof to go with it. The

one thing you won't want to do is to put a whole bunch of solar panels on a factory and then find out that you need a new roof a year later. I just want to put that on the record because I've been thinking about that, because everybody's talking about us lining the roofs of factories with solar panels. It makes sense, but you want to make sure you have a really good roof underneath it.

Second of all, you've heard about this in the House a couple of times, but we have this large farm in Oro-Medonte township. There's a company, which I believe is called Helios or something like that, that is planning a proposed solar farm on this 268-acre farm. It's creating quite a bit of controversy because it's one of the best farms as far as earth quality—class 1, 2, 3 farmland—in that region. Will that be something that would end at your desk, Minister, or will that now become the responsibility of the municipality? You mentioned working with the OFA and the local federations. Can this company apply now and expect to have approval, or is it something that there would be a remote chance of? I'm just wondering what the chances are of having this happen.

Hon. George Smitherman: Let me talk about it in two contexts. I think I might know the project that you're speaking about but I'm not sure, and I don't want to make any missteps. It may be possible that some solar projects which have long been known of and have already been making their way through the process could move forward in a circumstance where they are on a higher class of agricultural land, but on a go-forward basis in the context of the Green Energy Act, there will be a regulation established that will clearly indicate which classes of agricultural land are not appropriate for the construction of solar projects. That would mean that they would not be able to get a contract for such a project. We will establish that by regulation in partnership with OMAFRA. For certain, it will not be class 1, 2 or 3.

0940

So I say clearly, it is possible that in a few places in Ontario, there could be some of those projects moving forward because they're already in the pipeline. I dare say some of those solar projects which have moved forward in Ontario probably are on those classes of land. There haven't been very many, but in a few cases that may have occurred. But on a go-forward basis, with the Green Energy Act as the foundation, and the new feed-in tariff, there will not be large-scale solar development on class 1, 2 or 3 farmland. I say "at least"; we'll work with the ministry, with OMAFRA, to determine if that's the right approach or whether it needs to go further. And the OFA, as I mentioned, also has some well-formed views on this issue.

We think there's enough of Ontario out there to accommodate solar, but in a fashion that doesn't create competition with good-quality agricultural land.

Mr. Garfield Dunlop: I wanted to stress the fact that they've had a couple of meetings that I've been asked to go to, and I'm quite sure that it's not NIMBY here: They agree with solar farms and solar generation on more scrubby types of lands.

The other question, so the final question—

Hon. George Smitherman: I know there's none of that in the member's area.

Mr. Garfield Dunlop: Particularly in Ramara, where there are thousands of acres of this much soil over top of limestone—thousands and thousands of acres: That's what they're thinking of. That's the same area you talked about for getting some funding, maybe, for the casino.

Hon. George Smitherman: What I was talking about, just with respect to Ramara, was not so much a funding stream but actually that Ramara might have a little bit of an opportunity to do some commercial development, because none of their land had been zoned in a way that allowed them to take any advantage of all the activity that's created there. That's a conversation that I had with the mayor and also with the warden and CAO of Simcoe county recently.

Mr. Garfield Dunlop: Okay, that's fine at this time.

The Chair (Mr. Tim Hudak): Okay, terrific. We still have a minute left in the first 20-minute segment, followed by another 20 minutes by the official opposition, so we'll just continue. Mr. Yakabuski.

Mr. John Yakabuski: Very good. Thank you very much, Minister. Maybe we can kind of pick up where we left off on Wednesday, when Mr. Arnott took over. We were talking about the Niagara tunnel.

Do we have a mic working here?

The Chair (Mr. Tim Hudak): Yes—like you need one.

Mr. John Yakabuski: We wouldn't want for someone not to hear us. Oh, I see; we were on both here. Okay, we're on a kind of stereo: I'm on two mics.

We were talking about the Niagara tunnel, and where we last left off was somewhere around—it was your position that the geology of the Niagara area there, the gorge, was basically provided by OPG to Strabag when they made the bid, and the geology is off. Can you briefly tell me where we're off? Because the geology of that gorge is—I've got a chart here from 1977 that tells you, like, at flood level, you're going to reach what kind of rock formations. These are the strata of Niagara gorge. Can you tell me what part we were wrong on?

Hon. George Smitherman: No. The deputy might be able to offer a little bit more information.

At the heart of it, what we were off on was the calculation of the expectation of bedrock, and instead we ended up basically with shale. That has substantially affected the speed with which these projects can be completed.

Mr. John Yakabuski: What—

Hon. George Smitherman: Hold on one second, please. You have one thing there from 1977. There was a wide variety of studies. I don't know whether they all complemented one another or disagreed with one another, but for all of the geological assessment that had been done over several decades by Ontario Power Generation, it seems like they missed the mark.

Mr. John Yakabuski: Can we get a copy of the one that was relied on at the time the bids were made? Be-

cause each of the bidders, I presume, would have been given the same information. One bidder would not receive different information than the other, because obviously they're trying to bid on apples versus apples. Is it possible or could we receive—I make the request to receive—the geological analysis that was given to each of the bidders at the time that they were making a bid on this job to build the new tunnel?

Hon. George Smitherman: I think what we would seek to do for the honourable member, instead of just one piece of it, let's look to see what body of work is available in terms of the RFP documents or what have you that various proponents would have responded to.

Mr. John Yakabuski: Okay. But we do want to make—because your assertion the other day was that Strabag based their bid on information given to them by OPG—

Hon. George Smitherman: Yes, exactly.

Mr. John Yakabuski: Not what was widely available or what was out in the field; it was documentation provided by OPG.

Hon. George Smitherman: Yeah, sure, and I stand by that and the deputy can offer some additional information.

Mr. Saäd Rafi: If I might, just to elaborate a little bit, I think it's important context if I could just provide that for you. We are talking about approximately a 47-foot-diameter tunnel, 10.4 kilometres in length. That's one thing I think is important. I think the excavation is through what's called a full-face tunnel boring machine, so non-covered. My understanding is that it's not about the profile of the rock, which is what I think you're talking about, because over the years a lot of studies were done, many, many boring holes—in addition to that, something called an adit was undertaken, which is a sample tunnel, much smaller, but a sample tunnel to try to get a sense of the profile of that rock.

Ontario Power Generation has spent a great deal of effort and time with investigators, expert panel members, verifying the profile of the rock. However, when the tunnelling began, it was not the profile but it was something called overbreak, which is the behaviour of the rock during tunnelling. So in addition to what the minister has said in terms of differing rock conditions in that alignment, when the rock starts to shear through this boring machine, which I have a picture of here to give you an example of the size of that machine, it is—

Mr. John Yakabuski: That's not exactly to scale though, right?

Mr. Saäd Rafi: It is indeed to scale. It is exactly to scale.

Mr. John Yakabuski: I mean it's not life-sized.

Mr. Saäd Rafi: Well, this is not life-sized; of course not. But the scale, for this gentleman and this machine—it's a 47-foot diameter tunnelling machine. What happens is that the rock above here was breaking in a way that was clogging the machine and slowing down the machine. That is a function of, according to the geologists and the engineers—that is the behaviour of the rock,

not the profile of the rock. I don't know what you have, but I believe you have a profile of the rock.

It's not uncommon, I'm also told—and in my own experience in transportation—in any kind of tunnelling project to have the owner or the developer of the project take on the geotechnical risk. In this project, the geotechnical risk was transferred, to a degree, to bidders through a baseline geotechnical report. They are then required to take that report and assess it against their ability, with the machine they have, to undertake the project and make a price bid. Through the course of this project, that overbreak or the behaviour of that rock has caused the certain challenges that exist, on a tunnel that will have an asset life of approximately 90 to 100 years—so, obviously, got to get this right.

Other European examples have had greater and more significant failures. This is an approach that OPG has used that is prudent and that has been done through a great deal of research and something that—in tunnelling projects worldwide, I'm told by the engineers, it is virtually impossible to predict how a rock will shear at tunnelling or how it will behave, I guess, is the word that they have used. Hopefully, that's helpful background and context.

Mr. John Yakabuski: Well, it is, but it's not exactly what I'm hearing either, so I guess depending upon who's telling who. We've also heard from people who are involved in this business—you talk about the overbreak and that it couldn't be predicted, whose belief is that other forms of tunnelling would have dealt with this in a more efficient manner. This machine was built specifically for this job. It's a different kind of machine based on some other methods that have been used successfully in the past. That is what we're hearing. I'm not an engineer, so these are not my words. I have been invited by both the minister and OPG to have a look at this project. I hope to do that at some point after the House rises, but in the meantime this is when estimates is, so this is when we have the opportunity to ask the minister and yourself some questions.

0950

There's a contention that part of the problem is the method with which Strabag decided to attack this problem or deal with this bid. If that is the case—and I certainly can't answer that, and you may have a view on it that might differ from some other engineers. I don't know. You're not an engineer, I don't believe.

Mr. Saäd Rafi: No, sir.

Mr. John Yakabuski: But you do have, at least, more access to the reporting than I have.

So if that is in fact the problem, then I guess the question that would be asked is, why is the public, the electricity customer—because I understand this would end up on the bill at some point; it's the only way we're going to end up dealing with it—the one who's going to pay these 600 and some million extra dollars, going to be the one who's expected to pay that bill as opposed to the bidder? I guess my thought process is that maybe there was some knowledge that this could be a problem, but if

you have a bid process that seems like, “Hey, don't worry about it. Put in your bid. If it goes over, we've got the biggest backup in the world: We just go the public to pick up the extra funds”—if that was the bidders' or the developers' responsibility, I think there might be a different situation.

I guess, to put the question: Why is all of the cost on this going back to the public?

Hon. George Smitherman: Well, I think two or three things need to be said. Firstly, in any environment, I suppose it's possible to quote anonymous competitors who weren't successful; they never have an axe to grind. People have been phoning you and saying, “Oh well, if only they'd have chosen our machine instead of this one.” I never count that as research, and that's kind of what's fuelling your assertion here.

There are two further things I want to say. Firstly, the company is not being kept whole in this exercise. That company, Strabag, which as best I can tell is an honourable and reputable company with a worldwide record, is substantially impacted economically from these circumstances. There was a risk-sharing piece to this, and they have shared a piece of risk for sure—

Mr. John Yakabuski: What is that risk? What is that share?

Hon. George Smitherman: Please, maybe I could answer my question before you ask another—

Mr. John Yakabuski: I forget, though, so I have to ask them right away.

Hon. George Smitherman: Well, then, I could loan you a pen.

The Chair (Mr. Tim Hudak): Okay, let's get back on track.

Hon. George Smitherman: I think that, in addition, it's very important to recognize responsibility where it lies.

You have in your hand some chart from 1977, which is one example of many, many engineering studies initiated over time by the proponent, Ontario Power Generation, and in its earlier forms, Ontario Hydro. As the proponent, they bear substantial obligation—and accordingly the rate base does, because it's a 100% owned entity of the people of the province of Ontario—and bear a proportionate responsibility for the engineering work upon which decisions were based.

Mr. John Yakabuski: A couple of things: your contention that if anonymous failed bidders want to raise the issue they're welcome to do so. Well, you know how it works, Minister. They're all in the business of possibly looking for work again in the future. They don't want to publicly challenge you, the government in general, or the developer, as in OPG, on the issue because we know that doesn't work out the best for them in the end sometimes. They're reluctant to do this publicly, but obviously there are some concerns about the choice of how they would go about this issue.

Now, on the specific question then, you said Strabag had a share in this risk. What we're hearing is that the cost is now going to be \$1.6 billion and OPG is paying

the difference from the \$985 million that was the original cost estimate. So what's Strabag's? Other than perhaps a minor dent to their reputation, where's the cost to them?

Hon. George Smitherman: I think it would behoove us, before we characterize what the implication is, to seek to get for the honourable member and committee any information that—

Mr. John Yakabuski: That's what I'm asking.

Hon. George Smitherman: Yes—any information that might be available in terms of the nature of the contract and the implication that it had for them in terms of their projected earnings and projected profits associated with such a project. So we'll ascertain to see what of that information can be made publicly available and report it back to all members of the committee.

I accept that there are competing visions about how to complete a project. I think that at the heart of it, those who made the decision to move forward with the best approach, based on a very substantial body of engineering evidence, reinforces the responsibility that proponent has in these circumstances, but it's not right to characterize it as only OPG having borne some of that burden. We'll do our best to get information on that basis.

In terms of the number that you continue to quote, I think it's important to recognize that this \$1.6-billion number that's quoted is an upper-end number. Only time will tell whether all of those resources are necessary to complete the project.

Mr. John Yakabuski: So it could go higher?

Hon. George Smitherman: No. I think that's the upper-end limit, but there's contingency built in associated with it.

Mr. John Yakabuski: We'll see.

Hon. George Smitherman: Yes, time will tell. We're going to be a few—

Mr. John Yakabuski: What is the new date now? Like 2012?

Hon. George Smitherman: Yeah, a few more years down the pike.

Mr. John Yakabuski: Is 2012 the expected finish date now?

Hon. George Smitherman: I don't have that date top of mind—2012 or 2013.

Mr. John Yakabuski: I guess the other question I have is that—and again, I'm relying on information provided by others, and I'm not sure if Mr. Rafi may have already addressed that in a way. The information I have is that this process, this method of drilling this tunnel, boring this tunnel with this new Big Becky machine, was a new type of process that does not have a long track record as opposed to other methods of boring subway tunnels, the Chunnel or other things. Can you comment on that? To my information, this was something that was a new way of doing things.

Hon. George Smitherman: I'm not sure what the source of that information is. Maybe when the honourable member has had a chance to visit for himself he can ask those questions of the people who have experi-

ence with this project and with others as well. I'm not familiar with that.

Mr. John Yakabuski: You see, I seem to even remember at the time when Dwight Duncan, who was the minister then—I was down in Niagara when they made the big announcement that they were proceeding with it. The Premier was there and Dwight Duncan. I believe they even mentioned then that this was a new process that was a revolutionary-type thing and this project was going to be so much better and more efficient and really earth-shaking because of the changes in the engineering that had been made.

Hon. George Smitherman: Well, what we're working on here now is faint recollection and the like. We'll ascertain to get information for the member about whether the technology was an evolutionary one or one that had a track record etc. I'll be happy to get some information—

Mr. John Yakabuski: And if it was, if that is the case, then I guess even more so I'd be asking the question.

Hon. George Smitherman: Well, let's find that out first rather than speculate further.

1000

Mr. John Yakabuski: I won't have a chance. I won't have that information before we're done in estimates. I'm pretty certain of that.

If that is the case, then it would beg the question even more so why OPG would bear, from what we see—at least the way it's reported in the newspapers—all or almost all of the risks in the project not falling within the budget and the timelines that were originally expected.

The project is there because it's supposed to increase the amount of power that's generated through the same facilities, but with that you can always attach a revenue value. I know Mr. Rafi has said that this has a 90-year lifespan, and none of us will be around to determine whether it lasts that long. I guess the question would be, how much revenue, in addition to the extra \$600 million at the upper end that, as you say, we could pay for this, will OPG lose as a result of the time delay in having this project online and providing additional terawatts of electricity versus the original timeline that was expected? Have we got an estimate for that?

Hon. George Smitherman: I think people probably could make up an estimate for that. But another way to think about it—

Mr. John Yakabuski: But they determine how much extra power they're going to get from it, don't they?

The Chair (Mr. Tim Hudak): Minister?

Hon. George Smitherman: I thought that the tradition here was to afford the person the courtesy to actually answer the question. There's a bit of a—

Mr. John Yakabuski: I apologize for interrupting.

Hon. George Smitherman: I'm trying to keep my answers quite brief.

Let me say to the honourable member that, firstly, the tunnel has a certain life. The life begins at the point that it's in service, and even if that in-service date is delayed, then you could view it, really, as deferred revenue.

I don't have those numbers. What I could tell the honourable member is that even with the cost increase, we project that the cost of electricity that would be generated through this facility will be in the range of seven cents, which I think the honourable member would agree is still a very, very good price, especially for such a clean, green form of electricity.

We can try to figure out a calculation of that in a missed-revenue context, but please keep in mind that any missed revenue will be made up for in future years. But we'll get you that.

Mr. John Yakabuski: We can speculate as to how we'll be generating electricity 90 years from now, but chances are we'll be generating it in different ways than we do today.

Hon. George Smitherman: I rather suspect we'll still be relying on Niagara Falls.

Mr. John Yakabuski: Well, I certainly hope so.

The Chair (Mr. Tim Hudak): I do apologize, Mr. Yakabuski. I'm going to have to stop you there. We don't have time for another question. We can put 30 seconds if you want to—

Mr. John Yakabuski: Okay. I don't have any more questions at this time on the tunnel. When we pick up this afternoon, we may be prepared to move on to something else.

The Chair (Mr. Tim Hudak): Terrific.

We'll now go to Mr. Tabuns. Folks, we will do the full 20-minute rotation, with Mr. Tabuns concluding at about 23 minutes after the hour.

Mr. Tabuns, you have the floor.

Mr. Peter Tabuns: Minister, the Green Energy Act—something that I've raised with you before, and I'd like some clarification: The act doesn't have a take-or-pay provision for power that will be generated by renewable power generators. This came up in an article written by Tyler Hamilton in April, talking about the concern in the power generating industry that if there was not take-or-pay, they could make a large-scale investment but not be assured that the product they make would be taken. Similarly, when the Green Energy Act Alliance made its presentation here at Queen's Park, it was made pretty clear by people from Denmark and California who dealt with a lot of renewable energy generation that take-or-pay was critical. Will you be putting take-or-pay into the system through regulation?

Hon. George Smitherman: The short answer is it's not required either in legislation or in regulation; it's through policy related to the contracts that the Ontario Power Authority would enter into with renewable energy providers. The OPA are currently consulting with people in the sector on an appropriate mechanism that would create the take-or-pay dynamic. The way that it's proposed to work is that in those instances where the IESO may say on a day-ahead forecasting, "We're going to have a surplus of supply, and accordingly, would you please not be in production?" this is relatively easier for wind than it is, as an example, for a run of river water. We are working with high expectations of achieving a

mechanism that people will be satisfied with. We have listened very carefully to the criticisms that have been there and the OPA is consulting with the sector at the moment. We anticipate that the feed-in tariff model will have contractual obligations on the OPA related to take-or-pay, and we're very, very hopeful that that model will be satisfactory to the project proponents.

Mr. Peter Tabuns: Can you tell us when that proposal will be made public so that we can assess it?

Hon. George Smitherman: I don't know. Certainly the Ontario Power Authority has been operating on the feed-in tariff in a very, very transparent way, with very regular postings and broad consultation. If that is not already part and parcel of such postings, we'll work with the OPA to make their proposals known.

I know that there's some dialogue going on. I must confess I don't know exactly with whom, but it's certainly our intention to arrive at a take-or-pay model.

Mr. Peter Tabuns: Fair enough. Can you tell us when we will see that model? Will it be over the summer?

Hon. George Smitherman: Imminently, because our expectations are that we'll have the full feed-in tariff program operational in the July-August context, so all of these matters are, of course, very timely.

Mr. Peter Tabuns: Okay. Thank you.

On another matter, smart meters: What's the expected revenue generation from the higher rates for power that will come from smart meters?

Hon. George Smitherman: Do you mean as a result of time-of-use pricing?

Mr. Peter Tabuns: Yes, as a result of time-of-use pricing.

Hon. George Smitherman: I don't think the model works that way. The Ontario Energy Board will establish, on a six-month rolling basis, the time-of-use pricing based on the quantum of costs that needs to be covered by said mechanisms. It's not motivated by revenue enhancements; it's an account, if you will, that is settled based on the obligations that must be met through those payments.

Mr. Peter Tabuns: I guess what I find odd is, okay, we've got an on-peak rate at 9.1 cents per kilowatt hour. Are you saying to me that the on-peak rate will vary every six months?

Hon. George Smitherman: Yes. And keep in mind that 60% of all of the hours in the week for everybody goes down in price.

Mr. Peter Tabuns: So you don't expect, in fact, an increase in revenue for sale of power from time-of-use rates?

Hon. George Smitherman: Not necessarily. It depends very much on the behaviours of individuals. In those places where we've had the pilots—I think I had a chance to talk about that before, those three places—the experience overall has been that those folks who made some behavioural adjustment saw some very modest reduction in the amount that they paid overall. It really depends on the way the consumer decides to respond to it.

Mr. Peter Tabuns: Are you expecting that most consumers will change and reduce their consumption in peak

periods? Or are you expecting that a small percentage of consumers will change their behaviour?

Hon. George Smitherman: I can't perfectly predict it, but the way that the model works is that the Ontario Energy Board, on a six-month basis, would take a look at whether the quantum of revenue generated was sufficient to meet the bills associated with the generation of said electricity. But of course we're very, very hopeful that people will use this as an opportunity to shift load wherever possible, and we'll certainly be working with local distribution companies and with advertising vehicles from the government of Ontario to encourage just that—some of those you may have already seen starting to run.

Mr. Peter Tabuns: What I guess I find of concern is that you're going to spend somewhere between \$360 million to \$500 million, all in, on the meters and the metering system capital. If that's the case, shouldn't you know what revenue you're going to generate and what you're going to get out of it?

1010

Hon. George Smitherman: The smart meters pay their own way. What we're seeking to get out of the investment in smart meters is the capacity to have a more sophisticated use of the commodity of electricity, and to have the foundation that allows people's homes to become smarter so that they can install devices, as an example, which would allow them to channel up or down electrical devices in their homes and the like from off-site. The smart meter is a foundation that makes the commodity of electricity and its use more sophisticated. But remember, it has its own revenue capture associated with those costs. And it might not be in my interest, but I could say to the honourable member that I think the cost is higher than the one that he quoted.

Mr. Peter Tabuns: Can you tell me what the total—

Hon. George Smitherman: Yes, it begs that question, doesn't it? We'll get you some information.

Mr. Peter Tabuns: Well, we had an answer from you in the last round. When I couldn't speak, I gave you the written questions and you responded. The answer then, for approximately two thirds of the province's customers having had them installed, was about \$360 million.

Hon. George Smitherman: I guess it's the two thirds, because it's the additional one third I'm thinking about.

Mr. Peter Tabuns: Right, and then there's the cost for the metering entity: \$85 million. So it's somewhere in the range of, let's say, \$500 million, \$600 million of capital, setting aside operating. And the number you gave me at our last session for total savings was around 100 megawatts.

Hon. George Smitherman: That's one of those questions that we're working to get an answer—that was my top-of-mind recall. We're working to get you—

Mr. Peter Tabuns: Okay. I'll discount that number, then.

Hon. George Smitherman: Please do so.

Mr. Peter Tabuns: I would appreciate knowing what you expect will be the reduction in consumption for a half-billion-dollar investment.

Hon. George Smitherman: You can continue to align it in your mind that way, if you want to, but I think that the intention of your question gives rise to the—I think you're giving short shrift to what the smart meter is all about. It is obviously the foundation that allows the consumer to be much wiser in the use of electricity. Going forward, as an example, it's going to be the tool that allows us to incorporate things like the electric plug-in car and all of those sorts of things. So the benefit associated with the capital investment is not as limited to the areas that you wish to give it credit for. Notwithstanding that, we'll get you the number that we predict in terms of the conservation-demand management implication. The smart meter is a foundation for much, much more than just that. It's really about putting Ontario in a place where the home is made much smarter and where we can incorporate other things, like the plug-in electric car, as an example.

Mr. Peter Tabuns: Could you provide us with the report upon which this initiative is based, which I assume would have the projected capital costs, the projected operating costs, the benefits and the potential, as you've just outlined?

Hon. George Smitherman: You've used the word "assume." I can't accept assumptions. We'll see what reports might be there. I wasn't in the decision-making role at the time that this decision was brought forward, but we could certainly get you some information from that, and also perhaps from the Smart Grid Forum, which is a group in the electricity sector that starts to look at the opportunities that are created by the advancement of smart meters in Ontario.

Mr. Peter Tabuns: Fair enough, Minister. I don't think you'd make a half-billion-dollar investment without having done an assessment.

Hon. George Smitherman: The question was that you then went further and aligned the points that were in the assessment etc. We will look to see which of those products is available. I'm not sure it followed the exact format that you laid out, is my only point.

Mr. Peter Tabuns: No, no, but you'll provide me with the reports upon which the decision to go forward was based?

Hon. George Smitherman: We'll take a look at what's there, for sure.

Mr. Peter Tabuns: Okay. Going back to questions from last week: the proposed Nanticoke nuclear power plant. You said last week that you have no plans to purchase power from this facility. Will you be requiring a full provincial environmental assessment of this project, should it go forward?

Hon. George Smitherman: All of the obligations in law that are there for environmental assessment would apply. I'm not expert on what the requirements would be for Bruce Power, the proponent for such initiatives, but I could endeavour to get you all necessary information on that subject.

Mr. Peter Tabuns: My understanding is that you have no intention of buying power from this nuclear facility; is that correct?

Hon. George Smitherman: I answered that question previously.

Mr. Peter Tabuns: That's correct. The application I saw to the federal government, and maybe I misread—maybe I should reread it—indicated that the proponents expected to sell power to OPG.

Hon. George Smitherman: OPG doesn't buy power.

Mr. Peter Tabuns: Sorry; the OPA then.

Hon. George Smitherman: Well—

Mr. Peter Tabuns: No, I'm not saying that you have made any incorrect statement here. I'm saying they've made that statement and they need to be informed—I guess, the provincial government would be a reasonable authority—if the application is based on a statement that is not accurate. You have not intention of buying power from them.

Hon. George Smitherman: I don't think anyone searching the record is lacking clarity about the government's viewpoint on that, and what a proponent might have said is something better asked of the proponent, I would think.

Mr. Peter Tabuns: Or maybe the regulator should be informed that in fact the customer they're saying they're going to be selling to has no intention of buying.

Hon. George Smitherman: Well, I think if that's a matter that the regulator's seeking clarity on, they know where to come.

Mr. Peter Tabuns: Thank you. The OPA's plan—

The Chair (Mr. Tim Hudak): You have seven minutes.

Mr. Peter Tabuns: Seven minutes?

The Chair (Mr. Tim Hudak): Yes.

Mr. Peter Tabuns: It goes so fast, doesn't it?

Hon. George Smitherman: I know. We should spend more time together.

Mr. Peter Tabuns: I know.

Hon. George Smitherman: My constituent.

Mr. Peter Tabuns: Let's go to Lettieri at Church and Wellesley. I'm sure we could all fit in.

According to the OPA's plan, Ontario has capped the development of renewable energy—that's wind, solar and biomass—at 5,312 megawatts. Wind development's set to flatline at 2020 after new nuclear stations are forecast to come online in 2018 and 2019. That seems to me an unreasonable capping of the deployment of renewables.

Hon. George Smitherman: What are you quoting?

Mr. Peter Tabuns: IPSP.

Hon. George Smitherman: We don't have an IPSP. So that's an old document. At a certain point in time, the Ontario Power Authority will be in a position to offer an updated IPSP and we'll send it along to the Ontario Energy Board for consideration.

Mr. Peter Tabuns: When will this new IPSP come forward?

Hon. George Smitherman: As soon as it's ready. Well, let me put it to you this way—

Mr. Peter Tabuns: The record may show that my eyebrows lifted at that statement and the minister responded.

Hon. George Smitherman: It's a pretty short and to the point answer. Let me expand on it slightly. The OPA is a pretty small shop overall and very focused at the moment on the emergence of the feed-in tariff as an example. I think it's very crucial that the experiences we're having at bringing to life many of the opportunities that the Green Energy Act seems to speak to—we're looking for the OPA to be very focused on that, to do that well. Once that's done, obviously they'll have good information about the potential on the renewable side and will be in a very good position to complete the IPSP and for the process at the Ontario Energy Board to move forward.

I don't have a timeline on that, and I'm not prepared to offer one today, other than to say as soon as possible. But I don't think it's very helpful for me to ask an organization to try and do so many big things at the same time. They have a crucial body of work and my direction to them is to be very intently focused on that.

Mr. Peter Tabuns: So for the moment then, the IPSP is essentially suspended. It's been set aside.

Hon. George Smitherman: It's better to think of what you've seen as a draft. There is no IPSP until such time as the Ontario Energy Board has given such a stamp of approval. As that has not occurred, all of those things that are seen so far are earlier drafts. We suspended that effort in order to work on things like the Green Energy Act, with that directive letter that you're familiar with. That work is ongoing, and until such time as that's completed, we wouldn't be moving a new draft of the IPSP forward for regulator consideration.

Mr. Peter Tabuns: Then I'll set aside the IPSP, recognizing that right now there is not a plan in place that sets out the framework for power development in Ontario—I just say that there isn't one.

Hon. George Smitherman: There is one on green energy, as an example. It's a feed-in tariff without cap or limitation, and it encourages people to make a substantial investment in our province.

Mr. Peter Tabuns: I appreciate that there is no limitation on investment in renewable power. The record shows the minister's head was shaking vigorously at the time I said that. Anyway—

Hon. George Smitherman: That's actually inaccurate.

Mr. Peter Tabuns: You weren't agreeing with me, Minister?

The Chair (Mr. Tim Hudak): Let's keep written record to verbal.

Mr. Peter Tabuns: I'm trying to get a verbal, but lacking that, I'll do an interpretation of body language.

Nuclear cost overruns: In May 2006, Premier McGuinty said that if we were to go with nuclear, we would be looking at a turnkey operation. Don't come to us with cost overruns; been there, done that. Are you, in fact, ruling out any cost overruns in negotiations you're engaged in with the proponents who want to build new nuclear reactors in Ontario?

Hon. George Smitherman: We've been seeking, through this process that resulted in three proponents

submitting proposals, to construct two new nuclear units at our Ontario Power Generation Darlington site, with a view towards the greatest clarity and risk transfer, so that everyone is very clear from the get-go what expectations are around price and who is paying what. At the conclusion of our review of these three proposals, we'll be in a position to communicate with the public on where we've landed on those matters. But the objectives we've undertaken have been enunciated clearly in the statement by the Premier and through the actions that we've had on this proposal.

Mr. Peter Tabuns: So no overruns will be allowed as part of the contracts?

Hon. George Smitherman: I just answered the question. I think that when we have the conclusion of the due diligence that we're completing on what amounts to more than 100 boxes of material submitted by the three proponents, we'll be in a position to speak to the public in the province of Ontario about what they could anticipate, keeping in mind that the construction of such facilities takes place over about a 10-year period. We'll be working and seeking to be mindful of reminding the public that, just as you undertake a project to build a new deck or to renovate your bathroom or your kitchen, sometimes projects look a little different at the end than they do at the beginning. This is especially the case in something of the scale of a nuclear power plant, and obviously, in the 10-year timeline associated with bringing it to fruition, it's our obligation to do a very, very effective job of communicating to the public what reasonable expectation they should have over the life of such a large and lengthy project.

The Chair (Mr. Tim Hudak): Mr. Tabuns, that does conclude the time for our morning session, your full 20 minutes.

Minister, Deputy, thank you for being here this morning.

Hon. George Smitherman: See you later.

The Chair (Mr. Tim Hudak): I will remind members of the committee that we will be reconvening at 3:30 p.m. today, as long as daily proceedings aren't delayed.

Mr. John Yakabuski: When we reconvene, is he still under oath?

The Chair (Mr. Tim Hudak): Oath. Then, if all goes as planned, we should fit perfectly into concluding tomorrow afternoon between 3:30 and 6, which will mean there will be no necessity to carry this over until the fall. If we follow procedures and there are no extraneous items, we should finish very neatly.

So folks, thanks very much. We will see everybody this afternoon. The committee is now recessed till 3:30 p.m.

The committee recessed from 1024 to 1610.

The Vice-Chair (Mr. Garfield Dunlop): We'll reconvene the meeting. At this point, it goes over to the government members for 20 minutes.

Mr. Yasir Naqvi: Minister, welcome back. We'll go back to my favourite topic, the Green Energy Act, since it's such a good piece of legislation. Let's talk about some of the safety issues around renewable sources of

energy. There have been some concerns as to health standards and safety standards and the impact of wind turbines. I just wanted to get your point of view on the kinds of assurances that are built into the GEA to ensure that environmental safety and public health are at the forefront.

Hon. George Smitherman: We covered this a little bit this morning. One of the things that's important to keep in context when you talk about renewables is that we're on a path here in the province of Ontario towards the elimination of coal. A former chief medical officer of health knows very well the data from organizations like the Ontario Medical Association. So one of the things we have to keep in mind, of course, is that as we alter our energy supply mix, a big part of it is motivated by the desire to contribute to cleaning up our airshed. It's a little bit of the foundation.

On wind, obviously wind as a form of electrical generation meets with people who are passionately in favour of it or passionately against it. We have to look at the arguments people bring forward in opposition, carefully analyze those and seek to do appropriate justice to concerns that are raised. When you distill some of it down, there are some people who are opposed to wind on purely aesthetic bases, and that's okay. That's their opinion. But we could set that aside slightly and focus more on issues that are raised around health and safety.

What I mentioned this morning was that when we look at the situation in Ontario with the decisions that have been made by municipalities through their then Planning Act responsibilities, they've landed in different places, with big variances in terms of what the setbacks are from wind turbines. We think it's important to have a well-established setback and that that should be developed by those who are best able to assess whatever the literature suggests.

In our construct, the Ministry of the Environment is the ministry that will be responsible to establish a minimum setback on a province-wide basis, and they will do so taking into consideration the best information that is available. So they'll be researching circumstances from jurisdictions that have previously introduced wind, as an example.

I think what we can say to people is that they should anticipate, on a go-forward basis, associated with wind power and the Green Energy Act, that the minimum setbacks will be greater than most of the setbacks that have been established through those municipal processes so far; and secondly, that the Ministry of the Environment has indicated that it will be seeking to create a research chair role at a distinguished post-secondary institution in Ontario so that we continue to build up the amount of knowledge around health, safety and environmental concerns associated with that form of renewable energy.

Mr. Yasir Naqvi: The act also includes provisions relating to home audits. My colleague Phil McNeely, as you know, has championed that. There were certain amendments made in the act before it was passed into

legislation. Can you highlight what those changes are and why you felt those changes were necessary?

Hon. George Smitherman: I think that some people misinterpreted what the alteration was, what the amendment was that we brought forward, so I appreciate the chance to clarify it.

As passed, the Green Energy Act continues to have a mandate for mandatory home energy audits at the time of purchase or sale of a home. What we did is offered an opportunity for an exemption whereby if you're the purchaser of a home, you may choose in writing to waive the requirement for a home energy audit. We don't anticipate that this would happen too frequently. The circumstances that people could point to are where it does seem that maybe they'll say, "What do I need with a home energy audit? I'm about to substantially renovate the house anyway," or "What do I need with the home energy audit? I plan to knock that house down and build a different one on the same site." In some circumstances—like that, for an example—the purchaser can waive their entitlement to have a home energy audit provided for the home. So, in some narrow circumstances, we anticipate that people will do that. We made that amendment in response to a suggestion that came forward through the committee hearings and discussion.

At the heart of it, we think it just makes good sense. We've had resolutions on the floor of the Legislature that enjoyed all-party support. Different parties have had things like this in their election platforms. It just seems very reasonable. When you look at how much energy a home uses, it's very wise, I think, at the time that you're purchasing a home, to come to understand more about how much energy it's using. So the mandatory home energy audit remains as a crucial part of our government's policy related to the Green Energy Act.

A couple more things, if I could: The government will continue to provide support to people towards conducting the audits. They're around \$300, on average, and we look to provide about half of that support. But having that audit completed gives homeowners the opportunity to apply for up to \$10,000 in direct grants from the governments of Canada and Ontario, related to the things that they would do to improve the efficiency of the home overall.

So we try to send the message to homeowners: Don't wait till the point when you're trying to sell your home; take advantage of the opportunity to learn more about its energy footprint and perhaps look at opportunities to make some investment that would transition your home to overall lower energy use.

Mr. Yasir Naqvi: So I would take it, then, that you also support the change that is being made in the assessment act, that was in the budget, where, if I invest money in my home and make it energy-efficient, those changes will not be counted towards the assessed value of the house by MPAC, as I understand the Minister of Finance will be making those changes as part of the 2009 budget.

Hon. George Smitherman: I'm not familiar with that. I'm familiar with the issue; you've raised it with me before.

Mr. Yasir Naqvi: It's in the budget, which is a good thing, because it's consistent with the policy, which is that we're encouraging people to make sure their homes are energy-efficient, and then we're not penalizing them for doing that by increasing the assessed value. So that portion of the assessed value would not be increased. I just wanted to see if you have a view on that, but I see that as a positive step.

Hon. George Smitherman: I get the point in principle. I'll be interested to see it in application: In terms of being able to actually differentiate in the value of a home, what part of that value has been contributed to by investments in retrofit?

I think the other thing that's important to keep in mind is that for many people, the biggest changes that they can make in their home are not expensive changes at all. We think, "Oh, my goodness, new windows, or a new furnace." But I think that people like GreenSaver—when I've talked to folks who are in this business, in a lot of cases, for around \$1,000 or something like that—plugging all the gaps around windows; adding a little bit of insulation here or there; wrapping your hot water pipes, this kind of thing—a lot of times, a big impact can be made with very modest expenditure of resource. And of course, you start to save on your electricity and energy costs immediately.

Mr. Yasir Naqvi: Absolutely. I want to move the conversation towards the infrastructure side of things as part of the Green Energy Act, and that is in terms of creating a smart grid in the province, in the transmission infrastructure. Part of your portfolio is also infrastructure. What kind of steps is your ministry taking in order to upgrade the whole distribution network of energy in the province?

Hon. George Smitherman: We had a chance to talk at committee a little bit earlier about this notion of distributed generation or microgeneration. We've also talked about the incremental investment that we think the Green Energy Act will call for. A substantial portion of that, in the earliest years, is on enhancements to our transmission capability and enhancements to the local distribution networks.

We anticipate that local distribution companies—and they're here today at the Legislature, for any members who can join them in the dining room later—will seek, through the Ontario Energy Board, the capacity to make substantial investments in their networks to enable some of that microgeneration that we spoke about earlier.

1620

In the smart grid context, I had a chance to speak earlier about how the smart meter provides a platform for this emerging smart grid, where electrons are moving two ways rather than just one. We have, actually, a \$50-million budget allocation from the recent budget that will enable us as a government to invest in some programs and projects that can help to lead the emergence of the smart grid forward.

Ontario has emerged as a leading jurisdiction because of the smart meter initiative. Now we have the chance to stay ahead of the pack by making investments in the

smart grid, and we have good advice that's on offer from a group called the Smart Grid Forum, which is made up of the Independent Electricity System Operator and a bunch of our local distribution companies. We're carefully analyzing some of the ideas that they have and looking for the best places to invest that \$50-million budget allocation.

Mr. Yasir Naqvi: Do you have any timelines on that investment?

Hon. George Smitherman: No, but I would anticipate, as matters of policy, that we would move these things forward in the course of the next two to three months.

Mr. Yasir Naqvi: Okay. So that's pretty soon, and that—

Hon. George Smitherman: I just shocked a couple of people back here.

Mr. Yasir Naqvi: No, I'm pleased to hear that.

Hon. George Smitherman: It's a \$50-million, five-year fund. It's important to move along with some initiatives. As I mentioned, we have a good body of work here, so it's not like we're starting from a standing stop; we actually have momentum on this file, and we want to be a leader, because our economic model is that we want to create a domestic marketplace in Ontario. We've got more smart meters installed than anybody. The companies that have installed those smart meters and manufactured them are largely Canadian suppliers. They are now selling those products into some of the huge market opportunities in the United States. We see much of the smart grid initiative in that context where, by being an early adopter and creating a strong domestic market, they can hone their expertise here and be well-positioned to export these and to enhance the job opportunities here in the province of Ontario.

Mr. Yasir Naqvi: Where are we on the coal phase-out?

Hon. George Smitherman: We're certainly, according to the IESO, on very good track to eliminate coal by our committed date of 2014. We have reduced coal use in the province of Ontario by about 40% so far, and the Ontario Power Generation is operating under regulation that came through cabinet to reduce by 2011—we think about it in three one-third increments. We're in the second increment now and, by 2011, Ontario Power Generation would be expected to have ramped down by 66% the amount of coal or the amount of emissions associated with coal. It's a constant cycling down and constant alterations and reductions in our reliance upon coal. Over the course of the last several months there have been many days in the province of Ontario, or certainly some days in Ontario, where we've actually gotten more power from wind than from coal.

Mr. Yasir Naqvi: So we're getting there.

Hon. George Smitherman: It's coming along. Some of that speaks to the fact that April is the lowest-demand month that you have for electricity, so of course it's natural that you wouldn't be relying too much on coal. But, yes, we're making very good progress in its elimination.

Mr. Yasir Naqvi: The point, I guess, is that we now have, in our renewable capacity in the province, times in the usage that we are starting to see a flip.

Hon. George Smitherman: Yes.

Mr. Yasir Naqvi: We're building the capacity to do that.

I think you also asked the OPG to investigate replacing coal with biomass and gas-powered generation. What's the status of that initiative?

Hon. George Smitherman: I'll separate those two issues out slightly. More precisely, on the issue of biomass, we asked the OPA, the Ontario Power Authority, to take a harder look at whether we were maximizing the potential for biomass. Ontario Power Generation has already been a very active investigator, and we've been looking for quite a few years now at the opportunities to transition coal units to biomass. At Atikokan, in north-western Ontario, we have a one-unit coal station, and we've had some test burns there with biomass that have met the rated capacity of the plant, and that was a big surprise to everybody. Burning a wood pellet, which has extraordinarily low emissions, almost immeasurable—but we still achieved the rated capacity of the plant. In other words, we achieved the same 220 megawatts that's possible when we burn coal in that plant. So it offers a lot of promise.

The Ministry of Natural Resources and Ontario Power Generation had a parallel-track process to investigate the opportunities to transition more of the forestry sector and some of the surplus forest product that we have, to take a look at whether we could actually create a made-in-Ontario sustainable energy solution which included biomass from forestry.

We've also been working with organizations like the Ontario Federation of Agriculture, who offer much promise in terms of some purpose-grown crops like miscanthus, which is a very, very fibrous product. It grows 12, 14 and, in some cases, 16 feet high. These are all opportunities that we're examining very, very carefully.

The triple advantages associated with being able to transition our plants to biomass are that you keep the plant active rather than knocking it down—we've already invested the capital in it. If we can find another use for it, it's very beneficial. Of course, the environmental attributes associated with biomass are very, very positive. The creation of a made-in-Ontario supply of biomass could be a source of hundreds of millions of dollars of annual revenue for the forestry and/or the agricultural sector, and we both know that there are many opportunities to enhance the economic conditions of rural and remote communities associated with that. So we're working very vigorously to see what potential we could maximize there.

As I had a chance to say this morning in response to questions from the third party, as we move toward the reintroduction of the integrated power system plan, we may be able to demonstrate some enhanced space in the future energy supply mix related to biomass. There's much investigation on that point ongoing at present.

The Vice-Chair (Mr. Garfield Dunlop): You've got another couple of minutes, guys.

Mr. Yasir Naqvi: Thank you. You're doing a lot of tremendous things here, in my opinion. There's a lot of vision taking place. Out of curiosity, are you finding that when it comes to existing structures—OPA, OPG, IESO—there's a big cultural change taking place in thinking and how we've always done things? What has that challenge been like?

Hon. George Smitherman: Lots of people have made comments about the way that the Ontario energy sector is organized. We have a lot of players, and it can be challenging to have them all as well aligned as you would like.

In my experience of almost a year, I've been very, very impressed with the capacity of the leadership in those organizations to align their efforts and to work together around the Green Energy Act, as an example.

We've had a process involving Hydro One and the IESO and the Ontario Power Authority and the Ontario Energy Board, looking to try to make sure that they were approaching some of the issues which have to be addressed with a collective viewpoint.

I think that we're getting very, very good service from the leadership in those important institutions, and on many public occasions I've commented similarly. We feel very well served by the leadership that's being provided in those organizations.

The Vice-Chair (Mr. Garfield Dunlop): You have time for a real quick one.

Mr. Yasir Naqvi: I'm good.

The Vice-Chair (Mr. Garfield Dunlop): Okay. Mr. Yakabuski?

Mr. John Yakabuski: Minister, I appreciate you coming here again this afternoon.

Hon. George Smitherman: I didn't know I had a choice.

Mr. John Yakabuski: I don't know if you do or not. I didn't have one either.

You answered a question in the House today, and there was a news story or a press release put out about it during the sessional break, I believe it might have been—constituency week. You talked about the plan to bring in legislation with respect to energy retailers and also to deal with the issue of sub-metering. In fact, the member for Ottawa Centre was one of the people asking you that question today.

1630

Not to say I wasn't listening, but just to ensure that there's no ambiguity, when Donna Cansfield was the Minister of Energy, during the period when Dwight Duncan had gone temporarily to finance when Greg Sorbara had resigned temporarily, we talked about this issue at estimates. I never heard it from you, but one of the concerns out there at that time was that you were one of the people who opposed sub-metering in apartment buildings here in the city of Toronto. If that's not correct, that's fine; you'll correct me on that, I'm sure.

Hon. George Smitherman: I don't even understand what you're suggesting. You mean years ago?

Mr. John Yakabuski: Yes.

Hon. George Smitherman: I'd be interested to know—

Mr. John Yakabuski: And that that issue—

Hon. George Smitherman: Is there any obligation on your part to bring forward things that are factual, or are you just making this up?

Mr. John Yakabuski: No, I'm not making this up.

Hon. George Smitherman: Oh, okay.

Mr. John Yakabuski: I'm not making it up.

Hon. George Smitherman: It seems like it.

Mr. John Yakabuski: I didn't say that I got it from you, but I did get it from people in the Liberal caucus who felt that it was you and Michael Bryant who opposed the power people in cabinet, who opposed sub-metering in apartments. So if that's not correct, as I said, you'll correct me, but—

Hon. George Smitherman: Thank you. Could I do that now?

Mr. John Yakabuski: No, you'll get your chance, I'm sure.

Hon. George Smitherman: Okay.

Mr. John Yakabuski: And you'll take the opportunity, for sure.

Based on what we heard in the question today, can we expect—because it's something that we were recommending, as an opposition, several years ago, that if you want to talk about conservation, and you talk a lot about conservation and the importance of it, one of the best ways to ensure that is that the person using the energy is the person paying for the energy, because that's how they're most accountable to themselves and everyone else in the building, so that each person in that building is paying for the energy they use. We also felt that it was a way to ensure that there isn't something nefarious going on in one unit as opposed to another, where there are huge amounts of power being used by one tenant because they may be conducting some form of illegal activity in that unit.

Can we expect, then, that in the fall we will actually have this legislation that will compel—I don't know; is it any new building, retrofitting, or whatever. I know you're not going to reveal to me the legislation, but you have given the gist of it. So is that what we can expect in the fall?

Hon. George Smitherman: Firstly, let me tell you, I don't know—you have no real source on that, on what you said before. I can tell you that I've always supported the principle associated with sub-metering. But I have the highest percentage of tenants in the province of Ontario, and I do think it's possible that sub-metering can move forward in a way that rolls over tenants, possibly absent the appropriate protections. I'll just give you a couple of examples.

The principle is so sound, yes: You should know how much electricity you're using, pay that bill and be more aware so that you can try to alter your behaviours and use less. The motivations are very crucial.

A couple of examples: Appliances from before 1993 use a lot more electricity than appliances after 1993. If

we look at a 300- or 400-unit apartment building, should it matter whether all of the tenants in the apartment building have appliances that are post-1993? I just use that as one example.

So you want me to take on the responsibility. Maybe I'm already living on the side of the building that gets less natural sunlight, which could be an influence on how much heat I'm required to use at times of the year or what have you, or maybe someone else has to bear too much air conditioning. What are the implications of things like appliances?

And another whole area is, if I've been dutifully paying my rent to my landlord for five years or 10 years or 20 years, is it appropriate that at the point that sub-metering occurs, I should have to pay a very substantial security deposit—to an electricity distributor of some form or other—associated with my becoming a new customer? These are just a few of the examples that need to be considered carefully.

I say to my honourable friend, on this and that broader issue of the resellers, we'd be very open to a conversation, or dialogue of any form, for ideas about how we can properly move forward good public policy, but in a way that has strong consumer protections associated with it. We're going to work on that over the summer. In the fall session, we'll look forward to bringing in a piece of legislation. There is lots of opportunity for members to influence what the content of that should look like.

Mr. John Yakabuski: Look, I think that all of the points you've made are very valid, and we share those. Not every situation is exactly the same. With respect to the age of the appliances in the unit, it's a very legitimate issue to talk about.

But actually, I'm pleased to hear that in principle, you agree that ensuring that the person using the electricity has accountability for that use. I think that will help us all, when it comes to conservation.

Your brief comment on the energy retailers—we've had a couple of brief discussions on that. I was very supportive of David Ramsay's bill. I think there is much that can be accomplished in protecting consumers when it comes to energy retailers. Actually, I'm pleased to see your intention on the legislation. I do look forward to seeing the legislation, because I certainly share your views that the consumer has a right to receive greater protection than what we believe they're getting today. I don't think that we're on different planes on that one.

Hon. George Smitherman: We've all heard the story about vulnerable people being browbeaten in one form or another to sign contracts under duress.

Mr. John Yakabuski: People come into my office every day.

Hon. George Smitherman: And in the urbanized areas, another particular challenge relates to linguistic barriers. I think that we have to be very sensitive, as we look to the right policies here, to make sure that we're reflecting the fact that our province is one of the most diverse places to be found anywhere on earth.

If you want us to come and meet with your caucus or any group to discuss this etc., we'd be very happy to do so.

Mr. John Yakabuski: Well, when that legislation is—

Hon. George Smitherman: Okay. But even in the drafting, in the preparing—any ideas that you have, we'd be very open to take a look at those.

Mr. John Yakabuski: I think that David Ramsay's bill was a good genesis, a good starting point.

Hon. George Smitherman: I mean, there are some elements in it which are more readily transferable than others.

Mr. John Yakabuski: That's right. Understood.

Hon. George Smitherman: Some of the mechanisms around global adjustment etc. are a little bit more complex than presented there, but we think it's a very good foundation. And we note the discussion in the Legislature that has gone on around it. We see how strongly so many members are feeling about it.

Mr. John Yakabuski: I get comments from members of our caucus every day about challenges that they have locally with people who really, genuinely don't believe that they were informed properly about the ramifications of signing that contract. Certainly the CBC story that was on Marketplace brought it all pretty graphically to the forefront.

So, no, we applaud you on that. But you don't have to answer me there, because I didn't ask you a question.

Hon. George Smitherman: Oh, I'm sorry.

Mr. John Yakabuski: You don't always have to.

Anyway, these are a couple of things that I'm going to talk about, just based on the discussion between your colleague Mr. Naqvi and yourself. You talked about the establishment of minimum setbacks, which is part of your plan under the Green Energy Act, but you haven't established that. Your contention, based on what I've heard, is that you're going to be working towards that, consulting with the Ministry of the Environment, or the Ministry of the Environment is going to take some of the lead on that. But we don't have a date as to when we will have that.

So I guess my question would be, in the interim period, because those who are the big supporters of your Green Energy Act—many of them are wind developers, and they're going to be looking for opportunities to build new installations. We don't have a framework or anything that sets a provincial standard in the interim. Yet the municipalities—according to the act, at least, if there are regulations yet to be brought that will define that—are no longer the ones that are going to be setting those setbacks.

1640

In the interim, are we going to suspend the development of any wind farms, or do we have an interim measure that would be—

Hon. George Smitherman: I can explain this to you this way. First, there is no interim period because, at the present time, the feed-in tariff, while it has been

publicized and we've had much consultation on it, is not in the window and available for people to seek contracts under. By the time it comes live, the companion efforts which are being led by the Ministry of the Environment will also be coming live. Earlier, I mentioned that we're looking at a July/August rollout of these products, and they will be aligned at that point. So there is no interim opportunity for a project proponent to bring their proposal forward related to the feed-in tariff.

Mr. John Yakabuski: So there's no new wind development that would take place. Anything that is in the system is already established at a certain setback, so there's nothing that's going to be opened or begun or started until that target is set.

Hon. George Smitherman: The only distinction on that is that in the case of several of these renewable standard-offer program contracts, there are a number of people in the province of Ontario who have received a contract under RESOP who have the opportunity to bring their projects forward, and time will tell. Many people would speculate, though, that those individuals would be rather more interested in bringing their projects forward under a feed-in tariff model because the rates of compensation are somewhat higher.

So I can't say categorically that there's no chance whatsoever that a project here or there that has been in the pipeline might come forward, but I rather suspect that the circumstances of that would be quite rare. For the most part, what we're talking about here is the feed-in tariff model, aligned with a one-window approach approvals process that involves the Ministry of the Environment and the Ministry of Natural Resources, where the Ministry of the Environment would clearly establish from the get-go what the setback requirements are.

Mr. John Yakabuski: From a financial point of view I can understand why they would want to wait, because the feed-in tariff is advantageous to them. However, I'll just put it plainly: Is there a possibility, then, that we could ensure that no turbine that is not operating today will begin operation until we establish those setbacks if the proposed setback today before it's actually erected would be less than what has been proposed by opponents of the wind farms?

Hon. George Smitherman: I'm going to leave the opponents out of this for a moment. If somebody has in their possession a contract for a RESOP and has done work, including that work at the local level associated with planning and the like, theoretically you could see some of those projects move forward. So I couldn't offer to you an ironclad that there are not projects out there that might come to life. But from the standpoint of the launch of the feed-in tariff and as a go-forward basis, that minimum setback would be aligned with it.

Mr. John Yakabuski: Okay. I know you don't like hypotheticals, but I'm going to give you one anyway. Hypothetically speaking, we establish a setback that is, for the sake of argument, 750 metres, and between today and that time when you've publicly gone on record as

saying you're going to establish setbacks in conjunction with the Ministry of the Environment, they build an installation that has setbacks of 400 metres. We establish, based on all kinds of health studies and whatever we do, that 750 is going to be the setback. Would it not seem logical, then, that people would have a right to challenge anything that was built with less than that, like at 400?

Hon. George Smitherman: You used the expression "was built." Are you now also—

Mr. John Yakabuski: Basically, I'm saying that between today or whenever you actually have gone on the record having said that, between then and the day that we actually establish these setbacks, if something is built with less than that setback, would it not seem logical that those people who are challenging it would have a legal right—I don't think they can sue for anything; we understand that. But that would be giving them quite an opportunity to challenge it, don't you think?

Hon. George Smitherman: I'm not a lawyer and I'm not going to get into the position of offering legal advice. I don't know the answer to that, but please keep in mind that if any project like that was in a position to move forward, it would only be in a position to move forward because it had received due consideration at the local level by a municipality related to the issue of setbacks. In rare circumstances—I can't predict whether it would happen or not—we could see some projects that have been in what I might call a project pipeline move forward under what we could characterize as old rules.

Mr. John Yakabuski: Okay. I think we—

The Vice-Chair (Mr. Garfield Dunlop): You've got a couple of minutes left.

Mr. John Yakabuski: What? Two minutes left?

The Vice-Chair (Mr. Garfield Dunlop): Yes.

Mr. John Yakabuski: Oh, my goodness. We're not even going to get into a new topic at this point. That's impossible that 20 minutes went by. But anyway, earlier this morning you talked about a take-or-pay with the NDP. Is it not basically the case that when wind is in the system, you have to accept any wind that is there?

Hon. George Smitherman: The principle of take-or-pay would be that on those days—which are quite remote, but possible; we've seen a few of those in the last couple of months—where we actually had a surplus of supply and where too much supply causes some real challenges, on the day ahead, you could call the wind operator and say, "For these hours, please don't operate. Don't feed into the system." In exchange for that, it's very, very easy to track what the quantum of energy unused is and to compensate individuals for it. It's a tool that is designed to keep the operator whole, but to also try and make sure that we have the flexibility to operate the system well and to ask those operators, on a case-by-case basis, to not produce for that window and to compensate them in exchange for that.

Mr. John Yakabuski: Okay.

The Vice-Chair (Mr. Garfield Dunlop): A quick one.

Mr. John Yakabuski: It's probably not going to be that quick. How much time do we—

The Vice-Chair (Mr. Garfield Dunlop): Less than a minute.

Mr. John Yakabuski: Have we advised any wind development yet to not feed into the system?

Hon. George Smitherman: I could very easily get you an answer to that question, but I'm not certain whether we've done that. I don't know.

The Vice-Chair (Mr. Garfield Dunlop): Thanks, Mr. Yakabuski. Mr. Tabuns.

Mr. Peter Tabuns: Minister, just to follow on—and I appreciate the fact that your staff provided me with some OPA documents. Are you saying, then, that if a wind turbine generator or a solar generator or a run-of-the-river generator was told that you couldn't take their power, you would be paying them the full value of the feed-in tariff revenue that they had to give up for the period when they weren't feeding in?

Hon. George Smitherman: The final nature of this has not been landed. The Ontario Power Authority is in consultation with a variety of folks in the sector. My understanding of it, subject to final determination, is that the rate of compensation is full compensation.

Mr. Peter Tabuns: Okay. Another question related to the Green Energy Act is that whole question of Buy Ontario, and specifying the percentage of the investment that has to be Ontario-made. First, do you have a sense as to when you will bring forward a decision on the requirement for Buy Ontario?

Hon. George Smitherman: I don't have an exact date except to say that it's obviously one of those companion policies which is necessary to have clarity on for the project to come to life. When I speak about a July/August time frame for all of these pieces of the puzzle to be out on the shelf, we would need to be operating within that kind of a time frame, so quite soon.

We've done some consultations already with a variety of folks in the sector and we're working closely with the Ministry of Economic Development, which is assisting us in helping to know what is the domestic capability in Ontario related to the various supply chains.

1650

Mr. Peter Tabuns: Okay. Just so that I'm clear—and I'm sure since you've been caught up in this—there are an awful lot of different ways one can describe percentage of Canadian or Ontario content: total labour, manufactured components etc. I'm very concerned that the manufactured components in a renewable generation project have a very high Ontario content. Are you looking at specifying that the manufactured component of that renewable generation be at least comparable to Quebec's 60%?

Hon. George Smitherman: No, I'm not building off of the Quebec model. Firstly, I don't diminish engineers and planners and those things that are more typically sometimes characterized as soft costs. I've certainly been approaching the issue from the standpoint of 100% of project costs, all in. If this can help to make sure that lawyers who live in my riding and work in downtown Toronto are also part and parcel of the service of bringing these projects to life, then I'm okay with that.

We will establish a percentage that will ensure that a domestic supply chain emerges, or else people will not have the capability to put products into the ground. I think as you've suggested, we recognize that because a supply chain can emerge over time, we might actually want to have a moving target, which, over a few years or something like that, increases the percentage of domestic content. But we wouldn't be looking to establish a domestic content number based on the manufacturing side alone. It will be as a percentage of overall, all-in project costs, soft and hard services.

Mr. Peter Tabuns: I'm not saying for a moment that one should diminish the value of the soft services, although, frankly, engineering seems to be pretty central in making these things work. But I'm very concerned that there be enough demand created by this investment that there be the pull there to get the manufacturing piece in place and that we're not simply assembling on a construction site, that we're actually manufacturing in Ontario. Is that your goal, and if so, how are you looking at specifying that?

Hon. George Smitherman: I think the percentage in and of itself will substantially achieve that. A small example: wind turbines. We've had numbers as low as 20% for the Ontario impact associated with those projects. Some have been much higher, but some have been as low as 20%. That's almost nothing in terms of hard services and just the soft stuff.

A wind turbine has three major components: the tower, the nacelle and the blades. In most models, you would create a dynamic whereby a project proponent would not be able to achieve the minimum number with just one of those three components. There is more work to do for sure, but I could give substantial comfort that the models we're looking at will achieve the objectives that you've spoken to.

I should say as well, though, that we're also an early-adaptor jurisdiction and a trading jurisdiction. Accordingly, we think it's crucial that we balance out those obligations to get more of a market here in Ontario for the benefit of the good people in Ontario who can do this work, but also to do it in a fashion that doesn't build a wall around Ontario but actually encourages us to take advantage of the attributes of being an early adaptor to look for export markets as well.

So we may not land in exactly the same spot that other—you know, some people would say, "Make the number 80% or 90%," but that is to ensure that manufacturing capability in Ontario would be pretty much limited to the market in the province of Ontario, and we're not sure that's the right long-term vision. If we get a good foothold here, we think, just as I spoke about in the context of smart meters, that we should be trying to help these companies establish here, benefit from our extraordinary workforce, take advantage of our strong local market, but also be well positioned to be exporters. That would be more our goal.

Mr. Peter Tabuns: Okay. Electricity demand: You referred to it earlier in a question raised by Mr. Yaka-

buski. In recent months, Ontario's faced more instances of surplus power than ever before. Ontario's wholesale spot market electricity price was negative for 214 hours—that's almost nine days—between March 24 and April 19. How much money have ratepayers spent this year paying energy users to take power?

Hon. George Smitherman: We'd be happy to work with the IESO and try to get you some information on that. I don't have that information top of mind.

Mr. Peter Tabuns: Okay, but if it could be provided, I would appreciate it.

Hon. George Smitherman: Yes, sure.

Mr. Peter Tabuns: Recent news reports have indicated that it's less expensive to pay people to take power than to shut down nuclear plants. How much does it cost to temporarily shut down a nuclear plant during a time of energy surplus?

Hon. George Smitherman: I would say two or three things. Firstly, the surplus experiences that we've had have been in the period of the year when electricity demand is at the lowest, and in part have been caused by the commissioning of new capacity. So on quite a few of those hours, we've also had the mandatory commissioning of a new 865-megawatt gas-fired plant, which has to run for a certain period of time and was feeding electricity in at a time when it was less required. We also have a rehabilitation on our inter-tie with New York state, which has often actually been a market when we've been in these situations before. So a few compounding issues there have contributed to those challenges.

Mr. Peter Tabuns: Was Ontario running its coal plants at these times of surplus?

Hon. George Smitherman: Perhaps, but more of it has been gas in the form of non-utility—as our energy supply mix changes, we need to look very carefully at the contracted nature of our supply. We have contracts for non-utility generators and so-called early movers. Those are natural gas plants. A few of them are cogen, but not overall, where they're paid to supply electricity and where we have not transitioned those contracts to provide a role, just that kind of a peaking or balancing role. So we're working closely with the Ontario Power Authority to try and remodel the energy supply mix and the way that we order the electricity so as to try and prevent some of these challenges, which would be likely to return in a shoulder period like the fall.

On the issue of nuclear, you asked about the costs associated with what they refer to as manoeuvring the units. It's not really so much a cost. You could say, "Well, it's a cost, a lost opportunity of producing the power." Let's say I have 1,000 megawatts of capability and you only want to use 500. There's an opportunity lost there, but the real issue in terms of the engineering is that nuclear units are most effective when they are operating consistently. They are not particularly well set for manoeuvrability, and it's something that we seek to avoid as much as we possibly can. As we move towards the fall period and look to work with the Ontario Power Authority and these forms of adjustments, it would be

our very strong bias to create a stable foothold for those units and to seek not to call upon them for the function of manoeuvrability. There are better choices that are available to us, and we expect to realign our supply mix and our firing sequence in a fashion that accomplishes that.

Mr. Peter Tabuns: Given the surplus of power in April and the fact that we had to take a position where we paid people, companies, to take our power, does that say to you that in fact we may be overbuilding generating capacity in Ontario?

Hon. George Smitherman: Before you conclude that we're overbuilding, I think it's important to take a look at some of those circumstances like I just mentioned, especially on the gas-fired side. We've had contracts which have allowed, I might even say encouraged, gas producers to produce electricity regardless of whether there was a demand. So I think that we have opportunities to improve the nature of the contracting and to balance off, to find a better way to use our energy supply mix.

1700

Mr. Peter Tabuns: There's something you said there I need to understand better. Are you saying to me that gas-fired stand-alone generators were pumping power into the system?

Hon. George Smitherman: Yes.

Mr. Peter Tabuns: Without being asked by the IESO?

Hon. George Smitherman: Yes, by the nature of their contracts. As best as I can understand, and I would only be able to give that at a very high level, the answer to that is yes, plus this circumstance that I mentioned with respect to the commissioning of Goreway, the new gas-fired plant. In the very same window when we were having surplus supply, they were on a mandatory commissioning which required them to produce electricity. So it did exacerbate our challenges, most certainly.

Mr. Peter Tabuns: So let me be clear: We had gas-fired power plants producing power that was being fed into the system—set Goreway aside; you mentioned others—and we had to pay those companies for the power they generated and we had to pay customers to take it at the same time?

Hon. George Smitherman: Yes. This is a circumstance that occurred in the spring, and that's why we're looking by the fall to have made those corrections.

I should note that the last period that the IESO can remember where we were in similar circumstances was in 1992. These are contracts that have been in place, in many cases, since the 1980s. I've already signalled to those producers that we're very anxious to make sure that we have a better alignment of their capability within the context of Ontario's energy supply mix. Many lessons are to be learned, most certainly, from the experiences that we've had over the course of the last couple of months.

Mr. Peter Tabuns: So are you saying that the power stations that were pumping electricity into the system were not the new ones like the Portlands Energy Centre but older, non-utility generators?

Hon. George Smitherman: I'll give you an answer and we'll make sure that this is the case, but yes, as I understand it, that is the situation. We don't pay companies to take power, but the effect of the market is that when demand is extraordinarily low, it is there for them for the taking at very low prices. It's not like we pay again; they gain the privilege of a market circumstance, which is extraordinarily inexpensive or no-cost electricity.

Mr. Peter Tabuns: Maybe I misread Tyler Hamilton's article in the Star, but as he was presenting it, in my recollection, companies were actually being paid to take power. So you're saying that there was not a negative price, that no customer was paid to take power by the system.

Hon. George Smitherman: As I understand it, that might have been more a turn of phrase that he chose to use to explain it, because even in those circumstances where the market price is low, neutral or negative, the obligation is still there on the user to pay costs like global adjustment, as an example. This is my understanding of it. We'll seek to get more information and try and deconstruct the comments that Tyler Hamilton made and see if there's any context there that could enhance our understanding of it.

Mr. Peter Tabuns: I would appreciate that, because his report was a substantial one. He reported a negative price. I don't consider that a zero price or a low price; I consider that a situation in which people are paid to take power. So if that's not the case—

Hon. George Smitherman: No, they're not paid to take power. Please keep in mind that you and I, in all likelihood, are purchasing electricity from the regulated price plan that the Ontario Energy Board establishes, but colleges and universities, municipalities and bigger organizations are purchasing their power through the wholesale market. In times of intense oversupply, the wholesale market functions like a market. Supply and demand means that the price is low, negligible or negative, but they still pay, in those instances, just as when you look at your hydro bill there are four or five different things that add together. They would still, in those circumstances, be paying the global adjustment portion of those bills into the rate base.

Mr. Peter Tabuns: I look forward to the clarification.

Hon. George Smitherman: Sure. It's a phenomenon that hasn't been around for quite a while, and it really does give you a chance to think a lot about the supply mix and about the way you want to order up the various aspects of it. We need to make sure, as we're bringing more renewables into play, that they have all of the space that they need and that gas is relegated, as a fossil fuel, to this crucially important role of helping to level out whatever demand requirements we have, but we use no more of it than is necessary.

It's most complex in circumstances where you've got cogeneration associated with it, where there's an adjacent plant that requires the residual heat or what have you.

The Vice-Chair (Mr. Garfield Dunlop): You've got time for a quick question here, guys.

Mr. Peter Tabuns: Yes. Two offline Bruce reactors are expected back online next year. How do you expect this will affect the surplus power situation?

Hon. George Smitherman: It really, in a certain sense, as an example, relates very closely to questions that you asked me, I think, on the first day of estimates related to the future of Pickering.

Each and every time we have an opportunity for more sources to be brought online is the appropriate opportunity to evaluate how we're doing in terms of our overall energy supply mix.

Certainly, if we look to Ontario's fleet of nuclear reactors, we are going to continue, over the course of the next period of time, to have many opportunities to be investing in the renewal of units. Some come into operation; some go offline. We have to look at all of these things in the overall balance of the equation.

Mr. Peter Tabuns: So you don't expect the return of those reactors to increase or deepen the oversupply problem?

Hon. George Smitherman: What I would say is that there is further motivation to make sure, over the course of the summer, when demand is typically quite a lot higher, that we take advantage of the time we have to recalibrate our energy supply mix and the way that we're using those fuels so that the oversupply issue is less of a risk. We have that obligation, and it's a body of work that we've already embarked on.

The Vice-Chair (Mr. Garfield Dunlop): Just make it quick.

Mr. Peter Tabuns: No, it isn't a quick one. I'll wait my turn.

The Vice-Chair (Mr. Garfield Dunlop): All right. We're over to the government members again.

Mr. Yasir Naqvi: Time flies when you're having too much fun.

The Vice-Chair (Mr. Garfield Dunlop): Yes, it's going quick.

Mr. Yasir Naqvi: How're you doing, Minister? It has been a long day.

Hon. George Smitherman: They're all long. It's going good.

Mr. Yasir Naqvi: I'm going to move away from energy—I think we've been covering it quite a bit in detail—and maybe move on to infrastructure, given that there's a lot going on in this regard as well and given the importance of a stimulus package in this current economic climate. I wanted to get some of your views.

There have been significant dollars which have been allocated in this budget for infrastructure—about \$32.5 billion. A big chunk of it is provincial money. Can you explain what that divide is?

Hon. George Smitherman: Sure. The government's infrastructure investment forecast for this fiscal year plus next fiscal year is a combined \$32.5 billion, and that accounts for those portions of infrastructure in Ontario that the federal government is expected to contribute to, which is about \$5 billion; \$32.5 billion over two years; \$5 billion of it on flow-through from the government of

Canada and \$28 billion-plus paid for by people from their Ontario taxation. What we have in a stimulus context is pretty much that \$5 billion from the government of Canada.

Of course, we're rolling those dollars out. Last week there was a big focus on post-secondary education, and this week we anticipate having some additional announcements related to stimulus, where we're going to be working in partnership with municipalities.

Mr. Yasir Naqvi: That \$5 billion which is flowing through from the federal government: Is that what we refer to as the build-Canada fund?

Hon. George Smitherman: Yes. More infrastructure stimulus funds, which totalled just around that amount for the province of Ontario.

There could be some modest elements of build-Canada flow-through on that, but almost all of that \$5 billion that we refer to is related to the infrastructure stimulus investments that were announced in the federal government's budget of January.

Mr. Yasir Naqvi: What are the criteria for the infrastructure stimulus fund and the build-Canada fund?

1710

Hon. George Smitherman: In many cases, very similar criteria in terms—well, the Building Canada fund has about five or six different categories to it. So it's quite a complex construct.

Mr. Yasir Naqvi: I'm sure.

Hon. George Smitherman: But overall, there's a lot of similarity in terms of the kind of eligible partners and eligible projects. The biggest difference is that the funding related to infrastructure stimulus is under very, very strict timelines, which is that it has to be for projects that are completed by March 31, 2011. The government of Canada—and we have supported this position—has been working hard to try and ensure that the projects that are supported in a stimulus context actually occur in this fiscal year or in the next fiscal year.

One primary distinction between some of the stimulus funds that municipalities could apply to and, say, the Building Canada communities component fund, is that in the Building Canada communities component fund, a municipality could not seek funding from the governments of Canada and Ontario for a municipal building, but in the stimulus program, they can. That's the best as I can tell from memory. That's the biggest distinction in terms of eligibility, beyond the issue of the hard date of March 31, 2011, by which infrastructure funds are to be spent.

Mr. Yasir Naqvi: How do you ensure that a project will be completed by March 2011?

Hon. George Smitherman: Two things, primarily: Ministry staff here in Ontario from a variety of ministries, led by ours, working with a variety of departments in the government of Canada, carefully analyze the projects that are submitted by municipalities or by other partners, with a view towards cash flow and being able to meet those deadlines. In addition to that, those that advance the project, like the president of a college or a university, have to sign a binding attestation that really

gets your attention. So anyone who might have tried to nudge—nudge, wink—wink their way past that deadline really came up against that attestation and said, "That's got some serious binding implication." Accordingly, we're very certain that's helped to temper those who might have had an idea to bring forward a project and pretend that it was more shovel-ready than it in fact was.

Mr. Yasir Naqvi: So what are the ramifications? Let's say that you've signed the attestation and you don't meet the deadline of March 2011 in terms of completion of the project. What's the stick here?

Hon. George Smitherman: The stick for us is, don't wait to find out. We have to be particularly robust in terms of making sure that people are keeping these projects on track. Our ministry will be involved in helping to establish that through these—what are those agreements called that we sign with the municipalities? Project agreements?

Mr. Saād Rafi: Contribution agreements.

Hon. George Smitherman: The contribution agreements will further put pressure on to make sure that those projects are moving forward.

I'm going to put my deputy on the spot. In the circumstances where someone was struggling against those deadlines, have we been able to make any agreement with the government of Canada to ensure that the funds are still protected? What kind of a scenario might unfold?

Mr. Saād Rafi: We're still talking to the federal government in terms of the stimulus funds. For the other funds we have contribution agreements, and jurisdictions would have to demonstrate that they're complying. We will have a tracking and monitoring group as well that will work with, as the minister has mentioned, a broad array of ministry staff around the province to determine whether these projects are being funded, allocated and spent in the manner that they're supposed to.

In addition to that, the eligibility criteria are examined, in the first instance, to determine, beyond the attestation, whether we think, based on knowledgeable staff in other ministries who work with these proponents, they have the resources themselves and the money in their coffers to match their component. Do they have a plan in place? Do they have the necessary environmental approvals, if there are any? So there are a series of checks and balances in place that will both make it accountable and get money into their hands when and where it's needed to create jobs.

Hon. George Smitherman: In the early parts of the process, we have to call the bluff of a few of these folks and say, "Come on, get real. You want to build a \$40-million building, but you don't even have an artist's conception of what it's going to look like. It's not going to be so practical." So there's a fair bit of tension in the process right at the evaluative point.

Mr. Yasir Naqvi: Can you highlight some of the infrastructure projects that are on the go, in terms of joint Canada-Ontario funding?

Hon. George Smitherman: Yes, many, but from the current round of stimulus projects or from earlier rounds of funding—

Mr. Yasir Naqvi: Earlier rounds. I know some part of the BCF went earlier, and I'm sure those projects are already on the go—and then some of the different elements of stimulus infrastructure may be coming down the road as well.

Hon. George Smitherman: Well, I think the best examples from this current calendar year would be—I believe it was in February that we made announcements on the Building Canada fund communities component: 290 projects across Ontario, just over \$1 billion—one third provincial, one third federal and one third municipalities. This is targeted at communities under 100,000. Just probably, even in the last two, three or four weeks, a lot of those projects have come back in from tender; the tenders have been awarded and those projects would be under way. That's a lot of road-building projects, a lot of water and wastewater projects, and I could give you the whole list that would show you where those projects are situated.

An example of a project where we've had our money on the table for a long time and where the government of Canada is coming into play to put their money forward would be on the expansion, the extension of the Spadina subway line here in Toronto to York University and beyond to York region. This is the project that the third party has been publicly opposed to, but that project will be gaining substantial steam very, very soon, as all of the funding sources are now indicated.

Last week's announcements on post-secondary education will mean that at something like 53 or 56 college and university sites across Ontario, a very, very substantive amount of construction activity will be underway, one would anticipate, within, say, three months from now. I rather anticipate that someone's going to have a story by around September or October that is basically, "Ontario under construction" or "under renewal" or something, because there are going to be literally thousands of projects in play.

Mr. Yasir Naqvi: So we should get ready for some happy inconveniences over the summer months.

Hon. George Smitherman: We always say, "Look, we have two seasons in Ontario: winter and traffic."

The Vice-Chair (Mr. Garfield Dunlop): Construction.

Hon. George Smitherman: Sorry, I think "construction," I think "traffic."

I think that's going to be a very big part of the storyline, because we're talking here about infrastructure funds that are shared with the government of Canada, but they're the small amount of the funding overall.

As an example, the Ministry of Transportation's budget is over \$4 billion for this fiscal year—\$4.2 billion in the 2009-10 budget—the largest-ever capital budget for roads in northern Ontario. There is going to be a tremendous amount of construction activity.

Mr. Yasir Naqvi: We're talking about a lot of jobs here. Do we have a number?

Hon. George Smitherman: We predict that in this fiscal year, associated with the capital build that we have,

it's enough to sustain something in the measure of 146,000 jobs, and that number actually grows next year.

Mr. Yasir Naqvi: And that's across the spectrum. We're not just talking about construction jobs; we're talking about architects, engineers, lawyers and whatnot.

Hon. George Smitherman: Yes, but a substantial amount of it being the people who actually do the building.

Mr. Yasir Naqvi: Yes, absolutely. You did mention the investments in a couple of announcements a couple weeks ago about the knowledge infrastructure projects in the universities and colleges. Can you highlight what the scale of that was, what dollar figures you were talking about and timelines on that?

Hon. George Smitherman: Yes. Well, that is a stimulus-oriented program. The government of Canada allocated \$2 billion in their budget. They didn't do a provincial allocation, but we take the view that whenever they have capital dollars, we get 39% at least. So 39% of \$2 billion is \$780 million. We matched that in our budget, and last week, through the two series of announcements that we had in participation—Minister Milloy and Minister Clement; we're moving forward with more than 40, probably closer to 50—45, say—projects at colleges and universities. In the narrow circumstances of five or perhaps six institutions in Ontario that did not get a particular project, they got a very substantial amount of money that they can use for individual projects or for deferred maintenance at their campuses. Since that's all March 31, 2011, the pressure is on for those institutions to turn those projects around very quickly. Again, by the time our young folks go back to campuses in the fall, there's going to be that much more construction activity on those campuses.

1720

Mr. Yasir Naqvi: Do you think, out of curiosity—I mean, we're doing so much construction and the timelines are quite tight—that we may run into a capacity issue in terms of construction companies?

Hon. George Smitherman: It's possible. It's entirely possible that it can occur differently in some regions of the province.

But I think the good thing about it is that a lot of the projects that we're talking about here are—of course, we can all envision the \$600-million hospital like the one that we're building in Niagara. That's going to have 20, probably 22, different trades that are part of it. In a lot of the cases, though, with our municipal builds, we're talking about small-scale road projects, sidewalks, curbs, water, waste water and the like. We think that in some of these instances, it's relatively easier to bring new employees to the fore to help to complete these projects, which we could obviously see as very beneficial, given the number of Ontarians who are out of work.

Infrastructure Ontario assists us in taking a look at construction capacity. This is something we're keeping a watchful eye on at all times.

Mr. Yasir Naqvi: So the knowledge one, which I was involved in because Carleton University is in my riding

and has been a good beneficiary of that program—I'm very excited about that. That's 50-50 federal-provincial?

Hon. George Smitherman: Yes. Well, in some cases, there's usually a relatively modest portion of contribution for those projects from the sponsoring institution. So I doubt that it was exactly 50-50, but you have to pretty much look at the backgrounders that were created that show what the institution is bringing to the table.

Mr. Yasir Naqvi: The budget also had \$1.2 billion for affordable housing. What's the process on that funding and timelines etc.?

Hon. George Smitherman: I was saying earlier that we might take into our budget a placeholder. An example of that is that we did have a placeholder for the retrofit of social housing, perhaps for the whole envelope. As the program became clearer—and Minister Watson's been in the lead on this, working with his federal colleague, principally Minister Finley, if I'm correct—we went through the Treasury Board process and transferred those funds over to the appropriate line ministry, in this case, Municipal Affairs and Housing. They have the obligation to roll those programs out on the retrofit side and also on the new construction side. One should anticipate that they will be working to also get all of those details farmed out to the individual 42 housing providers. I can't remember what we call those exactly.

Mr. Yasir Naqvi: I don't know how much time I've got, Mr. Chair.

The Vice-Chair (Mr. Garfield Dunlop): You've got three minutes.

Mr. Yasir Naqvi: Three minutes. The last program I want to touch on is the recreational infrastructure fund at RInC, I think it's referred to. How is that different from the infrastructure stimulus fund?

Hon. George Smitherman: It is an infrastructure stimulus fund that's targeted at the renewal of recreational facilities in the province of Ontario. Again, the government of Canada had a \$500-million allocation for that. Our proportionate share is \$195 million, so we have \$195 million to match it. Now, they only put out like \$68 million at the beginning, but we made clear that our money is all there.

We've just completed an intake. There are more opportunities for individual municipalities, but in this case also not-for-profit organizations, to make application for these resources. It's a pretty good program. I think it's going to have a strong appetite. It's a \$3-million maximum project; one third federal, one third provincial and a third from the sponsoring organization. And like I mentioned, not just municipalities but not-for-profits and First Nations could all be part and parcel of that.

We are working very diligently with Minister Clement on this. Again, because the timelines are still March 31, 2011, we're working in all instances to turn announcements around as fast as possible to allow people to get on with it. In this case, it's about refurb. You could add on to an existing building, but it's not a greenfield. It's not a new project entirely, so we think that it's probably a little more. It's not as much subject to the construction season

implication that some other projects experience, where you've got to get foundations in the ground by October 10. I'm talking about up in Sioux Lookout or something. That program has yet to roll out, but it should roll out quite soon. I believe we've kept the intake. I actually confess that I don't know the numbers of the applications we had for the cut-off, which was the 28th or the 29th, but there may still be an opportunity for people to submit projects.

The Vice-Chair (Mr. Garfield Dunlop): You've got a really quick question?

Mr. Yasir Naqvi: I'm fine.

The Vice-Chair (Mr. Garfield Dunlop): Okay. Thank you very much. Mr. Yakabuski?

Mr. John Yakabuski: Back to me?

The Vice-Chair (Mr. Garfield Dunlop): Yes.

Mr. John Yakabuski: Don't forget to get to the EDA reception down in the dining room, folks. They're all waiting for the minister a 6 o'clock. I told them you'd be there at 6 o'clock sharp.

Anyway, where were we?

Hon. George Smitherman: You could waive your time and I could go early.

Mr. John Yakabuski: I'm going to tell you the shrimp and the beef are very good, so I could almost be talked into it.

But I was asking you about the take-or-pay premise and whether you've actually ordered wind not to be put into the system. I would suspect that you don't anticipate that happening very often, given the fact that the whole purpose behind the act is to see more renewables in the system, not less. Of course I'm surmising that you would have an expectation or plan before you would have proceeded with this. What is the expectation as to the top end, as to what the installed wind capacity would be when you've completed this plan?

Hon. George Smitherman: The first thing I would say is that I think maybe you were out of the room for quite a lengthy exchange that I had with the third party representative. A big challenge that we've had in the last few months, where we've had this surplus of supply, is that we've had gas assets producing. So by the fall we expect to have taken a hard look at our energy supply mix and rejigged the firing sequence so as to try and limit these circumstances, as you've mentioned.

I think that when you look at the opportunities that are there with respect to renewable energy and the implementation of a greater proportion of installed wind, there are a few things that you can gain guidance from. You can gain guidance from the fact that we're eliminating coal. But I think that the primary thing we gain guidance from is the amount of transmission capability that we have. That will be the first limiter, if you will, in terms of how much additional installed wind we can have, and that's why we're going to be moving forward quite soon with a directive that will get us building some of the additional transmission capability that's necessary.

Mr. John Yakabuski: So you don't have a megawatt figure as to where you would be with respect to wind capacity.

Hon. George Smitherman: No, and I think that this has actually been one of the points of debate in the Green Energy Act and it's something that even the third party, which supported the bill, did raise questions about. Some people have looked for targets to be embedded in the Green Energy Act or what have you. I personally believe that a target is actually a cap, and that instead what we've sought to do is create a product, the feed-in tariff, and this right-to-connect principle that is designed to allow our electricity system to respond to the opportunities that are brought forward. So instead of saying the limit of the marketplace here in the province of Ontario is X, in a certain sense, rather than placing that limit from the vantage point that we have today, we create a product that's open for people to come and to build projects within, and every three years, as the IPSP is subjected to its statutory reviews, is the opportunity for whoever is in government to take a look at whether the energy supply mix is working or in need of any adjustment or tweaking.

Mr. John Yakabuski: Whether or not you establish a target, which, as you say, could be construed as a cap, there is a theoretical cap on how much wind you could put into the system anyhow, because it is accepted that, at a certain level, reliability is compromised because you cannot dispatch the wind. There is a theoretical cap as to how much wind you could have in the system, unless you could have wind from everywhere getting to wherever you want it, and transmission, again, is the constraint there. So that does become the issue.

Last week, you talked about London Economics International's very comprehensive analysis of the act as being flawed because—go ahead; tell us again, from the point of view of its projections with regard to the cost.

Hon. George Smitherman: There is a variety of flaws that are in there, but I think the one that's most apparent is that the London Economics folks have taken advantage of all of the information that's there about cost, including costs associated with conservation programs, but not given one iota of recognition that those very conservation programs will assist people to use less electricity. So I felt that they were pretty good about one side of the ledger but really quite ineffective at capturing the other—and you're the poster child for energy conservation in Ontario, with the 40% reductions that you've experienced in your home.

Our model is, more renewable energy on the one hand and creating a culture of conservation on the other. We think it's possible that most households in Ontario could reduce electricity consumption in the range of 15% to 20%, and we're looking to equip them with the capacity to do that. That obviously has a substantial impact on the bill that they pay.

Mr. John Yakabuski: Having said that, the cost of the generation choice will be substantially higher than the generation that we're getting, maybe not today, but in general today, if you compare the feed-in tariff rates for wind, which is at 13 cents, or coal, which we can produce for 4 cents.

Hon. George Smitherman: Well—

Mr. John Yakabuski: No, no, I'm trying to draw a picture here—

Hon. George Smitherman: Yes, but you're wrong already. Can't I try to help you along a little bit right now?

Mr. John Yakabuski: No, you can correct me when we get it all out there.

Hon. George Smitherman: I want to know your price tag on carbon sequestration.

Mr. John Yakabuski: I'm not talking about that right now—

Hon. George Smitherman: No, but that's the core of your argument.

Mr. John Yakabuski: When we switch chairs, we can talk about that.

Anyway, on the issue of the cost of generation, if you're talking about conservation down the road or even today—what have we got, 887 megawatts of wind in the system?

Hon. George Smitherman: More than 1,000.

Mr. John Yakabuski: Well, according to the IESO, there are only 887 operating.

Hon. George Smitherman: I think it's 1,030, but I'll be happy to check.

Mr. John Yakabuski: We can draw that up on the computer. Anyway, we won't split hairs.

Certainly, based on your plan, your desire is to get coal out of the system and get wind and other renewables into the system. So when you talk about the cost changing as a result of conservation, if you have—and you haven't given me an amount, but let's just take a theoretical amount, again, of 5,000 megawatts of wind in the province of Ontario. According to what I can extrapolate from your wish list and what you're even doing today—because the effect of the government's policies on the economy has been devastating, we have a lowering demand for electricity, but we're using every bit of wind that is available. And I do concur with you that the last couple of months have been terrific for wind production.

But if you take that, then the first thing that's going to get shut down is not going to be the wind, at 13 cents, it's going to be coal, at whatever; it's going to be natural gas, at whatever, which is low right now, at approximately \$4 a cubic metre; nuclear, which will be cheaper; or hydraulic, which is cheaper. So we could see a situation where water is bypassing turbines, coal is shut down—you're not going to be able to touch very much of the nuclear, but I am told that there are some concerns with what's happening with some of our nuclear plants; we'll get to that a little later. The first thing you're going to shut down are the cheaper forms of generation, and the ones that are going to be running—because you're going to take every bit that you can—are going to be the expensive ones. So how do you see conservation actually seeing the price lower when the cost of generating those is going to be much higher, because the choice is going to be to keep the renewables running?

Hon. George Smitherman: Let me take the easy bit first. If you're using 15% to 20% less electricity—you

know, when I talk to people, they say, "My hydro bill." Not that many people talk about all of the components. So if you look at your all-in bill, and if on a go-forward basis you can find a way to use 15% to 20% less, and your own personal testimony is that you've done 40% less, then obviously—

Interjection.

Hon. George Smitherman: Well, it's pretty clearly on the record.

Mr. John Yakabuski: Oh, yeah. I'm going to bring those bills and show you—

Hon. George Smitherman: Obviously, that's going to substantially buffer an individual from the implication of electricity prices.

But I think that in the construct of your argument, there are a few things that I have to fix. Firstly, coal is cheap—for now. Now, let's just pretend that we did have that chair reversal that you spoke about a minute ago. You're going to like this.

Mr. John Yakabuski: But we know you don't like pretending.

Hon. George Smitherman: Let's just pretend for now, because we'll reverse chairs and it's all part of this fantasy game as we try to tease out a policy from you.

You've got a couple of options. Are you operating in an environment, seriously, where you think, on a go-forward basis—either through some form of pricing associated with carbon, whether it's cap-and-trade or what have you, or through the expensive alteration of a coal-fired plant to sequestration, something that you may favour—that coal is going to be a viable option at four cents? Because this is the premise of your question. That's the first thing I want to highlight there.

We're eliminating coal. That much is a given, and the people of Ontario have supported us—

Mr. John Yakabuski: Well, it's a plan. You haven't done so well so far.

Hon. George Smitherman: We've done pretty well. In the first four months of this year, it's 45% less electricity produced—

Mr. John Yakabuski: Because you've closed every factory in the province.

Hon. George Smitherman: Whatever the issue, the evidence is very clear that Ontario's dependence on coal is diminishing very rapidly.

With respect to gas, you've just placed an assumption there that gas-fired generation is inexpensive generation.

Mr. John Yakabuski: I didn't say that.

Hon. George Smitherman: With all due respect—

Mr. John Yakabuski: It's cheaper than wind.

Hon. George Smitherman: In most cases, that's not the case.

Mr. John Yakabuski: Currently—well, I don't know what kind of—

Hon. George Smitherman: Because you've got contracts.

Mr. John Yakabuski: Contracts?

Hon. George Smitherman: It's not just the pricing associated with the purchase of the gas in and of itself.

We've all seen extraordinary volatility over years, and I don't know where it's going to be a year and a half from now. But let's not pretend that gas is an inexpensive form of electricity generation, because we would be pretending in that case.

In terms of hydro—

Mr. John Yakabuski: I thought we were playing "Let's pretend."

Hon. George Smitherman: Oh, yes. I know. I'm sorry.

On hydro: I think it's very important to note that hydro, where we can store it—and we have less storage capacity related to hydro than would be ideal, but in those cases, we would look to store it. The point is, what we want to create is a situation where we use the most sensible mix of electricity generation, in the right order. To be honest with you, the experiences of the last month or two have indicated to us that the order is somewhat off because of the circumstances that we've been experiencing related to low demand.

Mr. John Yakabuski: You'd have to hope that the experience of the last couple of months is not something we are going to experience long term in this province, or we have already surrendered.

1740

Hon. George Smitherman: We hope very much not, but it is possible, in shoulder seasons, when Ontarians are not relying on electricity for heat or air conditioning, to have baseload demand which is quite low. On a day like today, we're at 17,000 megawatts peak demand. But I don't want to plan Ontario's electricity system for the weather of today, because it could just as easily have been 33 degrees with humidity today, and demand might have been 23,500 or something like that.

Mr. John Yakabuski: I'm not disputing that, but I am questioning how you make the leap that because of conservation, these figures are completely skewed. LEI, not us—

Hon. George Smitherman: You hired them.

Mr. John Yakabuski: We never gave them any direction, other than to say, "Analyze the act."

You told me the other day that you had stuff from your own ministry that would justify the 1% per year and the 50,000 jobs. We haven't got it yet. That can't be something you need to put together; you must have that in a report.

Hon. George Smitherman: Are you sure you don't have it yet?

Mr. John Yakabuski: No. I got things saying those questions were asked—

Hon. George Smitherman: It's being fed in, so certainly—

Mr. John Yakabuski: We don't have it. If you could give us a breakdown as to how wrong you believe these figures are, based on conservation—we're talking up to a high of \$46 billion. Is conservation going to take it down to \$30 billion? Is conservation going to take it down to \$2 billion?

Hon. George Smitherman: I'm talking about a much simpler construct than 46 billion this or that.

Mr. John Yakabuski: But we are talking about it in the framing of the total cost of the implementation of the Green Energy Act between now and 2025.

Hon. George Smitherman: Yes, but, with respect, you were talking about that study in the context of what the implications were for the individual ratepayer, and my point is—

Mr. John Yakabuski: Up to \$1,200 per year, once the act is fully implemented.

Hon. George Smitherman: My point is simple, and I don't know why you're struggling with it so much. Your report analyzes prospective costs, and it had a huge range with some very big variables in the assumption. At the heart of it, they counted the costs associated with conservation programs and put those on everybody's bill, but they gave the same ratepayer not one iota of credit for the reduction in the amount of electricity they're able to use overall.

Mr. John Yakabuski: Because we would have to assume. If you—

Hon. George Smitherman: You've reduced your own by 40%. We're just suggesting that 15% to 20% is possible.

Mr. John Yakabuski: You're telling me that you're wondering why I'm having trouble understanding the point you're making, but if you could actually put that into figures, Minister, and not just say, "Their numbers are wrong because," but say, "Their numbers are wrong, and these are the right numbers because," then I think we could all understand it.

The Vice-Chair (Mr. Garfield Dunlop): You've got two and a half minutes to clean this conversation up.

Hon. George Smitherman: I think even in the presentation of a report which had the opportunity to issue a simple asterisk that said, "Hey, the gentleman who contracted us to produce the report is on the record in the Legislature of Ontario as having reduced his own electricity consumption by 40%. Maybe we should at least acknowledge that there's an opportunity for other people in Ontario to also use less electricity"—which of course has a big impact overall on what your bill is.

Mr. John Yakabuski: We don't know what their personal circumstances were or are.

Hon. George Smitherman: So we assume it's nothing, which is what your report did.

Mr. John Yakabuski: No, we're not assuming—

Hon. George Smitherman: It gave the individual ratepayer not one iota, not even—

Mr. John Yakabuski: You must have given an amount if you came up with 1% per year. If we failed to take in the conservation aspect of it, you did not fail, because that's your bailiwick. You need to tell us here in estimates what percentage of our miscalculation is as a result of the conservation part of it. You can't be telling me that these are wrong if you don't know what you've come up with in numbers yourself.

Hon. George Smitherman: Firstly, they grossed up a bunch of numbers, as you can see by the variability in the

range of costs. It's your study. Maybe you could tell us: What was the range in total costs that they predicted associated with the Green Energy Act?

Mr. John Yakabuski: It was \$18 billion to \$46 billion—

Hon. George Smitherman: Okay. So you're going to hang your hat on that?

Mr. John Yakabuski: —if energy audit and energy conservation costs are added. Our non-discounted cost is estimated between \$19.4 billion and \$53 billion.

The Vice-Chair (Mr. Garfield Dunlop): A quick answer here, Minister.

Hon. George Smitherman: I think that the answer was just actually offered by the honourable member, which is to say that you're hanging your hat on a report that had a range from \$19 billion to \$53 billion. What I'm simply saying is that associated with the Green Energy Act is the opportunity for most households to make a substantial reduction in the amount of electricity they use. We think that's between 15% and 20%. We further think that here in the province of Ontario—and we'll look whether the IPSP moves this number at all—we have an ambitious conservation target related to 6,300 megawatts.

Mr. John Yakabuski: Speaking of the IPSP—

The Vice-Chair (Mr. Garfield Dunlop): Okay, make it quick. You've just got a couple of seconds left.

Mr. John Yakabuski: This is not a short question.

The Vice-Chair (Mr. Garfield Dunlop): Okay. Next time.

Mr. John Yakabuski: When are we up again?

The Vice-Chair (Mr. Garfield Dunlop): Tomorrow.

Interjection: Tomorrow at 3:30.

Mr. John Yakabuski: But we won't be up first.

The Vice-Chair (Mr. Garfield Dunlop): No. Mr. Tabuns will have five minutes left tomorrow when he starts.

Mr. Tabuns, we're now over to the third party. We do have to adjourn at 6, by the way.

Mr. Peter Tabuns: Going back to the whole question of demand, the IESO said in March that, "Despite eventual economic recovery, electricity demand will continue to decline as the impact of greater levels of conservation combined with a growth in embedded generation take effect." Do you agree that electricity demand will continue to decline?

Hon. George Smitherman: I have to be in a situation where those people who are energy planners and have greater expertise are involved in making these forecasts, so I think the OPA is an organization that we have confidence in.

I think we have to be mindful of Ontario's history as well, which is that there were circumstances when we had challenging economic times and where the demand rebounded quite rapidly and surprised quite a few people in the electricity sector. So I think we have to be very conscious of the different projections that folks will make. We certainly expect, because we're so focused on conservation, that regardless of economic circumstances,

that's going to help to assuage demand quite substantially.

Mr. Peter Tabuns: Based on all that, do you think it's prudent to make long-term commitments to nuclear power plants when energy demand is falling by over 1.5% a year?

Hon. George Smitherman: Firstly, our commitments to nuclear power plants are to ensure that the fleet of nuclear power plants that Ontario has are staggered, which is to say that they're not all necessarily of the same generation, where it would be likely for their useful life to come to an end at the same time. I think that the decision to build new nuclear reactors, which are actually replacement nuclear reactors, is extraordinarily prudent because whether you think peak demand's going to be 25,000 megawatts going forward, 21,500 or 27,500, there's a very substantial amount of room in our energy supply mix for nuclear to be a very important part of that. I actually see the decision associated with the replacement of nuclear units to be impacted very little by the current circumstances related to demand.

It's a 30-year and a 40-year decision. If you ask me, do I see a need downstream 20, 30, 40 years for Ontario to have nuclear capacity and would it be prudent to look for the opportunity to build some of that sooner rather than later, I would say yes to both of those questions.

Mr. Peter Tabuns: Based on what analysis?

Hon. George Smitherman: Based on the analysis that, at present in the province, we've got installed nuclear capacity at a certain level, something around 13,000. Going forward in the province of Ontario, we think it's important to make sure that we have strong capacity to meet our electricity needs with a continued reliance, in part, on nuclear power, and whatever number you land on, whether it's exactly 13,000, a little bit more or a little bit less, it doesn't discount at all that it's prudent to look for the opportunity to start to introduce into your overall fleet some newer units because our units are at risk of being dated in a period of time.

1750

Mr. Peter Tabuns: But in fact, you're in a situation where demand is going down, Ontario's economy is being restructured—for good or ill, it is being restructured. You've started a program that you're hopeful will introduce large volumes of renewable power and that will result in large-scale conservation. So are you not in fact putting us in a position where you're making commitments that will come to fruition a decade from now, where we will be oversupplied, with a technology whose best-before date has passed?

Hon. George Smitherman: I think that you've got to keep a couple of things in mind. Firstly, last year in Ontario, 75% of all the electricity that we used came from nuclear and Niagara Falls—water. Though there has been some reduction in demand, we still have demand and we could still reasonably forecast that five, 10, 15, 20 years from now, we will have demand. We think it's entirely consistent with that that we should make sure, for those times, looking forward, that the nuclear units in

the province of Ontario, which are one part of our energy supply mix, are modern units.

I think that, in a certain sense, as I've mentioned before, every three years, in the context of the IPSP—it's got a kind of mini sunset date that asks that it be reviewed, where you get a chance to take a look at, "What have you learned in the last three years? What new supply has come online? What does that project out to the horizons? Where are you at on decisions associated with Pickering and future refurbishment of other units?"

I think in the context of installed capacity in Ontario, where we've got 33,000 megawatts of installed capacity, we're talking about two new nuclear units at Darlington, which will be, depending on the technology, between 2,000 and 3,200 megawatts of installed capacity. I see very little risk to Ontario's long-term future of having 2,000 to 3,200 units of installed capacity being nuclear units that come into operation 10 years or so down the path. I don't see the risk. I see sufficient demand in the forecast, notwithstanding that, at present, demand is lower.

I think, actually, the questions come every three years, and you say, "Okay, based on what we know and forecasts of demand and the energy supply mix that we're experiencing, the success of the Green Energy Act and other things, we can recalibrate at all of those opportunities." Right now, looking at the nuclear fleet that we have, recognizing that Ontarians remain committed to nuclear power as part of our energy supply mix, I think it's intensely prudent to introduce two new nuclear replacement units at any point that you can get them at the right price.

Mr. Peter Tabuns: That raises an interesting question. You've said before, the last time that we went through this question of support, that the 2007 election result provided your government with a strong public mandate to build new nuclear reactors. Can you tell me how, in the last election, your party publicized its intent to build new nuclear power plants?

Hon. George Smitherman: The question suggests that the people of Ontario are so unaware of happenings in matters of public policy that they didn't notice the very long run-up and the lengthy amount of public discussion with respect to plans for new nuclear. I think that, to be honest with you, it wasn't a matter relegated simply to the point of a political platform; it was, in fact, a matter taken as a sitting government and part of the context that people had an opportunity to consider in the last election.

I certainly encountered people in the last election who were supportive of the decision that our government had taken with respect to nuclear, and I certainly encountered people who were against it. But I mostly encountered people who were very aware that that was a substantial part of our energy supply mix policies going forward.

Mr. Peter Tabuns: In the last election, the word "nuclear" wasn't mentioned in your party's platform, Moving Forward Together. Had you made a conscious decision not to feature nuclear in your platform?

Hon. George Smitherman: It wasn't necessary, because it suggested that that was a matter being rele-

gated to containment inside a platform. We'd already taken those decisions as a government, not as a political party. We'd taken governmental decisions in that regard that were extraordinarily widely publicized.

I don't have access to any polling data, but if we did have polling data at the time that said, "Are you aware of the government of Ontario's decision to move forward with replacement units to modernize the nuclear fleet?", I rather suspect that the people of the province of Ontario were very well informed of that. I remember the public awareness associated with that being extraordinarily high. We took that decision, as a government, even before the election, and this is one of the things that the people of the province of Ontario had an opportunity to contemplate and to consider as they made up their minds about who to vote for.

Mr. Peter Tabuns: In 2008, WWF Canada did a poll in this province and found that two thirds of Ontarians would prefer to see retiring nuclear reactors replaced with renewable energy resources like wind, solar and hydro, rather than building new reactors. How does that shape your claim that you have a public mandate to build new nuclear power plants?

Hon. George Smitherman: I'm part of a government that got elected. WWF is a very, very fine organization that hired a pollster. I did the all-candidates meetings, I went door-to-door, I stood on street corners—a far more consuming process than a public opinion poll. I don't think I suggested that because we had positive results from a public opinion poll I could claim that we had a mandate to do this. We brought this in as a government policy. It was very, very well established as part of our energy track record in planning, and I believe that for people in the province of Ontario who were motivated around issues like that, their level of awareness on it would be at a very, very high level.

Mr. Peter Tabuns: In your capacity as Minister of Energy and Infrastructure, have you in fact given instructions to your ministry to ensure that adaptation for climate change is part of the planning for capital spending?

Hon. George Smitherman: I'm not familiar with the—

Mr. Peter Tabuns: As the climate changes, weather conditions will change. Drought and flood will be more common. Have you instructed your ministry, or does your ministry have plans in place to deal with the impacts of changed climatic conditions for the infrastructure that you're investing in?

Hon. George Smitherman: I think that the deputy may have some opportunity to expand on it, but certainly in working, as an example, with the Ministry of Municipal Affairs and Housing, on behalf of municipalities they've identified a wide variety of capital infrastructure programs. Sometimes we put them under the heading of disaster mitigation. So yes, I think that increasingly, there is this lens. I couldn't say it's systematic; I don't know that. But I would say, yes, increasingly, there is this lens where we're looking at our infrastructure expenditures in a way that takes advantage of all that is known and some of what is speculated about in terms of the implications

associated with climate change and the extreme weather events that they're likely to precipitate.

Mr. Peter Tabuns: Can you provide us with details on the directives that you have given to your ministry?

Hon. George Smitherman: I can tell you right now that I've given no such directive. I merely told you that I can see in the lenses that the ministry is applying that it is part and parcel of the conversation. I think the deputy might be able to offer some additional information.

Mr. Peter Tabuns: If the deputy could offer additional information, I'd appreciate it.

Mr. Saäd Rafi: To build on the minister's comments, I would just suggest that retrofitting of buildings right through to very substantive aspects of climate change adaptability are definitely part of the activities that we undertake in our capital round tables with every ministry, as part of their submissions. However, I'm unaware, and perhaps you know better than I, of a template, a series of actions that equal climate change adaptability. It's a pursuit. It's not a place in time; it's not a set of initiatives that say, "You can declare victory by undertaking these initiatives and you'll be ready for some other significant or difficult event."

In addition to that, the ministry has presented, on a few occasions, if not several occasions, to the climate change adaptability committee struck by the government, and we continue to receive advice from that committee and seek their counsel. These are eminent people—scientists and others—in their field who have, I think, given the Ministry of Energy and Infrastructure kudos for the activities they've undertaken as well as the influences that has on the government's capital plans.

So we've been guided by both sound research and the evolving nature of climate change adaptation and the requirements that are evolving, because there certainly isn't a formula that we're aware of.

Mr. Peter Tabuns: For what it's worth, the World Bank, in their requirements for new projects—and this is as of two years ago—asked proponents to address climate change adaptation issues. For instance, Minister—and it's not an issue for us—if you're building on the shore of the ocean, you build to recognize that the level of water is going to be higher. There were problems a few years ago, I think it was in France, with nuclear reactors, when they found they didn't have enough water in local rivers to cool the reactor cores. So in fact, there are substantial issues around the availability of water and the temperature of that water.

I would like to know if your ministry has—and it sounds like it hasn't—actually assessed the situation and its impact on the infrastructure you're putting in place: roads, buildings, power lines, nuclear power plants, conventional power plants. If you haven't put in place those guidelines, I would ask that you put them in place and report back to this committee about that, because it will in fact affect the viability of infrastructure and power projects over the next few decades.

Hon. George Smitherman: I don't know how I report back to this committee exactly, but I'll give the honourable member an undertaking to take a look at how we

might evolve our policies in that direction. I would be open to receiving any additional insights or recommended reading etc. on the subject so that we can take a look at whether there are necessary and helpful enhancements. We're very happy to look at how we might improve the nature of our infrastructure planning. For many municipalities, we know the focus is on flood waters. So that's one theme that's clearly been there, but maybe there are other areas where we need to be more mindful, and I'd be happy to learn more about them.

The Vice-Chair (Mr. Garfield Dunlop): Okay, we've reached 6 o'clock, so that will give you four minutes to start tomorrow, Mr. Tabuns, if you can make it back. Hopefully, we can get energy and infrastructure cleaned up tomorrow afternoon.

To the minister and the ministry staff here today, thank you very much.

The meeting is adjourned until tomorrow sometime after 3:30.

The committee adjourned at 1802.

CONTENTS

Tuesday 2 June 2009

Ministry of Energy and Infrastructure	E-699
Hon. George Smitherman, minister	
Mr. Saäd Rafi, deputy minister	

STANDING COMMITTEE ON ESTIMATES

Chair / Président

Mr. Tim Hudak (Niagara West–Glanbrook / Niagara-Ouest–Glanbrook PC)

Vice-Chair / Vice-Président

Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)

Mr. Gilles Bisson (Timmins–James Bay / Timmins–Baie James ND)

Mr. Bob Delaney (Mississauga–Streetsville L)

Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)

Mr. Kevin Daniel Flynn (Oakville L)

Mr. Tim Hudak (Niagara West–Glanbrook / Niagara-Ouest–Glanbrook PC)

Mrs. Amrit Mangat (Mississauga–Brampton South / Mississauga–Brampton-Sud L)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Yasir Naqvi (Ottawa Centre / Ottawa-Centre L)

Mr. John O’Toole (Durham PC)

Substitutions / Membres remplaçants

Ms. Laurel C. Broten (Etobicoke–Lakeshore L)

Ms. Helena Jaczek (Oak Ridges–Markham L)

Mr. Dave Levac (Brant L)

Mr. Peter Tabuns (Toronto–Danforth ND)

Mr. John Yakabuski (Renfrew–Nipissing–Pembroke PC)

Clerk / Greffière

Ms. Sylwia Przewdziecki

Staff / Personnel

Mr. Jerry Richmond, research officer,
Research and Information Services