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ISSN 1181-6465

**Legislative Assembly  
of Ontario**

First Session, 40<sup>th</sup> Parliament

**Assemblée législative  
de l'Ontario**

Première session, 40<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

**Wednesday 30 May 2012**

**Journal  
des débats  
(Hansard)**

**Mercredi 30 mai 2012**

**Standing Committee on  
Estimates**

Ministry of Energy

**Comité permanent des  
budgets des dépenses**

Ministère de l'Énergie

Chair: Michael Prue  
Clerk: Valerie Quioc Lim

Président : Michael Prue  
Greffière : Valerie Quioc Lim

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Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



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Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON ESTIMATES

## COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Wednesday 30 May 2012

Mercredi 30 mai 2012

*The committee met at 1556 in room 151.*

### COMMITTEE BUSINESS

**The Chair (Mr. Michael Prue):** We will call the meeting to order. We are here to resume consideration of the estimates of the Ministry of Energy, vote 2901. There is a total of eight hours and 16 minutes remaining.

Before continuing, I understand, Mr. Harris, you have a point of order.

**Mr. Michael Harris:** Chair, just wanting to follow up with regard to Mr. Bisson's motion on summer sittings: Is there an update that we've received from the House leaders on that?

**The Chair (Mr. Michael Prue):** Just for the edification of the members who are here today, on Wednesday, May 2, 2012, I wrote to Mr. Milloy, the government House leader, with copies to Jim Wilson, the official opposition House leader, and Gilles Bisson, MPP, third party House leader, as well as to the deputy clerk, clerk of committees and to Ms. Quioc Lim. The letter read as follows:

"On Tuesday, May 1, 2012, the Standing Committee on Estimates authorized me to write to the House leaders regarding the committee's meeting schedule. In particular, I am writing to request permission for the Standing Committee on Estimates to meet during the summer adjournment at the call of the Chair in order to continue its review of the 2012-13 estimates.

"We would therefore respectfully request that a motion be presented to the House to authorize the committee to meet during the forthcoming summer adjournment.

"We appreciate your consideration of our request," signed by me as Chair.

To this point, I have not heard.

**Mr. Michael Harris:** Okay. Could we possibly ask for an update or send a reminder letter, perhaps—

**The Chair (Mr. Michael Prue):** Are you moving that we send a reminder letter?

**Mr. Michael Harris:** Sure, then. Absolutely.

**The Chair (Mr. Michael Prue):** If you're just seeking unanimous consent—

**Mr. Michael Harris:** Unanimous consent, yes.

**The Chair (Mr. Michael Prue):** There is a request for unanimous consent to send a follow-up letter.

**Mr. David Zimmer:** You've been around here longer than I have, Michael, but I've been here nine years. What

do the House leaders usually do with these requests to sit in the summer? Because there are some other committees that I'm sitting on too, and they're thinking of asking to sit in the summer. What typically happens here?

**The Chair (Mr. Michael Prue):** It is entirely up to the House leaders whether this is allowed or not allowed. The decision is made jointly. Any committee can request that and this committee did, because we have to have 90 hours of hearings before November. We have struggled since the beginning and we are now closing in on seven hours of our 90 hours after all these weeks. It will be almost impossible, at this point, for us to complete our work unless there are some summer sessions.

**Mr. David Zimmer:** Is the House leaders' decision final or can you go back to the Legislature—

**The Chair (Mr. Michael Prue):** The House leaders jointly make the decision. There is a motion to the Legislature. They make a recommendation jointly to the Legislature. The House decides.

**Mr. David Zimmer:** And if the committee is not happy with the House leaders' decision, is there any other recourse?

**The Chair (Mr. Michael Prue):** No, it's up to the House. But that's the procedure we have followed in the past: to go to the House leaders, the three of them, and to ask them to come to a conclusion and authorize summer sittings.

**Mr. David Zimmer:** No, but I say, if the House leaders say X, can that decision, in effect, be taken to the full legislative chamber?

**The Chair (Mr. Michael Prue):** It does. That's where it goes.

**Mr. David Zimmer:** And can they change it?

**The Chair (Mr. Michael Prue):** Yes, and I am not mindful that this has ever happened in my lifetime.

**Mr. David Zimmer:** Yeah. That's what I was getting at. So they rubber-stamp—

**The Chair (Mr. Michael Prue):** The Legislature is supreme.

**Mr. David Zimmer:** In theory, they could tell the House leaders, "We don't agree."

**The Chair (Mr. Michael Prue):** In theory, they could do many things. I am not sure whether that has ever happened—

**Mr. David Zimmer:** Ah, okay.

**The Chair (Mr. Michael Prue):** —when there has been a motion of combined House leaders to do something where that did not happen, but it could.

**Mr. David Zimmer:** Okay. I was trying to figure that out. Thank you, Chair.

**The Chair (Mr. Michael Prue):** We have a request for unanimous consent to send a follow-up letter. Is it agreed? Agreed. That will be sent following the meeting today.

#### MINISTRY OF ENERGY

**The Chair (Mr. Michael Prue):** When this committee adjourned at the last meeting, the third party had finished its 20-minute turn. It is now the turn of the government, followed by the official opposition and back to the NDP. Each will have 20 minutes. It's now the government's turn for 20 minutes.

**Mr. Grant Crack:** Thank you, Mr. Chair. My question to the minister: During the last election campaign, there was a lot of discussion about hydro bills and, more specifically, about the debt retirement charge that is a component of the bill. There were claims made by certain candidates, specifically from one party, that the debt had been paid off.

I obviously did a lot of research during the campaign, and it was determined through the Ontario Electricity Financial Corp. that that in fact is not the case. So I'm just asking if you could provide us with some details regarding both the stranded debt and the residual stranded debt that resulted from the restructuring of the former Ontario Hydro back in 1999, and perhaps also if you could just tell us about how artificially freezing the rates affected this debt.

**Hon. Christopher Bentley:** Thank you very much. That's an important question because it's an issue that appears on the bills of consumers. Many people may be interested not only in the fact that it's there; they'd be interested in what it represents and how it came about. In just a second, I'm going to turn it over to the deputy and ask the deputy to take us from the creation of this line item through a little bit of history and bring us up to date with respect to it.

But you're quite right, generally speaking: The item that we see on the bill was created when the previous government introduced legislation and effectively broke up Ontario Hydro. They broke it up into a number of different entities, two of which, Hydro One and Ontario Power Generation, were to be run on a commercial basis.

The question then was, what to do with the debt of the old Ontario Hydro? It's out of that beginning that this debt retirement charge appeared on the bill. There is a rather long, very important story, but a significant one I think, that consumers would like to know about, and so maybe for a little bit of the history and to follow from its creation till now I'd turn to the deputy, if I could.

**Mr. Serge Imbrogno:** Thank you, Minister. I'll just continue where the minister started in terms of the restructuring of the former Ontario Hydro.

The stranded debt and the residual stranded debt arose out of that electricity restructuring that took place back on April 1, 1999. It was part of the Electricity Act, 1998. Just a little history on the old Ontario Hydro: It was a vertically integrated monopoly, so it basically set its own rates to recover all its costs. If costs went up, it increased rates. That's how the old monopoly ran back in the old Ontario Hydro days.

In 1999, Ontario Hydro was restructured, and I think three major changes took place at the time. One, as the minister already mentioned, is that the old Ontario Hydro was broken up into successor corporations. There was an introduction of an open and competitive market. There was also the commercialization of Ontario Power Generation and Hydro One, and the province became the sole shareholder of those two companies. I'll just step through each of those important pieces to give you a bit more context.

As part of the restructuring, all of the generation assets of the former Ontario Hydro were transferred to Ontario Power Generation. All the transmission and distribution assets of the old Ontario Hydro were transferred to Hydro One. The Independent Electricity System Operator received all the central market operations of the former Ontario Hydro. The Electrical Safety Authority really evolved from the old Ontario Hydro's electrical inspection division. Then, finally, the Ontario Electricity Financial Corp. is really the legal continuation of the old Ontario Hydro, and it kept all the debt and liabilities that couldn't be transferred to any of the successor companies. So that was the first major change that happened back in 1999.

The second major change was the introduction of an open and competitive electricity market. In this new market, Ontario Power Generation could no longer set its rates. There was a market; the market determined the price of electricity. Whatever that price was is what Ontario Power Generation received. That's dissimilar to what the old Ontario Hydro did, where it just set the rates to recover its costs. Hydro One became regulated by the Ontario Energy Board, so the OEB, going forward, set the rate for Hydro One transmission and distribution. So in effect, the old Ontario Hydro successor companies now became price-takers in this new market structure.

Because now they are price-takers of a price of electricity that was set in the open market, the value of the underlying assets of Ontario Hydro was reduced. What happened at the time is that we brought in external experts to value the assets based on this new market structure. So CIBC World Markets and Goldman Sachs at the time were brought in as independent third party advisers to say what is the value of these new assets in this new market. When they did their determination based on their forecast of where they thought electricity prices were going, they came to a valuation of \$17.2 billion for the old Ontario Hydro assets that were now part of these new successor companies.

The assets were valued at that \$17.2 billion, but the old Ontario Hydro had accumulated debt over the course of its existence. At the time, on April 1, 1999, it had

accumulated debt of \$38.1 billion. That had several components to it. There was a provincially guaranteed debt that was part of that \$38.1 billion. There were also contracts called non-utility generator contracts that the old Ontario Hydro signed with various private generators, and they had a fixed-price contract. So when the new market was introduced, the price in the market was a lot lower than their fixed-price contracts, so there was a difference, and that became part of the liability as well.

There was also a \$2.3-billion liability related to unfunded nuclear liabilities. The old Ontario Hydro never put aside funds into segregated funds; they basically made an accounting provision. At the time of the restructuring, there was no money available, so that became part of the total debt and liabilities of the old Ontario Hydro.

So when you take all the debt and liabilities of \$38.1 billion and you subtract from that the value of the assets, the \$17.2 billion, that leaves you with the stranded debt of \$20.9 billion. So the total debt and liabilities less the value of the new companies gives you the stranded debt of the old Ontario Hydro. So that's one of the important components that we talk about.

I think to get to residual stranded debt, you have to understand the next part, that third major part of the restructuring, which was the commercialization of Ontario Power Generation and Hydro One. What the government of the day decided to do was to commercialize those two companies, which means you provide the companies with commercial capital structures. The way the province did that was through a debt-for-equity swap with Hydro One and OPG.

I mentioned that OPG received all the generation assets of the old Ontario Hydro. Part of their valuation from that \$17.2 billion was \$8.5 billion; that was what the generation assets were valued at. The commercial capital structure for OPG was to be 60% equity and 40% debt. So that would be a \$3.4-billion debt and a \$5.1-billion equity.

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For Hydro One, that received all the transmission distribution assets, it had a different capital structure because it was regulated and less risky, so it had 60% debt, which gave you \$4.8 billion in debt and 40% equity, so \$3.8 billion in total equity.

That was the commercial structure, but the companies needed an infusion of equity, so what the province did was it assumed the equivalent amount of debt from the OEFC in exchange for the equity of the two companies. The province, in effect, became the sole shareholders, and it makes a payment each year to the OEFC of interest on that debt that it assumed for the debt-for-equity swap. So it makes a \$520-million payment to the OEFC as part of its sole-shareholder ownership of these two commercial companies.

The other part of commercializing the companies was to put them on a payments-in-lieu-of regime that mimicked what they'd actually pay if they were subject to the Income Tax Act; that was part of the commercialization. So the companies made payments in lieu of

taxes, and those payments in lieu of taxes were dedicated to the Ontario Electricity Financial Corp., and that was used to pay down the old Ontario Hydro stranded debt. It was really a closed system that was put in place so that all the revenues that were generated from the electricity sector would be devoted to the Ontario Electricity Financial Corp. as a way of paying down that stranded debt. Those dedicated revenues that go directly to the OEFC include the payments in lieu of taxes from Ontario Power Generation; it includes the payments in lieu of taxes from Hydro One; it includes payments in lieu of taxes from municipal electric utilities. There's also a component called electricity dedicated income, which is the combined net income of OPG and Hydro One above the \$520-million interest payment that the province makes. So, in effect, the province, through one form or another, devotes all the net income of OPG and Hydro One to the OEFC to pay down the stranded debt.

When you do that calculation of what is the value of those dedicated revenues over a forecast period of time and you present-value those back—when you did that calculation back on April 1, 1999, the total of those dedicated revenues was \$13.1 billion. So OEFC had the stranded debt of \$20.9 billion. The government, through dedicating all their revenues to the OEFC, was able to come up with \$13.1 billion, so that meant there was a residual stranded debt of \$7.8 billion. That's the distinction between the stranded debt and the residual stranded debt.

A couple of things to note are, first, the residual stranded debt is not a one-time calculation, because each year you've got to forecast where the dedicated revenues are going to be going forward, so each year the residual stranded debt calculation will change, as does the stranded debt calculation.

The other thing is that the Electricity Act says that as long as there is residual stranded debt, you can put a charge on ratepayers of 0.7 cents per kilowatt hour, and that's the debt retirement charge. So as long as there is residual stranded debt, you can charge the 0.7 cents, and that 0.7 cents goes to the OEFC, the Ontario Electricity Financial Corp., to pay down the debt and liabilities of the corporation. That's an important component of it.

In terms of the progress on paying down the residual stranded debt, there are two parts to that.

One is what progress you have made on paying down the stranded debt each year, and that would contribute to the calculation. The other part of it is, what is your forecast of the revenues going forward and how does that change? Because those revenues—for example, payments in lieu of tax—mimic the federal Income Tax Act, and if tax rates go down, the payments in lieu go down, or they could go up, depending on how tax rates change. The performance of the companies can go up or down, and that affects the future dedicated revenues as well. Both of those things go into the determination of the residual stranded debt and how successful you are at paying it down.

The Ministry of Finance put out a bulletin or a news release on May 15 that provides a helpful tracking of

where the residual stranded debt has progressed from 1999 to the present. If you look at the graphic that they have, you start with a residual stranded debt of \$7.8 billion, then it moves up to \$11.9 billion in 2004, and it's forecast to come down to \$3.6 billion in 2013.

I think you were asking why that has changed, or what has gone into the increase in the residual stranded debt and the decline. As you go from 1999 to 2004, there wasn't a lot of progress on paying down the stranded debt itself. In fact, after 2002, when the market opened to competition, shortly after that there was a spike in electricity prices during the summer. The government of the day decided to put a freeze on prices. They basically closed the market and put on a 4.3-cent price freeze. The difference between the 4.3-cent price freeze and the actual cost of the electricity was paid for through the Ontario Electricity Financial Corp. That was about \$1 billion of additional cost to the OEFC, so that actually added to the stranded debt. That is part of the reason why you see this increase in the residual stranded debt as well.

The other part of the spike in the residual stranded debt was a change in the forecast of how OPG would be doing over that forecast period. With regulation coming in, there was a more stable revenue stream for OPG, but lower than what they had forecast in the market with those high prices. Those two factors combined led to an increase in the residual stranded debt to \$11.9 billion.

Subsequent to that, changes were put in place in terms of removing the price freeze. There was a pass-through of all those non-utility generator costs; there was rate stabilization for OPG through regulation that stabilized the revenue coming into the OEFC. After 2004, there has been a steady pay-down of the stranded debt and also a steady pay-down of the residual stranded debt, to the point where we were at \$5.8 billion in 2011, forecast to go down to \$3.8 billion in 2013.

**Mr. Grant Crack:** Good. Thank you very much. With the balance of, say, \$3.6 billion that you're talking about, perhaps through the minister or yourself, Deputy: With the forecasts that have been made with OPG and current rates with the debt retirement charge, when can we expect, perhaps, that the debt would be paid off in full?

**Mr. Serge Imbrogno:** It's a difficult thing to forecast, because you do have to look forward and say, "What do you think the performance of the companies is going to be? How much payments in lieu of tax do you think you're going to receive? How much payments in lieu of tax will you receive from the municipal electric utilities?" When the Ontario Electricity Financial Corp. provides an estimate of a date, it provides a range. The latest range in the OEFC annual report is between 2015 and 2018, when it believes the residual stranded debt would be zero. When the residual stranded debt is zero, then the debt retirement charge can be taken off the consumers' bills. So it is a range at this point because of the uncertainty of making that forecast.

**Mr. Grant Crack:** What would happen to the residual stranded debt if OPG and/or Hydro One were privatized—in the event that that occurred?

**Mr. Serge Imbrogno:** One of the implications of that, because of the dedication of those electricity sector dedicated revenues to the OEFC to pay down the stranded debt—part of what we have now is, because Hydro One and OPG are 100% owned by the province, they don't actually pay federal income tax. We impose a payments-in-lieu regime as if they were paying federal tax, but we collect all those revenues to help pay down the stranded debt. So two thirds of those revenues represent the federal portion of the tax.

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If you actually privatize the companies and they were in the private market, they'd be paying real taxes. So one third of what we get now would come as real provincial taxes, but two thirds would go to the federal government, which means that there would be a shortage of revenues coming into the Ontario Electricity Financial Corp. And you would have to extend the defeasance date, so the date that you can end the debt retirement charge would be pushed out, depending on which company you sell and other factors. But the net effect—

**The Chair (Mr. Michael Prue):** I'm going to stop you right there because your 20 minutes are up.

We're off to the Conservatives.

**Mr. Michael Harris:** Minister, quickly, to lead off, with respect to our motion two weeks ago with regard to tabling the documents that the committee has requested, would you be able to inform the committee as to when you expect to be tabling those documents?

**Hon. Christopher Bentley:** Thank you very much, and it is an important issue. I understand that our response will be tabled with the clerk on or about 4:30 today.

**Mr. Michael Harris:** Okay, thank you.

In December 2011, the Auditor General called on your government and your agency, the Ontario Power Authority, to conduct a cost-benefit assessment of the FIT program in order to strike a balance between the promotion of green energy and the price of electricity in Ontario. I guess my question actually is for the deputy. Was there in fact a cost-benefit assessment done on the Green Energy Act before it was passed into law?

**Hon. Christopher Bentley:** Sorry, just so I understand: Is the question about whether there has been a cost-benefit study done since you say that the auditor made this recommendation?

**Mr. Michael Harris:** Well, I'll ask both. Was there a cost-benefit assessment done prior to the Green Energy Act being passed into law? And that was actually for the deputy.

**Hon. Christopher Bentley:** Well, I appreciate that. As you know, the green energy and economy act was a piece of legislation. It was introduced in the House and was the subject of very extensive debate. My recollection is that it was a subject of a number of committee hearings and it was subject to further debate—the subject of a lot of public input about what it was and what it wasn't.

There were a number of different good pieces of advice, including the fact that there are 80-plus juris-

dictions around the world that have feed-in tariff programs, ours being distinguished by the fact that there is a specific requirement that a certain percentage of each renewable energy project actually consist of Ontario and Ontario-made components, products and inputs.

So there was a very extensive period of consultation and study in the lead-up to the green energy and economy act being introduced. As you heard the other day, the whole green energy and economy act has been the subject of a very extensive review, and as a result of the review, the top-end prices have been reduced about 30% for some of the individual projects.

**Mr. Michael Harris:** So, Minister, with all due respect, basically there was not a cost-benefit assessment done prior, then. Is that what I'm hearing? Just a simple yes or no, I guess.

**Hon. Christopher Bentley:** I just want to be clear on whether we're asking and what type of cost-benefit study—costing what and to what benefit? Because—

**Mr. Michael Harris:** I guess I'll go back to, initially—if there wasn't one done prior to the act, the Auditor General in fact called on your government to provide one. So, after that was done, did your government in fact—

**Hon. Christopher Bentley:** Would you mind just taking me to the page in the report where the auditor—

**Mr. Michael Harris:** Well, I'll have to pull that out, but it was in his report in December 2011, so—

**Hon. Christopher Bentley:** Well, I just have a copy here—

**Mr. Michael Harris:** Was there a cost-benefit assessment done on the Green Energy Act after his recommendations?

**Hon. Christopher Bentley:** So I guess—you know, I appreciate—

**Mr. David Zimmer:** A point of—

**The Chair (Mr. Michael Prue):** Do you have a point of order?

**Mr. David Zimmer:** Well, I—yes.

**The Chair (Mr. Michael Prue):** Because, otherwise, you can't interrupt the speaker.

**Mr. David Zimmer:** Well, look, the minister has asked for a couple of minutes. He has got to track down what the reference is so he can give an intelligent and thoughtful answer.

**The Chair (Mr. Michael Prue):** He has asked for that, and what usually happens is, someone in the staff behind looks for it, and he goes on to the next question and comes back to it. I would assume that is what's happening here.

**Mr. David Zimmer:** Okay. Is the staff looking, or do you have it over there, Mr. Harris?

**Mr. Michael Harris:** I'll move on. I'll get that page—

**The Chair (Mr. Michael Prue):** Or, if the minister can't get it today, he occasionally says, "I'll bring it on the next occasion."

**Mr. Michael Harris:** Yes. Perhaps I'll get that page number and we'll come back to that line of questioning.

Keeping on the theme of the Auditor General, his finding was that for every green job Ontario has created,

another two to four jobs have been lost in other industries. I guess I'll go back again, hopefully, to the deputy. Do you in fact agree with the Auditor General with regard to this statement?

**Hon. Christopher Bentley:** Well, let me just add to the previous conversation, because I don't think I turned the corner on that one. As I recall the auditor's recommendation with respect to a cost-benefit analysis, it's that one be done, so he was speaking about one be done on it, and in fact we were able to receive that recommendation—it's always very helpful to have the recommendations—in the midst of doing a very extensive review of the green energy and economy act.

With respect to the second one, you actually have asked about a part of the Auditor General's report that I was asked of by one of your colleagues just the other day, and so maybe for consistency I can continue with the question, because I did spend some considerable period of time answering the question that was posed, which was about a specific reference in the Auditor General's report. It probably would be helpful if we had a specific page reference, but I think I know what you're referring to.

There are quite a number of studies, as I recall saying the other day. Some were highlighted in that by the Auditor General—quite a number. But what I think is important with respect to those studies is to recognize that, of course, energy is one of a number of input costs for businesses. Some use a lot of energy as a proportion of their input costs or their costs of doing business, and some don't. What we have worked very hard on over the past number of years in particular is to make sure that the cost of doing business is taken into account and, wherever possible, mitigated, managed or reduced. So, for example, as I recall, I specifically made reference to the introduction of the HST as a way of reducing the cost of doing business for those businesses such as a manufacturing outfit that was seeking to export a significant or some portion of its product, because then it would not have to pay the provincial sales tax at every step of the production process but in fact could collapse it to the end, which is why the federal government introduced the GST, and it's still there—one of the main reasons. So we've done that. We harmonized the collection of corporate taxes several years ago, saving the compliance costs. The HST itself harmonized the collection of the sales taxes, saving those.

Of course, with respect to energy, energy around the world is going up. In the province of Ontario, we've taken a number of steps to try and manage those costs. One is the introduction of the northern industrial electrical rate program, which takes \$20 a megawatt hour off the cost of energy for northern businesses. Another is the demand-response initiative so that those businesses, 150 top users in the province, are able to reduce their energy bill as long as they reduce peak demand.

And in the cost-benefit analysis, of course, we're not having to spend as much money today for coal-related illnesses in the—

**Mr. Michael Harris:** Minister, you mentioned that there was a cost-benefit analysis done, so will you be able to table that, in fact?

**Hon. Christopher Bentley:** What I said was that we were taking into consideration, in assessing the cost-benefit of doing different things, that there are a number of input costs for business, of which energy is one, but, for example, the tax burden that businesses and residences have to pay for the coal-induced health care results, which were assessed at about \$4.4 billion through an independent study, is not that burden today because we have reduced coal use from the 25% it was in 2003 down to less than 5% today.

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I think my broader point is simply this: In assessing business competitiveness, you have to look at the package of inputs. The package of inputs is something we've been very focused on—are very focused on the cost of energy, of course. It is one of a number of inputs, and we'll be continuing to focus on it. When you look at different issues and look at business competitiveness, you really need to take consideration of the entire—

**Mr. Michael Harris:** So at the end of the day, though, there was really no cost-benefit assessment done prior to the implementation of the Green Energy Act. Just “no,” then, right?

**Hon. Christopher Bentley:** I think there are lots of considerations with respect to whether you should or shouldn't introduce a piece of legislation—its effect on the cost of energy. But again, the cost of energy has to be seen and considered in the totality of the circumstances.

One of the things that happened, and the deputy spoke a minute or two ago, to the residual stranded debt and the various accumulation of debt—one of the things that happened to the debt retirement charge after it was created in 1999-2000 is, it actually went up for a couple of years because the province, under the then government, artificially froze the price, but in fact the taxpayers—homeowners and businesses—were paying for that.

I think my point is, I appreciate you would like a yes or no from me on most things, but I think, to be fair to your question and to be fair to those who might wish to hear the question and the answer in totality, a much broader consideration of this complicated issue and area would be more helpful.

There are a number of inputs. There are a number of considerations in assessing whether something is going to add to the economic health and benefit of a particular region, and that's what we were doing in assessing the value of the green energy and economy act.

**Mr. Michael Harris:** All right. On my second question, I refer back again to the Auditor General. He had stated that for every green energy job Ontario has created, another two to four jobs have been lost in other industries. Do you agree with the Auditor General's assessment of that?

**Hon. Christopher Bentley:** I'm trying to be careful with your questions and careful with the answers. I know

you would appreciate that. I just want to take a minute or two and actually find the specific reference in the Auditor General's report, because my recollection is that the Auditor General was not talking about the experience in the province of Ontario. I want to be a little careful about that. I know that those who are watching would want me to be as careful as I can.

That's why what I asked before was that you be able to direct me to the specific reference, because I would not want to incorrectly quote or respond to something that the Auditor General never did say. My recollection, and somebody will help me with—

*Interjection.*

**Hon. Christopher Bentley:** I'm actually being assisted by the deputy, who tells me that the reference is on page 91. My recollection is—

**Mr. Michael Harris:** I believe it's page 97, perhaps.

**Hon. Christopher Bentley:** Thank you very much. You do have the page, and that's actually very helpful.

I'm looking at page 97. Can you tell me where?

**Mr. Michael Harris:** That would have been the first—that would have been back to the cost-benefit. I don't have the page number for the—but we can pull that up.

**Hon. Christopher Bentley:** I don't see it on page 97, but I know it exists in here, and gosh, I just wish we could put our finger on it.

My recollection is that, consistent with the question you asked me earlier and the question that I was asked by your colleague on the last occasion, the reference by the Auditor General was not to the experience in the province of Ontario; the reference by the Auditor General was to some studies—and there are many—in different jurisdictions. Most of those jurisdictions, as I recall, do not have the requirement that we have with respect to renewable energy in the province of Ontario, where a substantial proportion of every project be constructed of made-in-Ontario parts by workers working in the province of Ontario. Those studies do not take into consideration, either, the health care costs, the tax changes we've made or the investments in education. Unlike the United States, for example, businesses enjoy free health care for their workers in the province of Ontario—a very important differentiation. The work that we have done with respect to a number of different input costs—

*Interjection.*

**Hon. Christopher Bentley:** Maybe that's the page number coming in—very, very significant in the efforts that we have made with respect to—

*Interjection.*

**Hon. Christopher Bentley:** My sources tell me it might be page 118.

There's a very different approach that we've taken with respect to it, and we always have to be mindful, as the Auditor General has indicated, of input costs. We always have to be mindful of the effect of any piece, any initiative in our legislation, and that's of course one of the reasons—being mindful of the effective things is why we

constantly look at ways of reducing input costs and the like.

**Mr. Michael Harris:** All right. Well, Thank you, Minister. Maybe we'll come back to a few of those when we get some more accurate information with regard to the page numbers. I'll pass it over to my colleague Vic Fedeli, who I know has got some good, pressing questions as well.

**Mr. Victor Fedeli:** Thank you. I'd like to talk about a government of Ontario press release that was issued in July 2011, so I'll go to the deputy, who was there at the time. Deputy, it says, "Green Energy Act Creates 20,000 Jobs." So can you tell us the criteria for determining what qualifies a job to be included in that 20,000 number?

**Hon. Christopher Bentley:** Thank you very much for the question. Actually, the deputy wasn't there at the time. I've actually been there longer than the deputy. The deputy was appointed—how many weeks have you been in the job now?

**Mr. Serge Imbrogno:** Since April 2.

**Hon. Christopher Bentley:** Since April 2. The deputy's been there since April 2, so I think if longevity is the requirement for answering the question, I, for better or worse, am probably the one who should bear the opportunity of answering the question.

**Mr. Victor Fedeli:** I'm looking forward to hearing the answer, then.

**Hon. Christopher Bentley:** Well, thank you very much. We have indicated that the green energy and economy act is going to produce, by our estimates, 50,000 jobs. Some of those jobs are direct; some of those jobs are indirect. That's methodology that has been used by the federal government and, I understand, the American government. The jobs calculations do not include induced jobs. Now, what do I mean by an "induced job"? An induced job would be: If you get a job, you're a worker, you have a job, and you have extra income; you go spend the income, and wherever you spend the income, they're going to benefit from that type of employment. We've not included those in the calculations. But there is a methodology that's applied fairly consistently across the federal government and the Ontario government in how additional investment, for example, in green energy projects will result in economic spinoffs in the province of Ontario and how that would be calculated to produce jobs—

**Mr. Victor Fedeli:** So is there somebody, Minister, who does that calculation?

**Hon. Christopher Bentley:** Well, I think the—sorry.

*Interjection.*

**Hon. Christopher Bentley:** They calculated the estimate based on a total of \$5 billion that would be invested in renewable distributed generation, conservation and the grid.

It's interesting, you know, because when I read this, that jobs estimate—if it's actually based on \$5 billion, which seems awfully low to me, we've already got \$27 billion that has been either made or committed to the province of Ontario through the green energy and econ-

omy act. That was at last calculation, and there's more coming in all the time, because I'm regularly approached with opportunities for further green energy investment.

Some of those would be part of the 30 manufacturing facilities that are set up in the province of Ontario. Some of those would be the investment, for example, in the solar or wind projects that would be invested in the province of Ontario. For example, whenever a solar project would go up, somebody's produced the panel, and now we require 60%—

**Mr. Victor Fedeli:** So you have some kind of documents or criteria—"methodology," I think you called it—

**Hon. Christopher Bentley:** There is an approach which takes a look, broadly speaking, but I'm not the one who does the calculation.

**Mr. Victor Fedeli:** Can you have the person who does the calculations table the documents that show us—and I don't want you to name the 20,000 people, but show us how you came up with the 20,000?

1640

**Hon. Christopher Bentley:** Well, that's helpful. Thank you very much. What I can do is outline the methodology by those who are better versed in the methodology, because they actually do it across the board, and probably provide you the references, if they exist, to the methodology used by the federal government of Canada, because it's their methodology, I think, that we've adopted in the province of Ontario.

**Mr. Victor Fedeli:** And does that 20,000 include the 16,000 announced for Samsung and their direct and indirect jobs?

**Hon. Christopher Bentley:** Well, the 50,000 would include—

**The Chair (Mr. Michael Prue):** I'm afraid you're going to have to think about that for a while, because the 20 minutes are now up. We'll get back to it the next time.

Mr. Tabuns, the floor is yours.

**Mr. Peter Tabuns:** Thank you, Mr. Prue. Good afternoon, Minister.

**Hon. Christopher Bentley:** Sorry, yes?

**Mr. Peter Tabuns:** Good afternoon.

**Hon. Christopher Bentley:** Good afternoon.

**Mr. Peter Tabuns:** Starting off with a numbers question, could you provide the following information—you may not be able to do it today, and I would take an undertaking: the OPA's total, cumulative, actual CDM, conservation and demand management, expenditures between 2006 and December 31, 2011? Now, I would understand that December 31, 2011, was not that far back in the past, so you may have to give us the forecast, but the expenditures in that period, question one.

And two—

**Hon. Christopher Bentley:** Can I just, before you go away—you've got a number of them, so I just want to make sure I know what I'm looking for. The CDM: You mean conservation and demand management?

**Mr. Peter Tabuns:** Correct.

**Hon. Christopher Bentley:** And what do you mean by conservation and demand management expenditure? What exactly are you talking about?

**Mr. Peter Tabuns:** What was spent on programs for conservation and demand management.

**Hon. Christopher Bentley:** Okay, thank you.

**Mr. Peter Tabuns:** And secondly—

**Hon. Christopher Bentley:** Thank you very much for that. I'll take that back with me.

**Mr. Peter Tabuns:** That would be great.

Then the total actual or the forecast reduction in peak demand in megawatts and energy consumption in megawatt hours in 2011 as a result of the OPA's investment in conservation and demand management since 2006.

So I assume in the first question you'll tell me how much you've spent, and in the second you'll tell me what the impact was on actual consumption and demand.

**Hon. Christopher Bentley:** So I've got your questions. What I'll do is I'll go back and determine if this information is available and, if so, what, and then come back and report to you next time. You're not asking me to report before the end of the day, I don't think.

**Mr. Peter Tabuns:** End of the day would be fabulous.

**Hon. Christopher Bentley:** I said, "You're not asking me." I was half expecting that—

**Mr. Peter Tabuns:** No; if you were offering, I was willing to take.

**Hon. Christopher Bentley:** No, no, no. I thought I said, "You're not expecting me to report by the end of the day."

**Mr. Peter Tabuns:** No, and I am not.

**Hon. Christopher Bentley:** Thank you so much.

**Mr. Peter Tabuns:** But I would take it if you have it.

**Hon. Christopher Bentley:** Thank you very much.

**Mr. Peter Tabuns:** Thank you for that undertaking. Again—

**Hon. Christopher Bentley:** I'm going to take it back and see what exists.

**Mr. Peter Tabuns:** That's fine.

Again, under energy efficiency, it appears that the Ontario Power Authority won't achieve the near-term, long-term energy plan targets for energy efficiency. That's consistent with what the Environmental Commissioner of Ontario has to say in his assessment that came out in December of last year. Can you tell us why you're likely not going to meet those targets?

**Hon. Christopher Bentley:** Well, thank you very much. I do recall the Environmental Commissioner's report. It was a very good report, and I do believe—my recollection is that he made a number of complimentary comments about the efforts of the province of Ontario in terms of conservation. We have been—

**Mr. Peter Tabuns:** He also did refer to much of the effort as underwhelming.

**Hon. Christopher Bentley:** We have been very aggressive compared to most jurisdictions in terms of conservation. You'll recall that we sort of started from a standing start in 2003, because there weren't many programs then. We have been involved in a rather

significant effort, both residential and commercial, to not only identify opportunities to conserve but to make sure that residences, families and businesses know the benefits of conservation, because the benefits of conservation, of course, are not only that we protect the environment and reduce our use of scarce resources, but also save money rather significantly.

**Mr. Peter Tabuns:** I agree with all those things. Why is it that you're not making your targets?

**Hon. Christopher Bentley:** Well, I think we've come a long way. I think we're working hard and constantly looking for efforts to achieve. My recollection was that there was quite a bit of reference to our very aggressive targets—in fact, some of the more aggressive targets in North America.

**Mr. Peter Tabuns:** Well, you didn't meet them in 2010 and it doesn't look like you're going to meet the ones for 2015. Why aren't you meeting them?

**Hon. Christopher Bentley:** But I think, to be fair—what's the old phrase? One's reach should always exceed one's grasp. My recollection was that we have been acknowledged to have taken some very aggressive, bold steps and made some very aggressive and bold targets in terms of conservation; made some rather significant efforts—I think 1,750 megawatts already conserved as a result of conservation efforts.

Of course, the downturn in the economy did not help very much in terms of—if you have a robust economy—and we had no way of predicting that 2008-09 would see Ontario, as much of the rest of the world, visited with the worst economic recession since the 1930s. If the total demand goes down, then your opportunities to conserve are, of course, further reduced. That's a bit of a challenge in more ways than just worrying about conservation.

But as we see the various programs that you've referred to implemented, I think we're seeing some rather significant efforts, and we'll continue to look for ways to improve on conservation, do more. But I really do think, when you compare Ontario's efforts to the efforts of most other jurisdictions in North America, you'll see us as one of the leading jurisdictions, if not the leading jurisdiction in North America, not only in terms of target but in terms of achievement.

**Mr. Peter Tabuns:** So there is no answer as to why you're failing to meet your near-term targets.

**Hon. Christopher Bentley:** Well, I think—you know, maybe a little reference to the long-term energy plan—and I actually think I can refer you to page 38—

**Mr. Peter Tabuns:** Yes.

**Hon. Christopher Bentley:** —the bottom paragraph, where it does acknowledge that the impacts of the global economic recession are not counted as part of conservation efforts, although they did result in a significant reduction in electricity demand. The recession also affected the level of participation in conservation programs, which, although successful, are not expected to allow Ontario to meet its 2010 interim—

**Mr. Peter Tabuns:** I see where the misunderstanding is, Minister. I'm talking about your go-forward, not your targets up to 2010.

**Hon. Christopher Bentley:** No, no, but I do appreciate—I think your question, to be fair, was, in part, a reference to the Environmental Commissioner’s reference that we hadn’t met our targets yet—

**Mr. Peter Tabuns:** But he’s also saying that you won’t meet your targets for the future, either.

**Hon. Christopher Bentley:** And you said, “Why not?”

**Mr. Peter Tabuns:** Yes.

**Hon. Christopher Bentley:** And I think part of the answer is that in the quite unfortunate circumstance—very difficult for many families and businesses—when the world economic recession hit, there was a reduction in demand. That wasn’t a one-year reduction in demand for a number of businesses, and that you don’t count as conservation—gosh, no; never. But it did affect our ability to meet the interim targets and will affect our ability in the years to come.

That does not suggest—you’ve asked me a number of questions here about information about conservation, demand management and other reductions in peak demand. That does not suggest that we are not actively working to achieve those conservation targets and those reductions.

At the very bottom there—and I know you’ve referred to the long-term energy plan before. Maybe the last sentence is of some significance to you: “Had the global recession not had a significant impact on Ontario’s economy, 2010 conservation achievements would have been significantly higher.”

**Mr. Peter Tabuns:** I actually have been asking for the period 2010 to 2015. The Environmental Commissioner says that he is concerned that the local distribution company conservation targets will not be met; discouraged with lack of transparency in setting new province-wide targets. I asked you, why are you not going to meet your near-term targets for the plan you presented in 2010? I understand the argument for the targets before 2010. I don’t have an answer—

**Hon. Christopher Bentley:** But I say respectfully—

**Mr. Peter Tabuns:** Minister, I will go on to my next question.

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**Hon. Christopher Bentley:** I appreciate you will, but I do say respectfully that we’re not in 2015 yet. We’re not quite out of 2012. In fact, my recollection is, we haven’t met the halfway point in 2012, so I’m quite hopeful that we’re going to make some very robust progress over the next while. We have a significant suite of programs that you’ve asked some questions about.

**Mr. Peter Tabuns:** Do you know why you’re falling behind now?

**Hon. Christopher Bentley:** Well, as I said, the most significant reason with respect to what’s happened from 2010 up to now is probably the effect of the worldwide recession.

**Mr. Peter Tabuns:** So nothing to do with your internal programming, nothing to do with execution, nothing to do with assessment and accountability?

**Hon. Christopher Bentley:** There are always ways to improve all of those things, and we’ll constantly look for those ways, but I actually believe the efforts of local distribution companies have been significant across the province. Some of them are very good leaders. The efforts of businesses have been significant; the efforts of consumers, residences, households have been significant. You know, the fact of the matter is that the reduction in demand as a result of the worldwide economic recession was very large. It affected the world and not just Ontario.

So I don’t think it’s time—we always welcome encouragement, we welcome those who will ask us to do more and to redouble our efforts and more, but I do not believe it’s time to suggest that something that’s due for 2015 is overdue or not going to be achieved, and I look forward to reporting further on this in the future.

**Mr. Peter Tabuns:** Well, in fact, if that’s an undertaking to report on the status of your performance to date on your targets, I would appreciate that undertaking being given by you.

**Hon. Christopher Bentley:** Well, I think you have the report. I said I looked—it’s very difficult to report on a 2015 target when it’s not 2015, and I think, to be fair, we really need to let some of the programs get out and to work. When you set a five-year target, 2010 to 2015, it means you’ve got five years to achieve it. These things are rarely linear. It takes time for programs to get out there, for the public to become aware, for the contracts to be negotiated, for the programs to be implemented and tweaked, and so you have a slow build and then you accelerate. I’m looking forward to the acceleration, which is natural with virtually any program conducted in government, or in business, for that matter.

**Mr. Peter Tabuns:** Minister, what’s the analytical basis for the energy conservation targets in the long-term energy plan? Why were they set at the level they were set at?

**Hon. Christopher Bentley:** While I’ll ask Sue to speak to that in a few minutes, I think it would be fair to say that they were very ambitious. You know, you can head off in a couple of different directions when you’re a government: You can make very modest targets and then everybody can laud you for achieving them, or you can make very ambitious targets, which tends to stretch everybody’s ability and make them think even more creatively about how to achieve those different targets. But in what specific aspect are you asking for the analytical basis—what approach was used in achieving them?

**Mr. Peter Tabuns:** On what basis did you decide, “This will be our target”? Was it the cost?

**Hon. Christopher Bentley:** Which—

**Mr. Peter Tabuns:** Long-term energy plan target.

**Hon. Christopher Bentley:** Okay. So maybe I could ask Assistant Deputy Minister Lo to speak to the approach that was used in coming up with a long-term energy plan conservation target. Maybe I’ll start with the deputy, and you can turn it over, if that’s okay.

**Mr. Peter Tabuns:** Just keep relaying the authority down the line. I’m fine with that, as long as it gets to the person who can give me the answers.

**Ms. Sue Lo:** Thank you for the question.

First of all, the long-term energy plan which was done back in 2010 had established very aggressive conservation targets, and the long-term energy plan takes us to 2030.

**Mr. Peter Tabuns:** Correct.

**Ms. Sue Lo:** So what happens is that the conservation targets that were set were 7,100 megawatts and 28 terawatt hours, and so that's basically the equivalent of taking 2.4 million homes off the grid. Interestingly enough, those targets are equivalent to half of all the expected growth in demand in Ontario, so it's really aggressive.

The way that it was set up, the Ministry of Energy worked together with the OPA and looked at how conservation programs could work and what could be achieved in terms of megawatts and terawatt hours. They also looked at demand-response programs to see what could work in terms of demand response.

We also looked at things like regulations—for instance, building code regulations—and appliance and product energy efficiency. In the longer run, what's expected to happen is that building codes and regulations and appliance energy efficiency will make up about half of the future demand savings.

Each of the programs, incentives, regulations, they all have their role. What we've done is set a 20-year target, and there are also, as you know, five-year interim targets. There's a budget that's been created for the programs that have been established.

In terms of the programs, a whole suite of save-on-energy programs was rolled out in 2011. In the beginning of 2011, there were programs to residences, to businesses, and to the industrial sector as well. The large majority of the programs were rolled out in 2011.

In terms of the building code, the last amendment to the building code places Ontario at the forefront of energy efficiency because homes that are built after 2011 will have a 35% increase in energy efficiency compared to those homes built before 2006. What's great with building code amendments is that they're built right in so that people don't even have to think about it. This is for houses, and it's also for businesses and industries. We figure the 2012 building code will save sufficient energy to power 380,000 homes, or equivalent to 250,000 cars off the road.

**Mr. Peter Tabuns:** Could I go back, Ms. Lo? When you were setting the targets for energy efficiency, were you looking at the cost per kilowatt hour invested to achieve that efficiency?

**Ms. Sue Lo:** Yes.

**Mr. Peter Tabuns:** What was your target cost per kilowatt hour for the targets that you've presented to us?

**Ms. Sue Lo:** The interesting—

**Hon. Christopher Bentley:** If you could speak to the approach, which was what the question is.

**Ms. Sue Lo:** Yes. The interesting thing is that Ontario places a very high priority on conservation. It's the first resource that we consider, because it's cost-effective, and programs that are not cost-effective don't proceed.

**Mr. Peter Tabuns:** I agree.

**Ms. Sue Lo:** So different programs will have different cost-benefit ratios, and—

**Mr. Peter Tabuns:** So in the aggregate, what is it going to cost per kilowatt hour saved?

**Ms. Sue Lo:** I'd have to get back to you on that.

**Mr. Peter Tabuns:** That would be fine. If I could find out what your calculation was for kilowatt hour saved in the course of these programs, that would help me. It would also be useful to know what your maximum cost would be for a saved kilowatt hour or a megawatt, and I'm sure you're familiar with the term. You've been around the business.

In the course of looking at the targets, did you look at how much savings you would get from reduced investment in transmission, distribution and generation? Did you have targets for that?

**Hon. Christopher Bentley:** You mean in assessing the savings from conservation, you want to know whether there was an analysis of how much—

**Mr. Peter Tabuns:** Reduced infrastructure. So if I spend \$1 million on conservation, and I avoid spending \$4 million on distribution, transmission and generation, it's a good deal.

1700

**Hon. Christopher Bentley:** Look, we'll take the question back and see what we can come up with—

**Mr. Peter Tabuns:** Don't go yet.

**The Chair (Mr. Michael Prue):** No, it's 15 seconds; you're going to have to take the question back.

**Hon. Christopher Bentley:** I'll have to take the question back. Thanks. It's, of course, always a bit of a challenge because it's difficult to know exactly which lines you're saving. If the line is going to Toronto–Danforth, the rest of the people in Toronto–Danforth still need the new line. So it's very difficult to actually suggest that you're saving something. You don't aggregate all the savings from the province to a particular line, but I'm going to take the question and the point back to see if there was any material that would be of assistance.

**The Chair (Mr. Michael Prue):** Okay, over to the government.

**Mr. Reza Moridi:** Thank you, Minister, for appearing before this committee. My questions are around conservation.

My first question is that I understand that you have set very aggressive targets to reduce the demand for electricity in the province of Ontario. How are you going to meet those targets? Could you please explain?

**Hon. Christopher Bentley:** Well, I very much appreciate the question, and you know what? What I think I might do on this particular question is pass it to the deputy, and the deputy can either answer or decide that others can answer, as he sees fit.

**Mr. Serge Imbrogno:** Since Sue has done such an eloquent job on conservation, I'll ask Sue to come up.

**Ms. Sue Lo:** Great.

**Hon. Christopher Bentley:** So you heard the question?

**Ms. Sue Lo:** Sure. Some of the answers that I previously gave are also applicable, so I don't want to be too repetitive, but I just wanted to get the gist of the question, because I have to take you back again to the long-term energy plan in terms of the government's plan until 2030.

Basically, the government recognizes that conservation plays a tremendously important role, and conservation delivers multiple benefits. The benefits would include deferring out the need to build out new generation, because conservation is always the first resource that's considered when we're looking at our supply needs.

The other thing with conservation that we forget about is that conservation creates and sustains local jobs. Conservation delivers immediate benefits to businesses and to homeowners in terms of energy use and energy bills. Really, conservation is the core of an environmentally sustainable energy system. In Ontario, it supports the shutdown of coal.

So the conservation targets, to repeat them, are 7,100 megawatts and 28 terawatt hours. That's a lot. That's 2.4 million houses off the grid, and that's equivalent to half of all of the growth in demand in Ontario. That's a huge slice for conservation.

In the long-term energy plan, we have the 20-year target and five-year interim targets. We understand that conservation works best when you have consumers that choose to conserve, and they become more energy-efficient. It applies across all sectors. Homeowners, businesses large and small, and institutions like universities, hospitals and schools—they can all partake in conservation efforts. We know that consumers need both information and the tools to take action, and that's where programs and incentives will come in. Conservation programs can build awareness; incentives can draw the individual to move toward energy-efficient products and appliances. Regulations are one of the other things that I talked about, because they can also influence how much energy someone is using in either the buildings that they live in or work in or what they're going to purchase. So each has a role—programs, incentives, regulations and demand response. They all play a key role.

In terms of conservation programs, we had rolled out, together with the OPA—the OPA works closely with LDCs—an entire suite of saveONenergy programs for the residential sector, for the commercial sector and for the industrial sector. Those programs were rolled out in 2011 and, because not all of them were rolled out in January and they came in all the way till mid-2011, much of the uptake is happening now. We expect that there's more momentum building as that suite of programs is rolled out—and the suite of programs didn't roll out for a single year because the conservation budgets were set for a four-year term; so 2011 to the end of 2014 is when those programs are applicable. So we expect more momentum, more uptake of these conservation programs as we move on.

One of the other things that I wanted to talk about that I didn't talk about previously in terms of conservation

was product standards. More efficient appliances, lights, air conditioners—they all contribute to energy savings.

As one example that everyone will understand, refrigerators are a really good example. I don't know whether people will know that new refrigerators use high-efficiency motors and compressors and better insulation, and they have improved heat exchangers. As a result, they use a staggering 70% less energy than refrigerators that were built in the 1970s. So 70% less energy represents a huge improvement: 225% in efficiency and a cost savings of about \$125 a year on the bill. That's really tremendous.

One of the other things that people don't recognize is that light bulbs, for example—the government had introduced a regulation in February banning inefficient incandescent light bulbs, and this starts by the end of 2013. The timing of this regulation is synchronized with the federal government. For instance, if a household replaces 10 of the old-fashioned incandescent, inefficient light bulbs with the new fluorescent compact lights, they can save about \$60 to \$70 a year in energy. If all households in Ontario changed out their light bulbs, it results in a staggering 466 megawatts to the province per year. That's really smart.

And 466 megawatts, in case people don't know what that is, is like a gas plant or a small nuke.

**Mr. Reza Moridi:** Thank you very much, Ms. Lo. This is very, very promising.

As you were talking about conservation, in relation to a homeowner, how much in total is this going to affect the homeowner's bill, say, per year if they follow these procedures in terms of changing the light bulbs and other measures, as you explained?

**Ms. Sue Lo:** I can explain many of the programs that apply to homeowners. For instance, programs that are targeted to residences are now easier than ever to apply for because one can go online and sign up for these programs. There's a wide range of opportunities, and I'll give you some examples.

Homeowners who need to update their heating or air conditioning systems can participate in what's called a saveONenergy heating or cooling incentive. They can receive up to \$650 back by installing Energy Star-qualified air conditioners or furnaces with high-efficiency motors. In addition to receiving the \$650 rebate, there's about a \$112 savings on an energy bill per year because of the new, improved air conditioning or motor that's attached to the furnace. If homeowners have old, inefficient appliances like refrigerators and freezers, for instance, they can have them picked up free of charge and these obsolete, inefficient appliances would be decommissioned properly in an environmentally responsible way. As I said, getting rid of that refrigerator could result in something like \$125 in savings on a bill.

**1710**

Then, in spring and fall, there are save-on-energy coupon events, and these are at retail outlets like big-box shops. One can take advantage of that. And there are instant in-store discounts on everything from light bulbs

to power bars to weather stripping to insulation and things like that. Ceiling fans are another thing that's covered.

There are many ways—we can endeavour to get you an entire list. They are listed on the OPA's website and mainly on every LDC's website now, because the programs are joined.

**Mr. Reza Moridi:** So there are significant savings to the homeowners if they follow, basically, these energy-saving procedures.

**Ms. Sue Lo:** Yes. Those are just the programs. There are other ones that they could sign up for as well, the peak-saver-type programs. A homeowner could sign up and have a peak-saver device attached to their air conditioner. What that does is it cycles the air conditioner on and off during peak times, when the demand is the highest. In aggregate, it really helps the entire system in Ontario manage its energy load.

**Mr. Reza Moridi:** In the area of the public sector, Ms. Lo, what has your ministry done in relation to conservation and reducing the demand in public sector clients?

**Ms. Sue Lo:** The public sector is a very interesting area because Ontario has worked very closely with the broader public sector organizations. I'm talking about the municipalities and the school boards, universities, colleges, social housing, for instance. We've been working closely with them through a regulation, and it's regulation 397/11, if you're interested. It has to do with conservation demand management and asking the broader public sector to take note of their energy use and to file demand management plans starting in July 2014.

Ontario is amongst a small group of leading jurisdictions when it comes to this because we're requiring energy consumption reporting, and the other jurisdictions are ones like, in the US, cities such as New York, San Francisco, Seattle, Washington. They require public and private sector buildings to report. In Canada, British Columbia also requires communities to report and prepare community energy and emissions inventories.

So this is new. It's just starting to become operationalized. The regulation was developed very closely with the Association of Municipalities of Ontario. It received very strong support from AMO. They in fact wrote to us and helped to move this regulation along, indicating that they really, really wanted to see this.

For municipalities, for example, each year they pay more than \$680 million for electricity. So what this regulation will do is it will help each and every entity understand how much electricity they're using and figure out how to conserve. The results will be posted online. So what's going to happen is that there's going to be a greater understanding but there's also going to be virtuous competition because they'll see what other municipalities are doing. You know, a hockey rink in one location will see what a hockey rink in another location might be doing, so there will be a best-in-class type of competition.

Then, for the public, the regulation would provide greater transparency because members of the public will

be able to go online and see how much their own municipality is doing and spending on energy. Then reductions in energy-related expenses would free up funding, and it could go back into other activities and public services. This is really something that is exciting. We think it's going to make a big difference. The municipalities have been very, very supportive in wanting to make this go ahead, so we're working closely with them now.

**Mr. Reza Moridi:** Ms. Lo, how is your ministry's conservation program helping the major users, large industrial users, of electricity to become more efficient in terms of energy use?

**Hon. Christopher Bentley:** I'll let you carry on.

**Ms. Sue Lo:** Large industrials are, of course, amongst some of the largest users in terms of the proportion of electricity by sector. The specific number is that they consume 30 terawatt hours, or about 20% of Ontario's total, in any one year. Their energy bills are in the order of \$2 billion a year.

We, of course, look at conservation programs for industrials very seriously. We want to help those industrials choose newer technologies and become more efficient and more competitive. The OPA and the LDCs offer two different suites of conservation programs to our industrial customers.

One of the programs—I think the minister has talked about it before—is something called the industrial accelerator program. That's a particular program that was open to industrials in about the late 2010 time frame. Really what it is—that targets the largest industrials in the province. There are about 50 or so very large industrials, and they're directly connected to the transmission system. These large companies—mainly they're large steel, pulp and paper, oil, those types of companies—use a lot of energy. What the program does is it provides attractive financial incentives to those industrials and it levers the industrials' own funding. It doesn't pay necessarily 100%, but it levers and pulls that industrial to make its own investments, too.

The investments are in modernizing the manufacturing processes and making equipment retrofits. Those are improvements that would make that industrial company more competitive for the future. There's an application process to the OPA. They're getting more and more interest.

There's also a strong value to ratepayers because—I think one of the questions before was: What is the cost-benefit of the programs? This particular program needs a cost-benefit ratio of at least 1.4. Anything that's one or greater is good. This one is about 1.4. This particular program is expected also to create some 5,500 jobs over the next several years.

The other suite of programs that are available to industrials that they do sign up for and have shown tremendous interest in is demand-response programs. Demand-response programs aim at decreasing electricity demand at its peak. That's a really good thing for the system. What happens is that the participants voluntarily sign up for this program; they voluntarily indicate that

they're going to shift their production or turn down their production during peak demand in return for some compensation. The demand response participants benefit financially because they do receive compensation, but the grid receives tremendous benefit because it avoids having huge spikes or having large demands being placed at the most critical time of when the energy is peaking. It's really a win-win.

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**Mr. Reza Moridi:** Thank you, Ms. Lo.

**The Chair (Mr. Michael Prue):** You have less than a minute, so be careful with your questions.

**Mr. Reza Moridi:** Okay, thanks.

With regard to businesses, what are your plans or what have you done to help them to reduce their demand for energy?

**Hon. Christopher Bentley:** Well, there are quite a number of business sizes, and we have less than a minute. I know Sue has spoken to a number of different ones, of course. For the smaller businesses, the clean energy benefit provided an opportunity. We've really concentrated a lot on making sure that we can improve business competitiveness with respect to the tax structure: reducing compliance costs, harmonizing the sales tax costs, harmonizing the collection of corporate taxes, which has a huge benefit to businesses, as well as reducing the business tax rate and the small business tax rate. These are all part of.

We're looking at energy costs and seeing what we can do over the course, beyond what has already been spoken to by Sue. There are a number—

**The Chair (Mr. Michael Prue):** And the time is up. You'll have to think of that question in the next round.

**Hon. Christopher Bentley:** We can pick it up the next time.

**The Chair (Mr. Michael Prue):** Pick it up again.

Before I go on to the Conservatives during the last round of questioning, documents have arrived for the committee, and I would like to ask the clerk to please distribute them to the members. These are related to the motion by Mr. Leone. We have two documents, one from the Ontario Power Authority dated May 30, 2012, and one from the Ministry of Energy dated the same date, May 30, 2012. If you would distribute those. Following the distribution, it will be the Conservatives' 20 minutes.

**Mr. Grant Crack:** Mr. Chair, could I ask a question while we're waiting?

**The Chair (Mr. Michael Prue):** Surely, yes, while we're waiting.

**Mr. Grant Crack:** I just wanted to ask a question. This was a Conservative question that they asked results for. The minute or two or three of distribution—I know it's a small amount of time. Would that not be allotted into their time frame?

**The Chair (Mr. Michael Prue):** No, this is not part of their time. This is not part of the questioning; this is part of the routine proceedings of any committee, so I don't think it's fair, because it wasn't just the Conservatives who voted for this document.

They have now been distributed, and that took less than a minute. I would now turn the floor over to the official opposition.

**Mr. Victor Fedeli:** We were talking, and I had asked a question about the Samsung 16,000 jobs, and you had answered that that will be part of the 50,000 jobs.

My next question would be—the 50,000 jobs are advertised to be in 2012—are we on target, then, to meet the 50,000 target in 2012?

**Hon. Christopher Bentley:** You're correct. We said that we would count 50,000 jobs by the end of 2012. My understanding is that we are still on target. A lot of projects—wind, solar, bio projects—that have been going through the renewable energy approvals process are nearing the conclusion of that process, and so orders are able to be placed, and those projects, I expect, will be constructed soon.

**Mr. Victor Fedeli:** In addition to the Samsung sole-source deal, were there any other concessions given to them, such as going to the front of the line, I call it—those are my own words—for transmission capacity, or any access concessions that we should know about?

**Hon. Christopher Bentley:** Well, I think most of the elements—I think there has been a lot of public discussion about the Samsung strategic investment in the province of Ontario, a lot of discussion about how they have committed to investing in the province of Ontario. They've committed to setting up for plants, manufacturing facilities, in the province of Ontario. They've committed to developing wind and solar projects to 2,500 megawatts in the province of Ontario.

**Mr. Victor Fedeli:** So the concessions, were they the front of the line on the transmission or—

**Hon. Christopher Bentley:** Well, we certainly, through our public statements, indicated that their investment is to develop renewable energy projects, and it's absolutely our intent to make sure that projects can be developed which can be connected. That would be important.

**Mr. Victor Fedeli:** So that's a yes, then?

**Hon. Christopher Bentley:** It would be important that any projects developed be able to be connected.

**Mr. Victor Fedeli:** Can you table any documents with respect to those front-of-line transmission agreements?

**Hon. Christopher Bentley:** I think these have been spoken to. I think the Samsung strategic investment has been spoken to on a number of different occasions, about the commitments that they've made, what they will be doing in exchange for the investment that's being made and the manufacturing facilities that will be constructed, of which there are three in existence already. We expect that they will be developing some renewable energy projects to be connected.

**Mr. Victor Fedeli:** So yes, there's a transmission deal, but no, we can't see it?

**Hon. Christopher Bentley:** Well, the elements, I think, of the Samsung strategic investment have been spoken to by the people of Ontario, and there's a fair bit of public information out there already.

**Mr. Victor Fedeli:** You call it strategic investment; we call it a sole-sourced sweetheart deal, but we won't quibble over words. Were the OPA or the OEB part of the team in doing that sweetheart deal?

**Hon. Christopher Bentley:** You might not quibble over words, but you would like to repeat the words.

**Mr. Victor Fedeli:** I wasn't quibbling over them; I was using them.

**Hon. Christopher Bentley:** I appreciate it. It is a strategic investment. The investment by Samsung is a very significant one and a very large one, Samsung being one of the largest corporations in the world. It was good to have them commit to invest in the province of Ontario, particularly when the commitment came in the depths of the worldwide recession, when nobody was really sure that investment money was going to move anywhere. Obviously, that investment, numbering in the billions, has resulted not only in already three manufacturing plants but also a number of different renewable energy projects that are moving along through the renewable energy process. It has already resulted in jobs and will result in quite a number of further jobs in the province of Ontario. I think it's a very important investment for Ontario, particularly given when it came.

**Mr. Victor Fedeli:** Thank you, Minister.

**Mr. Rick Nicholls:** Thank you. Minister, yesterday we had a discussion with regard to jobs, and I would like to continue along that discussion, if we may.

In February of this year, the National Post stated that the failure of green energy policies throughout Europe should in fact be a warning sign for Ontario. Again, yesterday you hailed the initiatives and progress from Germany. However, in this statement the German federal minister of economics and technology even called the cost of green power a threat to the economy and said that Germany has in fact started to move away from subsidies.

Now, Minister, you've held up European success with green energy as justification for your own experiments, and now that they're moving away from it, my question is actually twofold. Number one, why are you still forging ahead, because I'm wondering, can we not learn from the failures over in Germany and other European countries with their green energy? Secondly, do you have a list of non-green jobs that are leaving Ontario? The Auditor General's report did in fact state that for every one green energy job created there are anywhere from two to four jobs being lost. Of course, we know the impact that that has on business and the economy and of course our unemployment rates and so on.

**Hon. Christopher Bentley:** Thank you very much. You've asked some very significant and substantive questions, and you'll appreciate that I might give you the benefit of more than just a yes-or-no answer for some of the aspects of those questions.

Germany, of course—I've been very clear in my remarks. I have not adopted anybody's approach without question or reservation. I've been very clear throughout my time as Minister of Energy that we're developing a

unique made-in-Ontario approach. "Made in Ontario" may be an important phrase, because we do have a feature for our green energy approach that is different than many other jurisdictions—in fact, just about any other jurisdiction—because we actually require a substantial proportion of green energy projects, whether they're wind, solar or bio, to be constructed in Ontario by Ontario outfits using Ontario workers. That is a significant and distinguishing feature.

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Germany has been one of the countries that's been a leader in green energy. It's not surprising that they have been moving to reduce subsidies; we're moving to reduce them, and I'll address that in just a moment. Germany has been at it a few more years than we have; in fact, they've been at it for 20 years. I think my reference the other day was to the fact that Germany was just acknowledged as one of the world's largest solar producers, or producers of solar energy. I think that was the milestone that I was speaking to just the other day.

With respect to the approach and the experience elsewhere—and then I'll address the jobs aspect in a moment—I think it's important that we step back and remember what we're doing. We decided we wouldn't burn coal as a significant source of energy production in the province of Ontario. A previous government—your government—increased the use of coal; we've been working as hard as we can to get out of coal. It was 25% in 2003; it's less than 5% of our actual use now. We'll be out of it completely by the end of 2014. That has a huge health care benefit for Ontarians—already has, will continue to—and, related to that, a huge health care saving. We've already started that, and will be completed by the time we get out of coal. We were spending about \$4.4 billion, by one study, on health care and environmental costs directly related to the use of dirty air, and we know that burning coal creates dirty air, and dirty air makes people sick.

So renewable energy—one of those cleaner sources of energy assists us in getting off coal. We decided to do it in a made-in-Ontario way, so from the depths of the worldwide recession, when we were looking for investment and looking for jobs opportunities, what did we do? We said, "All right, we can use the green energy approach as a way of creating jobs in the province of Ontario."

Has it been successful? Absolutely. About 30 manufacturing facilities alone committed to, or are already, set up in the province of Ontario. You know that down your way, Chatham-Kent way, there have been a number of renewable energy projects set up over the years, and you know that not only do outfits from around the province supply those components—so made-in-Ontario components—but outfits, business outfits, in your area also participate in the actual construction of those different facilities.

Now, how are we going to continue that approach in the province of Ontario? We're going to continue to learn from the experience in other jurisdictions, and I think

that's very important. So when we conducted the green energy review, what did we say? We said that we would take a look at the experience in other jurisdictions and then determine whether we should continue in Ontario the same approach or just the approach for the province of Ontario.

One of the things that we heard was that the cost of components was going down, not only internationally but also in the province of Ontario, because we had developed, set up and were fostering a rather strong and significant manufacturing sector; not just the panels, the towers, the turbines—the blades, sorry—but also the different racking systems and connection systems in the province. So we were able, at the top end, to reduce prices by 30% for roof-mounted solar—a very substantial price reduction.

Now, you referred again to the Auditor General's comments. Again, the Auditor General was referring to some studies out there—there are many studies out there. He does not refer, specifically, to the experience in the province of Ontario, and I think that's very important, because we have a different approach with respect to the construction and completion of renewable energy projects and that experienced in other places around the world.

That different approach, as I say, has continued to encourage business investment in Ontario for green energy.

I would also say that green energy and a related clean-tech technology approach throughout the world is a huge economy. People ask me where the jobs of the future are going to come from. The world is going greener, and you want to be part of that. When you ask where the jobs in your riding or my riding or throughout the province of Ontario are going to go, clean green is one of the areas.

**Mr. Rick Nicholls:** We are seeing a substantial green energy program with the wind turbines up in our area, and of course that could enter us into some other concerns.

I guess my initial concern or question, Minister, was getting back to—you had mentioned that you're wanting to learn from other jurisdictions. We've pointed out, for example, Germany, who, by your admission, have been in place for over 20 years with green energy, but what they're saying and what in fact the federal minister of economics in Germany has claimed is that the actual cost of green power is becoming a threat to the economy, and of course we're concerned.

I know you've been talking considerably about the pluses of green energy. Again, though, what we're starting to see is the downside of green energy and the impact that it's having, especially on industry which is being forced to leave Ontario. That's our primary concern; hence, that's why I stated that, for every one green energy job, the statistics are telling us, two or four jobs are being lost. Those are two to four industrial jobs, manufacturing jobs, that are, in fact, being lost.

In Chatham-Kent-Essex, since 2003, when the major platform for your government in that time frame was environmental, we've lost over 10,000 manufacturing

jobs in that area. We're not seeing those jobs coming back. With the green energy plan that the government has initiated—and we will have close to 500 wind turbines just in the small area of Chatham-Kent. That's a huge concern because, despite the fact that it is creating some employment—by your statement yesterday you had indicated that the majority of those jobs could be considered temporary jobs, but if they're working on green energy, then that's creating a job for someone else perhaps who can take on a job that these individuals, the electricians or whoever, contractors, are doing with regard to wind energy.

I could challenge that because, again, my concern is, they would probably say, "We'll get to those other jobs when we can. We don't want to lose those, but we will, once we get these jobs done, push on." So, to me, it's not maybe a job; it's a project using the same people. The numbers could be challenged from our part.

Again, we're concerned primarily about looking at the negative impact that has gone on with regard to the green energy plan. Your party knows as well as we do that we think green energy is good. We think the act itself needs to be amended, and we need to realize and understand the fact that the energy plan needs to be reliable, sustainable and, most importantly, affordable. I'm sure that at some point in time we will be talking about affordability.

The other member from your team earlier had talked about various programs that were being offered to consumers who buy energy-smart appliances and so on. That's great. Those are great programs. It's a good thing, because the cost of energy is escalating to the point where, if they don't have those energy-smart appliances and those programs in place, it would just be totally unaffordable for Ontario families. We're starting to see that now and the impact that that is having, not only on our economy as a whole and the jobs, but also the impact that it's having on Ontario families.

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**Hon. Christopher Bentley:** Well, thank you very much for that question, I think.

**Mr. Rick Nicholls:** It was a statement in relation to maybe a question you may have had.

**Hon. Christopher Bentley:** Well, I appreciate that. I don't think you'd be suggesting that the jobs challenges in your region—

**Mr. Rick Nicholls:** No.

**Hon. Christopher Bentley:** —which have been very real, are the result of the Green Energy Act, because of course, as you would know, the green energy leadership that your region has shown has resulted in a significant amount of employment.

The costs that we've seen in energy prices in Ontario—and energy prices are going up throughout North America; there's nothing really new in that—have almost overwhelmingly been the result of improving the generation capacity that we had to do, because we didn't have enough in 2003 when we took over, and renewing and improving the transmission and distribution grid in the province of Ontario: 5,000 kilometres already; expanded

because it needed to be. It had not had the investment that it needed to have.

If you're looking specifically at jobs in your region, I think the southwest economic development fund, on a different file, is something you might want to consider, because I know the Chatham-Kent region would benefit very greatly from that. It's precisely the type of fund that can be highly leveraged by private investment, which I would have thought would have been attractive to you and others in your area, and I know—

**Mr. Rick Nicholls:** Minister, please. We don't want to get off topic. Minister, I'd like to interject there.

**Hon. Christopher Bentley:** Can I just—

**Mr. Rick Nicholls:** We don't want to get off topic too much. In the interests of time, we just have one more question for you, sir.

**Hon. Christopher Bentley:** Well, you referred—

**Mr. Rick Nicholls:** You're getting a bit off topic, and we want to keep the focus for the folks who are watching at home, you know, or in their office.

**Hon. Christopher Bentley:** I just wanted to come back to the reference to the German minister. I know, on a slightly different topic—you see, I would hesitate a little bit about quoting from the German approach to energy because I know on a slightly different topic, maybe the nuclear topic, that same minister might have said a few things with respect to nuclear reactors that your party at least might not necessarily agree with. So I think maybe—because Germany, of course, is committed to not proceeding with new nukes. So I just think, as we adopt the comments from different ministers in different circumstances, we'd want to be a little less than robust in the full adoption of what they have to say. But I think—

**Mr. Rick Nicholls:** I appreciate it, Minister. The southwest economic development fund is something that you mentioned earlier. We'll certainly stick around tomorrow and we'll talk more about that.

**The Chair (Mr. Michael Prue):** This discussion will continue on the next occasion. The last 20 minutes belong to Mr. Tabuns.

**Mr. Peter Tabuns:** Thank you, Chair.

**Mr. David Zimmer:** One question and one long answer.

**Mr. Peter Tabuns:** Thank you, Mr. Zimmer. Always helpful in these circumstances.

Insurance costs—

**Hon. Christopher Bentley:** Insurance costs.

**Mr. Peter Tabuns:** Yes. Can you tell us what you spend on insurance for the Lennox generating plant, the Thunder Bay generating plant, and what your insurance costs are per megawatt? And if you can't tell me that immediately, if you could commit to that, I would appreciate it.

**Hon. Christopher Bentley:** Okay. What kind of insurance costs—I'm just trying to understand the question.

**Mr. Peter Tabuns:** I assume you have liability insurance for those plants.

**Hon. Christopher Bentley:** Okay.

**Mr. Peter Tabuns:** Do you not? I was a city councillor previously. We had liability insurance for the city of Toronto and its operations.

**Hon. Christopher Bentley:** For the Thunder Bay plant—

**Mr. Peter Tabuns:** And the Lennox—

**Hon. Christopher Bentley:** The Lennox generating plant.

**Mr. Peter Tabuns:** And the Portlands Energy Centre.

**Hon. Christopher Bentley:** The Portlands Energy Centre.

*Interjection.*

**Mr. Peter Tabuns:** I've ignited the committee. What can I say?

**Hon. Christopher Bentley:** Sorry?

**Mr. Peter Tabuns:** I've ignited interest in the committee.

**Hon. Christopher Bentley:** Apparently.

**Mr. Peter Tabuns:** So liability insurance—

**Hon. Christopher Bentley:** So you want me to take a look at the insurance costs for those three particular facilities.

**Mr. Peter Tabuns:** Right. I'd like to know—

*Interjection.*

**Hon. Christopher Bentley:** Well, I think so.

**Mr. Peter Tabuns:** And I'd like to know what that works out to per megawatt hour installed.

**Hon. Christopher Bentley:** Per megawatt hour installed.

**Mr. Peter Tabuns:** Sorry, per megawatt installed. My apologies.

**Hon. Christopher Bentley:** Per megawatt installed.

**Mr. Peter Tabuns:** Yes.

**Hon. Christopher Bentley:** Okay. So I have your question. Thank you very much.

**Mr. Peter Tabuns:** And if you could also in that follow-up tell us generally the categories that the insurance covers, if we have liability, injury to people onsite, injury to people offsite etc. If you'll remember, the people in Oakville were very concerned about the gas-fired power plant that was proposed for Oakville—concerned about the potential risk to the community if there should be an explosion at the plant.

**Hon. Christopher Bentley:** Most of us would have insurance for different issues—you know, around the household we have insurance, just because it seems to be the prudent thing to do. Governments are sometimes a little different, so we'll certainly look into that. It doesn't mean that we're about to do any of those things or that any of those disasters are about to happen, but it's just the type of thing that you normally do, unless you're a government, and sometimes governments are self-insuring. So I'll take a look at that and find out what the particular issues are and see if there is some information there that I could share with you.

**Mr. Peter Tabuns:** And then, if you are self-insuring, I'd be very interested in knowing how much money is being set aside for that self-insurance and the calculation

on the potential liability that is seen for these installations.

**Hon. Christopher Bentley:** Thank you.

**Mr. Peter Tabuns:** Could you similarly tell us how much you're setting aside for liabilities or accidents at nuclear power plants in Ontario?

**Hon. Christopher Bentley:** Thank you for the question.

**Mr. Peter Tabuns:** Climate change: The Environmental Commissioner reported last year on climate change and climate adaptation, and he followed up on the report of the expert panel on adaptation, saying that the expert panel felt that a climate change risk assessment for the province-wide electricity grid was something that was urgent and that an assessment needed to be completed by the end of 2012. Has the Ministry of Energy acted on that?

**Hon. Christopher Bentley:** Well, thank you very much. You know, it's interesting that you speak about climate change and environmental effects in the context of the review of the estimates of the Ministry of Energy because, of course, when the then Leader of the Opposition, Dalton McGuinty, announced in the spring of 2003 that we were going to get out of coal, that was very much to address the bad health effects and the bad environmental effects of coal. We've made clear that we're going to shut down coal. I'm not entirely clear what the NDP position is; in fact, my recollection is that you were going to put coal units on standby. Now, I always worry about putting things on standby, because I—

**Mr. Peter Tabuns:** I just want to say we were going to put it on emergency standby—you're continuing to operate them and burn coal—and then shut them down in 2014. Just to make sure, Minister, that that message is very clear to the public—

**Hon. Christopher Bentley:** You actually have to get out of them. I think that's important.

**Mr. Peter Tabuns:** —because you're engaged in mischief there, Minister.

**Hon. Christopher Bentley:** No, no, no, no. You put them on standby—you can call it emergency standby, but if they're still there to operate—

**Mr. Peter Tabuns:** You're operating them now.

**Hon. Christopher Bentley:** —there's nothing to stop them.

**Mr. Peter Tabuns:** You are operating them now.

**Hon. Christopher Bentley:** You mean you'd shut them down and put all the workers out of work immediately—

**Mr. Peter Tabuns:** We said put them on emergency standby—

**Hon. Christopher Bentley:** —with no ability—

**Mr. Peter Tabuns:** —stop burning coal today, and then—

**Hon. Christopher Bentley:** So you would shut them down—

**Mr. Peter Tabuns:** —shut them down in 2014.

**Hon. Christopher Bentley:** —to make sure that there was no ability whatsoever to meet the power demand if they had to be used?

**Mr. Peter Tabuns:** That's why we said "emergency standby." You are running them today and burning coal.

**Hon. Christopher Bentley:** We're down to less than—

**Mr. Peter Tabuns:** But I will go back to my question, Minister, because you're diverting.

**Hon. Christopher Bentley:** We're down to less than 5% coal use.

**Mr. Peter Tabuns:** Yes. You are still burning coal.

**Hon. Christopher Bentley:** We're down to less than 5% coal use.

**Mr. Peter Tabuns:** You're still burning it.

**Hon. Christopher Bentley:** And most of those are situations where we need to balance the load.

**Mr. Peter Tabuns:** Minister, why don't you want to answer my question about, have you assessed—

**Hon. Christopher Bentley:** But I just think it's interesting.

**Mr. Peter Tabuns:** No, my question was preparation for adaptation to climate change.

**Hon. Christopher Bentley:** So what you will know with respect to climate change is that the largest climate change reduction in North America right now, or the largest greenhouse gas reduction initiative in North America right now, is getting out of coal. So I think—

**Mr. Peter Tabuns:** So, Minister, are you telling me you're not planning for adaptation for the system, that you haven't put together a plan?

**Hon. Christopher Bentley:** In the preface to your question, I think there should be some acknowledgement of the very important work that's being done by the government of Ontario right now in the effort to get out of coal. I'm sure that that would need to acknowledge some significant effort. In fact, most of the electricity we generate right now is from emissions-free sources, whether it's nuclear, whether it's wind, solar—

**Mr. Peter Tabuns:** Minister, do you or do you not have a plan in progress to deal with the impact of climate change on the grid?

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**Hon. Christopher Bentley:** The Minister of the Environment, I'm sure, would be the one who would want to speak more broadly to that particular issue.

**Mr. Peter Tabuns:** No, the Minister of Energy has responsibility for the energy system.

**Hon. Christopher Bentley:** Our rather significant contribution to climate change challenges in the province of Ontario has been the effort to get out of coal and to clean up the sources of generation that we have in the province of Ontario, and that's what we're doing.

**Mr. Peter Tabuns:** Minister, the panel that your government commissioned said that you needed to have a plan to deal with the impact of climate change on the grid that you as minister have responsibility for, and you needed it by the end of this year. I am asking: Is that plan in place, or is it being put together right now?

**Hon. Christopher Bentley:** So if what you're referring to is the effect that a warming environment or a changing environment or a—

**Mr. Peter Tabuns:** Climate change.

**Hon. Christopher Bentley:** —changes in the climate that is experienced in different areas will have on the grid, that goes back to the investment that's being made throughout the province of Ontario by Hydro One and the local distribution companies with respect to upgrading the grid, investing in the initiatives known as a smart grid, making sure that we replace old technology—poles and wires—distribution so that they are able to withstand some of the challenges that come with changes in climate. I know there has been a lot of investment in renewing and upgrading not only the grid, not only the related technology, but the transformer and other stations so that they are suitable to the needs and the demands of the times—

**Mr. Peter Tabuns:** Minister, you have no knowledge of this, do you? You have no knowledge of this matter whatsoever, do you?

**Hon. Christopher Bentley:** We're not speaking specifically about a—

**Mr. Peter Tabuns:** No.

**Hon. Christopher Bentley:** We're not working specifically on a plan as you outline it.

**Mr. Peter Tabuns:** You are not. So if you don't have a plan, when you're upgrading those transmission lines and the system, is it being done keeping in mind the new climate that we will be operating in over the next few decades?

**Hon. Christopher Bentley:** Well, of course it is. Of course it is, and that's what I was—

**Mr. Peter Tabuns:** Well, if it is, what standards are you using?

**Hon. Christopher Bentley:** But you don't—okay. So, as I said, we're upgrading the lines: very substantial investment in the lines; incorporating the new technology: very substantial investment in the technology. Of course, the people who are conducting the work, planning the work, are Hydro One and the local distribution companies, working with Ontario Power Generation, the experts that we've had in the field, who are, of course, aware of the challenges that the changes in climate present to the grid, to those working on the grid and to the system. That's one of the things that they look at all the time. When you have a day like you had—

**Mr. Peter Tabuns:** What is the program that they are operating from that tells them what the standard will have to be, given that we will increasingly have extreme heat events and we will see things like the ice storm in Quebec that left Montreal without power for weeks at a time? What are you doing, what is your ministry doing, to ensure that Ontarians are protected from changing climate?

**Hon. Christopher Bentley:** Well, that's what part of the work involves. When Hydro One and the local distribution companies and OPG conduct their—

**Mr. Peter Tabuns:** Do you have a plan?

**Hon. Christopher Bentley:** Hydro One, the local distribution companies and OPG are the ones that are best suited, and they are in the position to make sure that they are constantly upgrading to meet the demands of the time. That's what's being done. When you talk about—

**Mr. Peter Tabuns:** You don't have a plan, do you?

**Hon. Christopher Bentley:** Hydro One constantly—

**Mr. Peter Tabuns:** You actually don't—as the Minister of Energy, you do not have a plan.

**Hon. Christopher Bentley:** You don't want the answer.

**Mr. Peter Tabuns:** You're not even familiar with this, are you?

**Hon. Christopher Bentley:** What is happening with respect to the upgrading of the grid and the technology is that they are constantly upgrading and reviewing to meet those very issues.

There was a challenge just a few weeks ago, maybe a month or so ago, about solar flares. Hydro One was specifically aware of the issue because of what had happened several years ago. They were monitoring. They were preparing. They were reacting and adapting to make sure they were in a position to deal with any challenges with respect to solar flares. That's one of a myriad of issues that they do as a matter of course, that they're constantly doing to make sure that they can adapt and adopt their technology to what's required in the province of Ontario. The results, I'd say respectfully, speak very well in the province of Ontario. The results are that their technology is meeting the demands.

**Mr. Peter Tabuns:** Has your ministry prepared a plan to deal with the impact of climate change, as recommended by the expert panel on adaptation? Has it?

**Hon. Christopher Bentley:** The ministry itself is not preparing a specific plan. The ministry works with Hydro One and OPG and the local distribution companies to make sure that, as they take a look at their capital requirements, as they upgrade technology, they are constantly doing so to meet the needs of the people of the province of Ontario today and for the years to come. They're doing a very responsible job.

**Mr. Peter Tabuns:** Is anyone monitoring to see that that is happening? And if so, who in your organization?

**Hon. Christopher Bentley:** That would be Hydro One and OPG and the local distribution companies, who are on the ground doing the actual work.

**Mr. Peter Tabuns:** The Environmental Commissioner says that OPG has done some planning, but he hasn't seen it from Hydro One, the Ontario Power Authority and local distribution companies. So who in your ministry is making sure that Ontario is protected from the impact of climate change? Who?

**Hon. Christopher Bentley:** The ministry makes sure that the infrastructure that needs to be in place to meet the energy demands of the people of the province of Ontario is going to be there. The Ontario Power Authority plans to make sure that that infrastructure is going to be there. They work with the experts at Hydro One, OPG and the local distribution companies, and that's where the

expertise resides, not only in the OPA but also in Hydro One, OPG and the local distribution companies, who engage in this work in an ongoing basis to make sure that the infrastructure you have is fit for the purpose. That's why there has been a substantial investment in that infrastructure.

We're questioned constantly about the price of electricity, but the price of electricity has very much been reflective of bringing on new generation and making sure that the infrastructure that delivers it is upgraded and fit for the purpose.

**Mr. Peter Tabuns:** Has your ministry checked the technical specifications to ensure that the infrastructure investments that are going to be made will meet the climate conditions we expect to deal with within the next two decades?

**Hon. Christopher Bentley:** I would expect that that checking is going to be done by the experts in the field. It would be done by the OPGs and Hydro Ones and the local distribution companies, who have the technical experts who will be able to make sure that the infrastructure that is being invested in and being used is fit for the purpose.

**Mr. Peter Tabuns:** What's your role if they're not doing it? How do you know whether they're doing it or not?

**Hon. Christopher Bentley:** I confess that I'm not an engineer. I'm not the technical expert—

**Mr. Peter Tabuns:** No, but you are the Minister of Energy for the province of Ontario.

**Hon. Christopher Bentley:** Yes, and not the technical expert. I would expect that Hydro One and OPG in particular, and the local distribution companies, who are in the position to make sure that we have the necessary infrastructure, are in fact investing in the necessary infrastructure, which is why they make application for additional investment to the Ontario Energy Board and attempt to justify it—

**Mr. Peter Tabuns:** Have you ever asked the technical people in your ministry if in fact climate adaptation is being prepared for, planned for, in those bodies over which you have jurisdiction? Have you asked your people, your technical experts?

**Hon. Christopher Bentley:** I have not asked that specific question—

**Mr. Peter Tabuns:** Will you ask them?

**Hon. Christopher Bentley:** Absolutely.

**Mr. Peter Tabuns:** Further, in terms of climate change, our gas distribution system can be exposed to risk. As the Minister of Energy, the minister who oversees the OEB, who regulates the gas industry—again, the Environmental Commissioner pointed out the risk to gas distribution systems with the impact of extreme weather events. Has your ministry looked at this issue, and can it report back to this Legislature or this committee on what you have found?

**Hon. Christopher Bentley:** I know safety is first with the gas distribution companies, whether you're dealing with Enbridge, with Union Gas. Safety is always first

with us. I know safety is always first with them, and I know they take a look at these issues on an ongoing basis. What exactly is it that you wish me to inquire about?

**Mr. Peter Tabuns:** Is your ministry assessing the vulnerability of the gas distribution system to climate change, and are you taking steps to ensure that the security of the gas system is assured for the people of Ontario?

**Hon. Christopher Bentley:** Well, we certainly have discussions and conversations to make sure that safety and reliability are being met for the people of the province of Ontario. Those safety and reliability conversations would, I would expect, include a discussion about any adverse weather events that may affect the people of the province of Ontario. So within that context, those would be ongoing discussions and conversations that would absolutely happen on an ongoing basis. Weather events are one of many issues that would have to be discussed on an ongoing basis.

**Mr. Peter Tabuns:** Is there someone in your ministry who oversees the reliability of the system?

**Hon. Christopher Bentley:** Well, remember that the gas distribution system is run by private entities—

**Mr. Peter Tabuns:** Regulated by the province of Ontario.

**Hon. Christopher Bentley:** Regulated—well, it's regulated by the Ontario Energy Board. One of the province's interests is to make sure that gas is distributed safely. There are quite a number of technical regulations, as you would know; quite a number of rules and regulations—some provincial, many federal. The federal government would have a significant regulatory role with respect to cross-border gas distribution. I suspect the National Energy Board would have a significant regulatory input and oversight, and I expect that those bodies would incorporate safety and actual information with respect to that in the decisions that they make.

**The Chair (Mr. Michael Prue):** Okay, I'm going to stop you right there because the time has now expired.

Before adjourning for today, we have approximately six hours left with this minister. Next week, we have scheduled five hours and 45 minutes. I am mindful of the minister's time. We can either add an extra 15 minutes sometime next week or we can ask him to return the following week, along with all of his staff, for 15 minutes.

*Interjection.*

**The Chair (Mr. Michael Prue):** Yes, in the calendar, next week is the last week, but I'm given to understand that there's a very good likelihood that we will be extended.

So I leave it to the committee. The easiest thing in my mind would be, for Tuesday morning, to start at a quarter to 9, to ensure that we can finish with this minister and ministry next week.

Could that be accommodated, Mr. Minister?

**Hon. Christopher Bentley:** That would be fabulous. It sounds like a great plan.

**The Chair (Mr. Michael Prue):** Does everybody agree with that? I think that's the fairest thing; I'm trying to be fair to all parties. So then, we will adjourn at this

time, until next week, Tuesday, June 5 at 8:45. Okay? Meeting adjourned.

*The committee adjourned at 1802.*



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