



ISSN 1181-6465

Legislative Assembly
of Ontario
Second Session, 41st Parliament

Assemblée législative
de l'Ontario
Deuxième session, 41^e législature

Official Report of Debates (Hansard)

Wednesday 19 October 2016

Journal des débats (Hansard)

Mercredi 19 octobre 2016

**Standing Committee on
Estimates**

Ministry of Energy

**Comité permanent des
budgets des dépenses**

Ministère de l'Énergie

Chair: Cheri DiNovo
Clerk: Eric Rennie

Présidente : Cheri DiNovo
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Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



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

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STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

Wednesday 19 October 2016

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The committee met at 1602 in room 151.

MINISTRY OF ENERGY

The Chair (Ms. Cheri DiNovo): Good afternoon. We are now going to resume consideration of vote 2901 of the estimates of the Ministry of Energy. There is a total of six hours and 17 minutes remaining.

Before we resume consideration of the estimates, if there are any inquiries from yesterday's meeting that the minister has responses to, perhaps the information can be distributed by the Clerk. Are there any items, Minister? Not yet?

Hon. Glenn Thibeault: Not just yet.

The Chair (Ms. Cheri DiNovo): Okay. When the committee last adjourned, the third party had 16 minutes left in their round of questions. Afterwards, the minister will have 30 minutes for a right of reply. Mr. Tabuns—oh, sorry. Yes?

Hon. Glenn Thibeault: My apologies, Chair. The deputy minister does have some information.

Mr. Serge Imbrogno: I think I said to Mr. Tabuns that I would provide him with publicly available information related to the NUGs. I have what's available through the IESO. It gives you the information by month of what is paid to the OEFC NUG contracts. I can provide that to the Clerk. This is what's publicly available. They don't provide a per-kilowatt number; they just provide a total.

The Chair (Ms. Cheri DiNovo): Thank you, Deputy. If you could give those to the Clerk, he'll distribute them.

Mr. John Yakabuski: Have we started?

The Chair (Ms. Cheri DiNovo): Yes.

Mr. Tabuns, the floor is yours.

Mr. John Yakabuski: It's not until after petitions.

The Chair (Ms. Cheri DiNovo): Petitions are over.

Mr. John Yakabuski: Oh, just. We're just starting.

The Chair (Ms. Cheri DiNovo): Okay. Mr. Tabuns? The floor is yours.

Mr. Peter Tabuns: Minister, I'm going to go to the Ontario Electricity Financial Corp. On its balance sheet, the OEFC claims about \$3.4 billion in cash and cash equivalents. I don't know if you have a copy of their statement. I'll give you one.

So the cash-flow statements clarify the \$3.4 billion—this is on pages 1 to 3—is indeed not cash, but equivalent to cash. The money that was supposed to be paid to the

OEFC in actual cash has become a cash equivalent. Why is that?

Hon. Glenn Thibeault: I'm going to hand that over to the deputy.

Mr. Serge Imbrogno: Mr. Tabuns, the OEFC is an agency of the Ministry of Finance. I think those questions would properly be directed to the Ministry of Finance. We're not the experts on the OEFC accounting.

Mr. Peter Tabuns: So you don't have anything to do with the OEFC?

Mr. Serge Imbrogno: Well, for full disclosure, I am on the OEFC board, but—

Mr. Peter Tabuns: Oh, well, how handy. How fortuitous.

Mr. Serge Imbrogno: But having said that, I think OEFC or Ministry of Finance staff would be better able to answer those questions related to the assets, the liabilities and the revenue flows. I don't know if that has been changed in previous years, but I think it's better directed at the OEFC.

Mr. Peter Tabuns: Can we have someone from the OEFC brought here to speak to this matter?

Mr. Serge Imbrogno: I don't know what the protocols are for someone to come in from a different ministry to speak to items.

Mr. Peter Tabuns: I'll ask the Chair and the Clerk.

The Chair (Ms. Cheri DiNovo): Sorry?

Mr. Peter Tabuns: The minister and the deputy minister say they can't speak to the Ontario Electricity Financial Corp.—which has a huge amount to do with your ministry. You're selling off Hydro One, apparently to pay down debt. You collect money, a debt recovery charge. This is supposed to be dealing with debt that is raised through the electricity sector. I think it's reasonable to ask questions about the OEFC in this context.

The Chair (Ms. Cheri DiNovo): Really, it's up to the minister or the deputy to respond as they see fit. We have no power to compel them to respond on issues that they don't want to respond on.

Mr. Peter Tabuns: Well, I'm happy to stand it down if you're not in a position to answer questions right now, but I would—

Interruption.

Mr. Peter Tabuns: Was that an editorial comment?

Mr. John Yakabuski: Apparently they didn't pay the bill.

Mr. Peter Tabuns: No, I think it's just a darkening as I ask these probing questions, Yak.

I would like you to check with finance, because I think this bears directly on the Ministry of Energy. You are raising money, apparently, with the Hydro One sale, to pay off debt. Apparently, you're not paying off debt. If you're not paying off debt, how do you justify the amount of money you're collecting from the sale? And I will go into infrastructure in a second round of questions. If you're not raising money that gets paid to infrastructure, why are you selling off Hydro One?

Mr. Serge Imbrogno: Mr. Tabuns, I'm not comfortable speaking to that specific item, but I can say that the money collected from Hydro One—a portion of that is going to pay down debt. I think we calculated about \$150 million each year would be reduced by the money coming in from the sale of Hydro One.

Mr. Peter Tabuns: Sorry, did you say \$150 million a year?

Mr. Serge Imbrogno: In interest, in interest savings.

Mr. Peter Tabuns: But you're not actually paying down the debt; you're just parking a cash equivalent in their balance sheet. It's not being used to pay down debt.

Mr. Serge Imbrogno: Well, I think finance would—in total, not just through the OEFC, but through the provincial government borrowing—incur \$150 million less in borrowing costs given the sale of Hydro One. So whether it's reflected in the OEFC accounts or the provincial accounts—

Ms. Sophie Kiwala: Point of order.

The Chair (Ms. Cheri DiNovo): Yes, Ms. Kiwala, point of order?

Ms. Sophie Kiwala: I think we need to be sure that this item has a specific reference to energy and the estimates, and going to finance is a matter for finance, not for energy. I think that it's—

The Chair (Ms. Cheri DiNovo): That's not a point of order, but duly noted. Thank you.

Back to—sorry, the deputy was speaking.

Mr. Serge Imbrogno: That's why I think it's important to ask finance the questions, because you have the OEFC, you have a consolidation, you have the provincial accounts. So I think it's better addressed by finance.

Mr. Peter Tabuns: If you're collecting money to pay down the electricity debt and you're not paying down the electricity debt—you're collecting a debt retirement charge from ratepayers. What's the basis for you collecting that money if you're not actually using it to pay down the electricity debt? That's what shows up on the OEFC spreadsheet or balance sheet, because it's supposed to be reducing the hydro debt, correct?

Mr. Serge Imbrogno: The Ministry of Finance in the budget reports on the reduction of the stranded debt and the residual stranded debt. Those numbers are publicly available.

Mr. Peter Tabuns: Yes, I can see them in front of me.

Mr. Serge Imbrogno: Each year, the residual stranded debt has been coming down. So there is a difference between the total debt and the residual stranded debt.

Once again, that's why I think it's a question better asked of finance in how the accounting works.

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Mr. Peter Tabuns: Well, I will hold this down and I will check further from my end, but I will say this: When you look at the Ontario Electricity Financial Corp., it's supposed to be receiving money from the Hydro One sale to reduce the electricity debt. I can tell you right now, you're not reducing the electricity debt. So any blather that the sell-off of Hydro One is being used to reduce the electricity debt is not supported by your financial documents.

If you're not in a position to defend that—and I want to think about that, and I may well challenge you at a later point—then I think a question should be asked of the Premier: “You're saying that you're selling this asset to pay down debt, and you're not paying down debt. What's going on here?”

Anyway, you've said that you can't speak to this; I may come back to you with another approach on that, but you're saying you can't speak to the OEFC at this point.

Can you speak to the fact that the money that is supposed to be raised for infrastructure is not being spent on infrastructure?

Mr. Serge Imbrogno: I think that the government has put the money they said that they would into the Trillium Trust and that money will be used for infrastructure. It's set aside and directed. I think that reg has been made and has passed, so \$3.2 billion is in the Trillium Trust to be invested in priority infrastructure.

The Chair (Ms. Cheri DiNovo): Excuse me, Deputy Minister, if you could, speak a little closer to the microphone when you speak.

Mr. Serge Imbrogno: Oh, sorry. I was just saying that the \$3.2 billion has been dedicated to the Trillium Trust. The regulation is in place, and that money will be used to invest in priority infrastructure.

Mr. Peter Tabuns: Are you in a position to speak to the actual expenditure of funds on infrastructure?

Mr. Serge Imbrogno: No. Again, that would be either the Ministry of Infrastructure or the Ministry of Finance—

Mr. Peter Tabuns: Okay. Then I may well come back on that because, as far as I can tell, that's not happening either. So you're not using it to pay down debt, and you're not using it to pay for infrastructure. You've already said you're not qualified to speak to it; it's another ministry. But I'll tell you, if you look at the books, one has to ask very substantial questions as to where the money is going, because it isn't paying down debt and it's not going to infrastructure. However, you've said that you can't speak to that. I may well come back with further questions on it.

Let's go to the refurbishment of the Bruce nuclear reactors. When the Bruce refurbishment deal was announced last December, the government said that rate-

payers were guaranteed a fixed price for the refurbishments, with the contractors paying for any cost overruns. The price mentioned was 7.7 cents per kilowatt hour for the next half century or so. But I'm not sure this is exactly true. If estimated construction costs increase up until a certain date before construction starts, ratepayers are apparently going to pay more. Can you confirm that or do you dispute it?

Hon. Glenn Thibeault: Can you clarify? Can you read that one time again for me, MPP Tabuns?

Mr. Peter Tabuns: Yes. The government has said that ratepayers were guaranteed a fixed price for the refurbishments at Bruce nuclear, with the contractors paying for any cost overruns. The price that we've been told has been 7.7 cents per kilowatt hour. If estimated construction costs increase up until a certain date before construction starts, ratepayers will apparently pay more. Can you confirm that or do you say that that is not in fact the case, that the price is frozen?

Mr. Serge Imbrogno: I think there are a lot of parts to that contract, Mr. Tabuns, that you would have to take into account as you approach the refurbishment. There are avenues for the government to dispute any additional costs that may be added on that weren't part of the original estimate. There is the ability to take off-ramps if those costs exceed a certain threshold. So there is control in place to ensure that we come in at the projected costs. I wouldn't call it a guarantee of the 7.7. I think there are contracts—

Mr. Peter Tabuns: So that's not a fixed price, 7.7 cents a kilowatt hour?

Mr. Serge Imbrogno: Once you hit that milestone, that price becomes fixed at that point. Between now and that point in time, there are potential adjustments that take place; however, those are subject to oversight and review by the IESO. That's how the contract was built.

Mr. Peter Tabuns: So what's the threshold. If it goes over 7.7 cents, when do you say, "No, we're not accepting that"? What's the threshold?

Mr. Serge Imbrogno: It's a pretty long and complicated contract. I don't want to give you a high-level answer, because I think we'd have to give you the contract terms. The contract is on the IESO website for full disclosure. I'd rather maybe refer to those contract provisions rather than try to give you a high-level answer at this point.

The Chair (Ms. Cheri DiNovo): Mr. Tabuns, you have about four minutes left.

Mr. Peter Tabuns: Thank you.

The threshold is embodied in the contract posted on the IESO website?

Mr. Serge Imbrogno: I think how the adjustment works at the threshold, and what the mechanisms are, would be in that contract.

Mr. Peter Tabuns: Is there a point at which the provincial government would not proceed with the contract?

Mr. Serge Imbrogno: There's a point where the IESO has the ability to fix that price at a certain amount, if it's above a certain threshold, and there are off-ramps built into the contract.

Mr. Peter Tabuns: What's the price at which that kicks in?

Mr. Serge Imbrogno: I don't know the contract terms off the top of my head, but it is in the contract, and the contract is on the IESO website.

Mr. Peter Tabuns: Can we be provided with that?

Mr. Serge Imbrogno: The contract on the IESO website?

Mr. Peter Tabuns: You're familiar with the terms that we're talking about, and you know where to find it in the contract. Can you undertake to provide that?

Mr. Serge Imbrogno: I can undertake to provide you the link to the IESO website where you can find the contract.

Mr. Peter Tabuns: You can't cite the section within the contract that one would focus on?

Interjection.

Mr. Peter Tabuns: Yes, I take the hand gesture from the minister to be indicative of the scale of the contract. It would save me and my colleagues a lot of time if you could point out where in that voluminous document one would find the relevant sections.

Mr. Serge Imbrogno: I would suggest that my undertaking would be to provide you with the contract, and then we can have a further discussion. It is on the IESO website. I think that was the point.

Mr. Peter Tabuns: It would be so much appreciated, Deputy Minister, if you'd point out where in the contract the significant and relevant sections are—so much appreciated, so helpful.

Hon. Glenn Thibeault: I think the deputy minister has stated to my colleague that we'll endeavour to make sure that we can get that link for them. That's something that we'll endeavour to do.

Mr. Peter Tabuns: I'm sure that Bruce Power knows what the threshold is, where things can change. I'm sure that you know what the threshold is. In this case, you'll refer me to the contract, but you won't be stating the threshold?

Mr. Serge Imbrogno: I recall, Mr. Tabuns, you were part of that briefing where we had Bruce Power and the IESO walk you through the contract. There was a presentation. There was background information provided. We can provide you with that again. I would expect that there are contract terms in there, or reference to them.

Mr. Peter Tabuns: Okay. I would appreciate that again, then.

The Bruce agreement includes off-ramps that allow the IESO and the government of Ontario to walk away from the contract. Are these off-ramps, in substance, the same as they are with the Darlington plant?

Hon. Glenn Thibeault: From my understanding, for the Darlington, which is OPG, after the first unit—which is unit 2, that is now currently off-line and being refurbished—it comes back to cabinet for the second round, for the next unit that would be completed. With the Bruce Power, there are specific on-ramps.

Deputy, maybe you can explain that in better detail.

Mr. Serge Imbrogno: I think the additional off-ramps that are available for the Bruce contract are what I would call economic off-ramps. There are certain points in the refurbishment schedule where, if there are other alternatives that are lower-cost than the Bruce option, then the IESO can determine that it's better not to proceed with the units that have not been refurbished yet. The contract would continue with the units that have either been refurbished or that are still running. It just gives the IESO the ability to say, "We're not going to proceed with the following unit's refurbishment."

Mr. Peter Tabuns: So the IESO is in a position, should alternatives present themselves, to say, "Okay. You've got one refurbishment under way. We won't go to the second, because we have a better deal elsewhere." Is that what you're saying to me?

Mr. Serge Imbrogno: There are two economic off-ramps, and they're set as specific times. I don't want to say it's after the first unit; it could be after the second. We can check in the contract. But at that point, if the IESO says there are alternatives that are more economic than what's in the Bruce contract, then they have that ability to not proceed with the additional refurbishments.

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Mr. Peter Tabuns: And are there off-ramps before the first of the refurbishments starts?

Ms. Cheri DiNovo: I'm afraid that question will have to be left hanging. We've come to the end of our time.

Minister, it's now back to you for a 30-minute right of reply.

Mr. John Yakabuski: Another 30 minutes? Holy smokes. I'll just check out the score of the ball game here.

Hon. Glenn Thibeault: John, I know you're going to enjoy it.

Anyway, thank you, Chair. I do want to thank my colleagues for the questions and the starting of this. It is pretty exciting for me, being the new minister, to be able to be part of this process and be part of estimates. I also appreciate the chance to expand on the work Ontario's government is doing to support businesses, secure a long-term supply of emissions-free power and maximize the value of our assets.

To begin, let me be clear that the government also offers a wide variety of programs that help businesses compete and ensure our rates are affordable. I know some of those were in the questions that we were asked over the first duration of committee. Let me start by talking and giving an example. The Industrial Conservation Initiative, or ICI, as we call it, encourages eligible electricity consumers to shift consumption to off-peak hours to save on costs. By reducing demand during peak hours, current participants save about 25%, on average, on their electricity bills.

Currently, eligible ICI participants, including those consumers with monthly peak demand exceeding three megawatts are subject to eligibility requirements, so under ICI, these consumers are charged global adjustment on the basis of their share of the total system

demand during the highest five peak hours of the year. There are now about 300 participating consumers who collectively reduced Ontario's peak demand by an estimated 1,000 megawatts in 2015, so Ontario is proposing to expand the ICI program to include more than 1,000 newly eligible customers with monthly peak demand greater than one megawatt, down from the current threshold of three megawatts. In addition, sector restrictions would be removed and smaller institutional and commercial businesses would be eligible to participate.

Expanding participation in the ICI program would reduce cost pressures on the electricity system by empowering more consumers to lower their electricity demand during peak periods and reduce electricity bills for new ICI participants who are able to reduce their electricity demand during peak demand periods. Newly eligible customers would have the opportunity to opt in to the ICI program.

Since July 2015, the expanded program includes eligible customers with a monthly peak demand greater than three megawatts, down from the prior threshold of five megawatts, whose primary business is manufacturing, mining, refrigerated warehousing, greenhouses and data processing. Through this expansion, eligible consumers who participate in this initiative are able to reduce their electricity costs through reduced demand during peak hours.

The Northern Industrial Electricity Rate Program supports continued growth and development in the northern resource and manufacturing sector. The \$120-million per year program provides electricity price rebates of two cents per kilowatt hour, representing an over 20% reduction in electricity prices for eligible large, northern industrial consumers.

The saveONenergy business program, which provides incentives and rebates to distribution-connected industrial consumers, as well as Ontario's Five-Point Small Business Energy Savings Plan, which is helping small businesses conserve energy, manage costs and save money—the plan is promoting the use of local energy managers who can perform assessments and help businesses develop and carry out energy efficiency and conservation.

Marketing business conservation programs ensure small business owners have access to the necessary information about government programs to help them save. It's also enhancing business conservation programs with increased rebates, more contractor engagement, training and a simplified application process to make it easier and faster for small businesses to participate, as well as working to make on-bill financing available to help with the upfront costs of energy conservation projects, as mentioned earlier, providing long-term stable funding for conservation initiatives through the 2015 through to 2020 electricity Conservation First Framework and the natural gas Demand Side Management Framework.

Chair, we've always believed that we've stood up for consumers and remain committed to putting consumers first. At this point, I'd like to take a look at the clean

energy sector and reliability. My ministry is responsible for setting the legislative and policy framework to assure a clean, reliable and affordable energy system for all Ontarians. The beauty of Ontario's energy system is that we rely on a variety of generation sources, using the right source in the right way at the right time.

The workhorse of our system has been nuclear power, which has been reliable, clean, cost-effective and a key contributor to Ontario's technology development and job creation. As global attention is continually on reducing greenhouse gas emissions in fighting climate change, we are committed to a future built on the foundation of Ontario's single largest source of emissions-free electricity, which is nuclear. As we recognize the link between economic prosperity and environmental responsibility, our government is committed to domestic energy, local jobs and investment, in one of our most export-ready clean tech industries. As our economy continues to expand and grow, and as innovations in electric cars and electrified regional public transit mean we are ever more dependent on the stability of our nuclear energy system, we are committing to a cost-effective, clean, robust power generation supply. Today, nuclear power represents more than 50% of Ontario's supply, making it the backbone of Ontario's low-emissions electricity system, and a key player in our clean energy economy.

Over the next 15 years, Ontario's nuclear fleet at both Darlington and Bruce will see a number of units reaching the end of their life cycle and in need of refurbishment. Ontario's nuclear fleet is our largest source of reliable, affordable, around-the-clock power. Keeping all of this in mind, in Ontario's 2013 long-term energy plan, we committed to refurbishing 10 nuclear units at the Darlington and Bruce generating stations. These nuclear refurbishments will continue to boost economic activity across Ontario, create jobs, ensure savings for ratepayers and secure a clean supply of reliable electricity. I think we need to have this conversation by starting at looking at Darlington.

In January of this year, we announced we would be moving forward with the nuclear refurbishment at Darlington generating station, securing 3,500 megawatts of affordable, reliable and emission-free power. The refurbishments will ensure that nuclear continues to be Ontario's single largest source of power, and will contribute \$15 billion to Ontario's gross domestic product throughout the project.

Further, the project is expected to increase employment by an average of 8,800 jobs per year between 2010 and 2026, peaking at an average of about 11,800 jobs per year between 2014 and 2023.

The Darlington refurbishment project is guided by the principles set out in our 2013 long-term energy plan and will be subject to strict oversight to ensure safety, reliable supply and value for our ratepayers. Ontario Power Generation has implemented a robust risk management strategy to ensure that contractors are held accountable and appropriate off-ramps are in place to protect ratepayers against poor performance. They're on track to

start refurbishments of the first unit at Darlington this month.

Actually, that happened this past Friday in Clarington. I had the honour of being there in the simulator—not in the real thing but the simulator. I'll emphasize the simulator. I got to push the button to shut down the nuclear reactor, which was still kind of anxious for me because you don't want to push a wrong button and then have to be called Homer Thibeault for the rest of your life.

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Ms. Daiene Vernile: Just like Homer Simpson.

Hon. Glenn Thibeault: Yes. But in all seriousness, the budget for this project is about \$12.8 billion, about \$1.2 billion less—I think that's important to emphasize—than originally projected by OPG. All four units are scheduled for completion by 2026.

The Darlington refurbishment project has strong community support, has undergone a comprehensive federal environmental assessment and will create employment opportunities, in addition to supporting Ontario's nuclear industry, right across our great province.

The province has also approved OPG's plan to pursue continued operation of the Pickering generating station beyond 2020 and up to 2024, which would protect 4,500 jobs across the Durham region, avoid eight million tonnes of greenhouse gas emissions and save Ontario electricity consumers up to \$600 million. By refurbishing the Darlington nuclear units, this means that we will help ensure that emissions-free nuclear will be part of our clean supply mix for decades to come.

Now let's look specifically at Bruce Power. In December 2015, Ontario updated its contract with Bruce Power and is proceeding with the refurbishment of six nuclear units at the Tiverton base nuclear generating station. This agreement will make 23,000 jobs possible and will support an estimated \$6.3 billion in annual local economic development.

Our updated agreement with Bruce Power secures 6,300 megawatts of emissions-free, low-cost electricity supply and supports Ontario's nuclear supply chain by creating jobs in communities right across the province. Further, the amended agreement will provide a long-term contract for the whole Bruce facility, with the refurbishment of the next first unit beginning in 2020.

In negotiations with Bruce Power, we were able to optimize the nuclear refurbishment schedule to maximize the life of existing units before they are shut down for reconstruction. As part of this revised timeline, refurbishment at Bruce will now be pushed back from 2016 until 2020.

I'd also like to touch on the smart grid and how emerging energy technologies influence the sector's economy. For those of you in the room who aren't familiar with what the smart grid is, it's a modern electricity system that's composed of intelligent electricity infrastructure, which uses advanced communications and control technology to improve the flexibility, security, reliability and efficiency of the electricity system.

A smarter electricity grid means system-wide benefits, including increased conservation, fewer service disruptions, lower greenhouse gas emissions, less wasted energy, lower operating costs and more job growth. The smart grid enables consumers with tools to help manage their electricity usage to find new ways to conserve and to support the integration of new beneficial technologies into their homes and businesses, such as electric vehicles and energy storage. The smart grid is driving research and development, innovation, investments and efficiencies in our energy sector. The bottom line is, the smart grid will help consumers' conservation efforts, will manage energy costs and integrate new, beneficial technologies, like electric vehicles and storage.

Ontario has deployed smart grid infrastructure that enables cutting-edge new technologies to manage our energy use, which helps drive the development of new, high-skilled jobs in the smart grid and clean tech sectors. Ontario is now directly supporting 26 projects through the Smart Grid Fund. The Smart Grid Fund supports projects that test smart grid technologies in a real-world environment and bring to market the next generation of energy grid solutions.

By leveraging private sector investment by well over three to one, Ontario's funding of the smart grid is leading to new solutions that will increase reliability, flexibility and responsiveness to meet the demands of tomorrow. We know this is important, and it's an important role for our government to play. We're always looking for new avenues to encourage different sectors to work together towards a stronger economy. Building a smarter grid and supporting innovation is part of the government's plan to build Ontario up.

What's my time at?

The Chair (Ms. Cheri DiNovo): It's 15 minutes you've got left.

Hon. Glenn Thibeault: Fifteen minutes.

I want to share with this committee where we have made and will continue to make strides in improving efficiencies within the electricity system. Let's start with the broadening of the ownership of Hydro One.

Chair, this has allowed us to make tremendous strides in improving efficiencies and maximizing our returns with the electricity system. To give this committee some background, in April 2014, the province asked the Premier's Advisory Council on Government Assets to review options for maximizing the value of government assets, including Hydro One, OPG and the LCBO. Following recommendations from the council, the province moved forward with broadening the ownership of Hydro One, to create lasting public benefits and on-going public protections.

The Hydro One IPO was completed in November 2015, and the IPO raised approximately \$1.83 billion in gross proceeds and about \$116 million from related share sales. We've moved forward with regulations under the Trillium Trust Act, 2014, to prescribe the net revenue gains from the Hydro One IPO as well as the non-cash fiscal benefits from the deferred tax benefit recorded by Hydro One. These regulations ensure the fiscal benefits

associated with broadening Hydro One's ownership are credited to the trust for infrastructure investments.

On August 30, we announced that \$3.2 billion from the sale of Hydro One shares in 2015 has been dedicated to the trust.

On May 2, we announced the completion of the second phase, raising an additional \$1.97 billion in gross proceeds from a secondary offering of more than 83 million common shares of Hydro One. Approximately 53% of offered common shares were sold to retail investors, helping to ensure the broadened ownership of Hydro One. With this transaction, we remain on track to generate approximately \$9 billion in gross proceeds and other revenue benefits. This includes \$4 billion in net revenue gains that will be invested in infrastructure and \$5 billion to reduce debt.

In addition to the benefits from the share offerings, we've already received an estimated upfront gain of approximately \$2 billion from the deferred tax asset benefit as well as a special payment of \$1 billion in 2015. This special payment is broken down as an \$800-million dividend and \$200 million in additional payments in lieu of taxes.

After the secondary offering, Ontario continues to hold approximately 70% of Hydro One and will proceed with future offerings in a careful, staged and prudent manner over time, reducing the province's stake to 40% while remaining the single largest shareholder. Net revenue gains from the sale of Hydro One common shares will be dedicated to the Trillium Trust to help fund infrastructure projects that will create jobs and strengthen the economy. These net revenue gains will help fund priority projects such as GO Transit regional express rail, light rail transit projects in communities across Ontario through the Moving Ontario Forward initiative, and natural gas network expansion in rural and northern communities.

Another example of where we're making strides in improving efficiencies within the electricity system is through the local distribution companies' consolidation, in particular the planned merger of PowerStream Inc., Enersource Hydro Mississauga Inc., and Horizon Utilities Corp., and the purchase of Hydro One Brampton from the government to form one utility.

We are always looking at ways to help minimize price impacts on Ontario families and businesses. This includes the possibility of finding efficiencies through restructuring and consolidation of electrical utilities. Our government has been clear that we will not be forcing the consolidation of local distribution companies but will work to create incentives for voluntary consolidation. To that end, I'm often asked how we're encouraging voluntary consolidation. The answer is simply the benefits that it offers.

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As announced in the 2015 Ontario budget, the province is providing time-limited relief on taxes pertaining to transfers of electricity assets for all municipal electricity utilities, including transfers to the private sector.

Interruption.

Hon. Glenn Thibeault: Every time I hear bells, I feel like Pavlov's dog, right? I start to salivate and want to get to a chamber. We're all good?

The Chair (Ms. Cheri DiNovo): It's just a quorum call.

Mr. Arthur Potts: To the chamber, or to get a big steak.

Hon. Glenn Thibeault: Yes, one or the other.

Mr. John Yakabuski: Somebody just said Glenn Thibeault resigned. You'd better go in there and correct the record.

Hon. Glenn Thibeault: Yes. Thank you, Chair.

So this includes reducing the transfer tax rate from 33% to 22%, exempting MEUs with fewer than 30,000 customers from the transfer tax, and exempting capital gains arising under the PILs deemed disposition rules. Again, what I'm relating to is the voluntary consolidation of our LDCs. These measures will be for the period beginning January 1, 2016, and ending December 31, 2018.

Together, the merger of these three utilities with Hydro One Brampton will create the second-largest electricity distributor in Ontario. This represents a major step forward in promoting local distribution company consolidation in Ontario. Again, as mentioned earlier, all net revenue gains from the sale will go into the Trillium Trust, which in turn will be used to fund infrastructure projects that will create jobs and strengthen the economy. The merged entity is expected to deliver efficiencies and economies of scale while continuing to provide safe, reliable and affordable electricity.

From Conservation First to helping consumers, businesses and industries save money to nuclear refurbishment, our small but mighty ministry is at the forefront of projects that matter to most people. I know our top priority will always be ensuring that Ontario's electricity needs are met in a sustainable manner.

I know, Chair, that part of the piece that is important for me to talk to in relation to these pieces relates to some of the programs that we have put in place. These programs do a couple of things. They allow us to invest in infrastructure, and I think that the investment that we've made as a government over the last 10 years is critical to ensure that we have a safe, clean and reliable system. If we go back to those 10 years, we were really faced with an aging infrastructure that we had to rebuild, and so we eliminated coal. That's like eliminating seven million cars off of our roads.

Toronto's Vital Signs Report came out a few weeks ago—it might even be a little longer than that. They talk specifically about the investments that—not specifically about our investments, but the number of reductions in deaths relating to air pollution. So, from 2003 to 2014-15, the numbers went down by 23% and 41%. That's significant. I know my colleague MPP Potts used to work with Pollution Probe and talked about the importance of that, and that's something I think we should all be proud of. That's important for us to ensure that we don't have to have smog days anymore, because we've taken

significant action to reduce emissions from our electricity sector through the elimination of coal-fired electricity generation and associated investments in emissions-free generation.

In April 2014, as I said, we became the first jurisdiction in North America to fully eliminate coal-fired generation from our energy supply. I think, as I said, that this is something we should all be proud of. Ontarians, I know, are proud of it. It's a tremendous accomplishment, so we're very proud to recognize that we also brought forward legislation to make it illegal for any further government to burn coal.

Am I getting close to my—

The Chair (Ms. Cheri DiNovo): You have about five minutes.

Hon. Glenn Thibeault: Five minutes left?

The Chair (Ms. Cheri DiNovo): Yes.

Hon. Glenn Thibeault: With five minutes left, I'll skip through some of these things. I know we've talked a little bit about our priorities and we do have our new long-term energy plan coming forward, but a lot of the priorities that we've talked about and that I've spoken to in the half-hour that I have relate to the 2013 long-term energy plan. From the long-term energy plan, from the industrial conservation initiative that I talked to at the beginning of my speech, nuclear refurbishment—continuing to support and encourage indigenous community participation in energy projects is key.

One of the very first documents that I signed as the Minister of Energy was designating Watay Power to connect 16 of the 21 First Nations in northwestern Ontario. Now, there are many processes that still need to follow, but for those First Nations in that part of our province, this is giving them some hope. It's a significant investment. I believe costs are looking like about \$1.3 billion, once environmental assessments are done. I know the OEB is in their process right now, but that is something that we are all very proud of.

Also, I think this is a good opportunity for me to talk about some of the progress that we've been making when it comes to some of those accomplishments.

With Watay Power, that's over 10,000 people living in remote First Nations communities in northwestern Ontario with a reliable, clean supply of electricity. That's what they need. The construction, we hope, will get under way, and it's expected to get under way, in 2018 and will be completed by 2024.

The Green Investment Fund is another important accomplishment. As a down payment to Ontario's climate change action plan, we're investing \$100 million to help homeowners upgrade their homes, reduce their energy bills and cut greenhouse gas emissions, through the Green Investment Fund.

I know we're working with the two gas distribution companies in the province of Ontario—we're in partnership with them—Enbridge and Union Gas. Their program will help about 37,000 homeowners across the province to conduct audits, to identify energy-saving opportunities and complete those retrofits, like replacing furnaces and water heaters and upgrading insulation.

Looking at a few other things in relation to our 2013 long-term energy plan, or what we call the LTEP, it was designed to balance five principles that guide all of our decisions: cost-effectiveness, reliability, clean energy, community engagement and putting conservation first. For the past two-plus years, we've been rolling out a variety of initiatives under the plan that have been guiding our efforts to meet those guiding principles.

It's important for us to talk about conservation. It's the cleanest and most cost-effective energy resource we have, and it provides multiple benefits to Ontarians. It offers families and businesses a way to save money on their energy bills. They can improve their home comfort, and it improves their quality of life. But one of the important things to recognize is that it reduces strain on our electricity system and the need to build further expensive energy infrastructure, which does have a mitigating upward pressure on all of our energy prices. It also reduces our greenhouse gas emissions and our air pollution, contributing to a cleaner future.

Overall, the more we save with our conservation programs, the less we need to do to look for new supply.

It means bringing that type of mindset, that type of framework, to work with our agencies—we work with our local distributors on that—and with our ministries that we partner with. We partner with many, many ministries.

It means that we need to build a culture of conservation in Ontario. I know the ministry has been doing a great job on that, and we will continue to work with all of our stakeholders and the province to ensure that we do just that.

I know we're going to have further discussion on this, but as we plan our energy needs for the next 20 years, conservation will be the first resource we consider before building new generation and new transmission and distribution infrastructure, wherever that is cost-effective.

When you consider the potential for large-scale electrification, then making the most of our existing resources and achieving maximum efficiency becomes doubly important. So our ministry is providing leadership in implementing Conservation First by setting energy conservation policy and establishing energy-efficient standards.

We've been regulating the energy-efficiency products and appliances that we have here in the province for over 25 years, and we've set efficiency standards for over 80 products and appliances using electricity, natural gas, oil and propane, and found in all sectors—that's in residential, that's in the commercial sector or the industrial sector. I think, for quite a few years now, we've updated about 60 products with new or updated efficiency standards. We're doing that in conjunction—

The Chair (Ms. Cheri DiNovo): I'm afraid, Minister, you are out of time now. Thank you.

We now move to the official—

Mr. Bob Delaney: Chair?

The Chair (Ms. Cheri DiNovo): Yes?

Mr. Bob Delaney: Before we go on, can we consider this to be our once-per-session brief break, please?

The Chair (Ms. Cheri DiNovo): Is that the will of the committee? A five-minute break? Yes? Okay. We will recess for five minutes.

The committee recessed from 1650 to 1657.

The Chair (Ms. Cheri DiNovo): Welcome back, everyone. Now we move to Mr. Yakabuski for 20 minutes.

Mr. John Yakabuski: Oh, they're not using their time?

The Chair (Ms. Cheri DiNovo): It's your time.

Mr. John Yakabuski: Well, I've got to check the score before—

Mr. Todd Smith: It's 2-0 Cleveland.

Mr. John Yakabuski: It's still 2-0 Cleveland. That's all you've been doing, Smith. It's about time you showed up. Get to work here.

Mr. Todd Smith: Exactly.

Mr. John Yakabuski: I want to talk about the OEB for a moment here. Do you have any issues with the OEB, that they have an unfunded pension liability of \$276,000 a year for the former chair and that the rate-payers are paying for the former chair's pension straight off their hydro bills?

Hon. Glenn Thibeault: I'll hand that to the deputy.

Mr. Serge Imbrogno: I would think that would be part of the contract that was signed between the OEB and the chair, so I don't have any insight into what the OEB may have negotiated with the chair.

Mr. John Yakabuski: But it's an unfunded liability.

Mr. Serge Imbrogno: I'm not a pension expert.

Mr. John Yakabuski: Well, don't ask an MPP. They wouldn't be a pension expert, that's for sure.

Mr. Serge Imbrogno: But those are contract terms between the chair and the OEB, reflected on the, as you say—but I don't have any insight into what they were negotiated—what provisions were made in that contract.

Mr. John Yakabuski: Shouldn't the OEB have enough—how do they fund other pensions within the OEB? Why would it be an unfunded liability and going right on to the rate base?

Mr. Serge Imbrogno: It may be related to previous pensions that the chair may have had and, as part of the contract negotiation, may be reflected that way. I don't have the contract. I don't know the details of what was negotiated.

Mr. John Yakabuski: Could you find that out for us?

Mr. Serge Imbrogno: We don't have access to any personal contracts. That's confidential. That's between the OEB chair and the OEB. We don't have access to that.

Mr. John Yakabuski: Well, this information was published, that it was an unfunded liability for the former chair. It couldn't have been too confidential. How would I know?

Mr. Serge Imbrogno: But the actual contract terms—we don't have the contract. We don't have access to a contract.

Mr. John Yakabuski: But you could find out about why there is an unfunded liability of \$276,000 a year, could you not?

Mr. Serge Imbrogno: I think that whatever has been disclosed to the public is what's available. That information is out there.

Mr. John Yakabuski: Okay.

Hon. Glenn Thibeault: Are you checking the score?

Mr. John Yakabuski: No, no. I'm leaving that to Smith. It's the only reason I brought him here.

Let's talk about the OEB and its May 1 decision to raise rates because of conservation. You were at a round table in Sault Ste. Marie—not a bar-hoppin' spree, but a round table. Mr. Orazietti said "(The OEB) certainly should not be justifying a rate increase based on the fact they believe there was too much conservation in the province"—you've talked about conservation and how vital it is to our future—"because that sends the wrong message. We certainly want to see consumers conserve, but we also want to see consumers rewarded for conserving."

Consumers conserved, rates went up: How is that being rewarded for conserving? Do you agree or disagree with your colleague? Should consumers be charged more for conserving, or should they be rewarded for conserving?

Hon. Glenn Thibeault: I know the deputy will come in and do an in-depth explanation as to the OEB's decision, but here's what—

Mr. John Yakabuski: I don't need an in-depth explanation. I just need to know how you feel. You're the minister.

Hon. Glenn Thibeault: And I'm very happy to answer that for you, John—sorry, MPP Yakabuski.

Mr. John Yakabuski: You can call me John.

Hon. Glenn Thibeault: I know I can call you John, but I am trying to follow the rules here.

Mr. John Yakabuski: I don't even know the rules.

Laughter.

Hon. Glenn Thibeault: I appreciate that.

Conservation is something that consumers are rewarded for. When they conserve, at the end of the day we all save, because they will save in the long run and our system saves in the long run.

Our Conservation First piece—which I know I talked about, and I'm not going to reiterate it for you. But the decision that was made by the OEB in May—I believe it was \$3 and change that was toward the bills back in May—was in relation to a different type of winter that wasn't expected and those types of things.

Maybe, Deputy, if you can talk to some of the specifics—

Mr. John Yakabuski: Well—

Hon. Glenn Thibeault: to answer your question, because I do think it's important that people have a really clear understanding on the OEB's decision and when they use that language.

Mr. Serge Imbrogno: I'll be tight with my answer, if that's what you're concerned about.

Mr. John Yakabuski: Okay.

Mr. Serge Imbrogno: As you know, there is a regulated rate plan that the OEB sets. They do it every

November and May—they reset it—but they do it on a forecast basis. The OEB hires Navigant Consulting, and they look at what they think is going to be—

Mr. John Yakabuski: More consultants.

Mr. Serge Imbrogno: Well, I think they want—

Mr. John Yakabuski: They can't figure that out themselves? That's what we appointed them for.

Mr. Serge Imbrogno: Well, I think they want to have it open and expert so that all the information is provided, all the details are provided.

But it is on a forecast basis, and over that forecast period, if they make a forecast error, they either collect too much or too little, and that's rebated back in the next period.

In this case, the forecast was wrong. They did an underestimation of what the weather patterns would be. They usually do it on a weather-normal basis. When you get the forecast wrong, you correct for it in the next period.

I see this as more of a forecast error or calculation, which you then recover in the next six-month period. If you collect too much from ratepayers, you give it back and reduce the rate going forward. If you don't collect enough, then you add it to the rates for the next six months. That process has been in place since we started with the RPP plan. That's the basis of it.

Mr. John Yakabuski: Well, it seems to me that the member for Sault Ste. Marie, Mr. Orazietti, is a bigger advocate for consumer protection and protection from rising rates when they conserve than the minister himself is. I would think that the minister should be a champion. Don't tell me what's going to be good for me in the long term. The long term—we never know how long we're going to be around. They want to know today why their rates went up as a results of conservation, and I don't think—

Hon. Glenn Thibeault: So, Chair, the question was— if they want to know about today, I'm more than happy to talk about today because the OEB came out today at 1 o'clock—

Mr. John Yakabuski: No, they want to know why the rates went up on May 1 today, I said.

Hon. Glenn Thibeault: Yes, and so today they announced the rates for the next six months. The OEB said that residential and small business electricity prices will not increase for the next price period. From now until April, we will not see a rate increase. That's good news for ratepayers right across the province. We are not going to see a rate increase because, as the deputy was talking about, the OEB, which is a quasi-judicial organization—

Mr. John Yakabuski: Quasi-judicial, okay, okay, I get it. So they did a better job of forecasting.

Hon. Glenn Thibeault: So that's great.

Mr. John Yakabuski: So the OEB, after making a huge mistake in May, have done a better job in November, which leads us to the next question. We have no idea what might happen next May. Their track record of being accurate isn't that good.

Now, on your position on conservation: Just recently, the OEB mandated a move to fixed distribution charges, which Hydro One has described characterized on their website: “Customers who use very little electricity will see an increase on their bill.” Now, your colleague says you shouldn’t be punished for conserving, yet you double down. Customers who conserve, according to Hydro One, will see an increase on their bill. So the people who are using less electricity are going to see an increase on their bill. How do you justify that? How do you square that? You’re talking about conservation, and those people who do the best job of it are going to actually see an increase on their bill, because of the change to fixed distribution rates.

Hon. Glenn Thibeault: From my understanding, those, for example, who use electricity as a way to heat their homes and conserve will actually see a small savings with this. I know the OEB is continuing to look at the fixed rate, compared to the variable rate, but there also are some important factors that relate to the difference between having a fixed rate and having a variable rate.

Some of those specifics, I believe, Deputy, you could speak to in relation to the difference between a fixed rate and a variable rate—

Mr. John Yakabuski: Yes, yes, we know.

Hon. Glenn Thibeault: —and then how that actually goes right towards the question—

Mr. John Yakabuski: Okay, okay. It is my 20 minutes; I’ll—

Hon. Glenn Thibeault: No, but the question that you asked—

Mr. John Yakabuski: I do understand the difference, so I’m okay with that.

What it sounds like to me is that people are being punished. Why are you punishing people for trying to save on their bills? This is a mandated change which is going to hurt those people who use the least amount of electricity.

Hon. Glenn Thibeault: From my understanding, for those that use electricity to heat their homes, especially for those of us in the part of the province that you and I live in, they are going to see some savings.

But, again, I think the important thing to look at is the difference between the variable and the fixed. I do think it’s important that the OEB look at that process because—you know, we may agree to disagree on conservation, but it’s the cleanest and most cost-effective energy resource we have, and it offers customers a way to reduce their bills in the long run. We talk about investments, and for every dollar invested in conservation programs, Ontarians can avoid about \$2 in system costs. That benefits us all. Reducing system costs benefits us all because then we don’t see our rates having to increase to build larger infrastructure.

Mr. John Yakabuski: I love Liberal math. It’s interesting, but I’m not sure that any of you would have passed that grade 6 test that most of our kids are failing today either because you guys just take those numbers

and pull them out of a hat. You have nothing to back up that \$2 for every dollar. You have nothing to back that up; that’s just talking points, and you know that.

Hon. Glenn Thibeault: I think the deputy can easily back this up as well, so we’re happy to back it up for you, since you asked—

Mr. John Yakabuski: Well, no, you—

Hon. Glenn Thibeault: Well, no, I think, Chair, that it would be only fair—

Mr. John Yakabuski: —because you’re just going to back it up with more rhetoric.

Hon. Glenn Thibeault: —to demonstrate our math skills. If that’s something that he’s questioning—

Mr. John Yakabuski: You’re not going to back it up with figures; you’re going to back it up with rhetoric.

Hon. Glenn Thibeault: —the deputy would be happy to do that.

Interjections.

The Chair (Ms. Cheri DiNovo): One at a time, please. One at a time.

Mr. Serge Imbrogno: I’ll just focus on the delivery charge. It was the OEB that said, “We want to work at a fair cost allocation of how you should collect the delivery charge.” Whether you’re consuming a lot or a little, the system still has to pay for you to be connected. So the OEB decided that it was fair to have a fixed charge for delivery. But I think they also recognize that for some consumers, there will be an adjustment, and they have a phase-in period of a number of years to allow people to adjust.

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It doesn’t take away the incentive to conserve. You have a fixed price, whether you conserve a little or a lot. On the commodities side, there’s still a large incentive for you to conserve.

I think it was an OEB decision to say it’s a fair allocation of those fixed costs, and you still have an incentive to conserve. We provide those programs to assist, and there’s an adjustment period as well. I think they recognize that some consumers might be worse off but they need time to adjust.

Mr. John Yakabuski: I come from an area where there are a lot of seasonal residents. They’re all being hurt. They have the power shut off for half the year, or they use very little. It’s not shut off, but they use almost nothing, and they pay. They’re paying more as a result of that. So it’s use less, pay more.

The Premier brags about time-of-use in question period. Time-of-use is not working for people either. I know you guys like to think that it is, but I get more people complaining about it every day—particularly if you’re a small business and you’re on time-of-use, and you’re like a ma-and-pa restaurant business which essentially caters to the lunch crowd in rural Ontario. People don’t go out for supper as much in rural Ontario or, you might say, dinner. They’re home for dinner, but they go out for lunch. But if you’re a time-of-use customer in rural Ontario running a restaurant business,

you're getting hammered, completely hammered, by time-of-use rates. They try to reduce, and they pay more.

Now I want to talk about the industrial rate increases.

The Chair (Ms. Cheri DiNovo): Mr. Yakabuski, you have just over five minutes.

Mr. John Yakabuski: Five minutes? Oh, by the way, it's 3-0, Cleveland. Coco Crisp hit a home run. Is that right, Mr. Smith?

Mr. Todd Smith: That's correct, yes. You are correct.

Mr. John Yakabuski: I want to talk about the rural rate. When you announced the rebate programs, it was said, "Whether in Kenora, Sudbury, Belleville, London or Barrie, your government has listened to and has heard your concerns." Of course, that was the Lieutenant Governor, on behalf of the Premier. "It recognizes that the cost of electricity is now stretching family budgets."

The government wanted to reintroduce the HST rebate and a rural rebate, to solve the problem. Are any of Kenora, Sudbury, Belleville, London or Barrie eligible for the rural rebate?

Hon. Glenn Thibeault: I can speak to my community of Sudbury. It's not considered rural, so they would get the 8% rebate.

When we're talking about making sure that families get rebates, we're making sure that they get it right across the province. Families in Kenora, in Sudbury are getting the 8% rebate, which is good for many families.

Mr. John Yakabuski: Okay. I didn't think it was. But in this House on October 5, you said the purpose of the 20% reduction is to make sure that those who live in rural, remote or northern communities get that benefit.

I live in Barry's Bay—1,100 people. Am I rural?

Hon. Glenn Thibeault: You would have to check with your LDC on what your terminology is.

Right now, we've always said that there are 330,000 families right across this province that will be getting the RRRP. Specifically in Sudbury—

Mr. John Yakabuski: I know I'm not rural on that basis. I was asking, and I'm answering my own question, I know. I'm not rural. But the way it was portrayed in the throne speech was that all of these rural people—everybody in my riding considers themselves from rural Ontario. They don't consider themselves from urban Ontario. They don't consider themselves from the GTA or anything else. They all consider themselves from rural Ontario, whether they live in a small community or not. My colleague Laurie Scott, who lives in Kinmount, which has about 300 people in it, doesn't qualify either.

I think it needs to be clarified, the definition of "rural." And 330,000 out of 13 million, or 13-point-some million, in Ontario is not very many. Is it 330,000 homes or—

Hon. Glenn Thibeault: It's 330,000 homes or families.

Mr. John Yakabuski: Homes or families. But it's a pretty small percentage of the people of the province of Ontario, or the families or homes of the province of Ontario. So I think it was quite misleading, the way it was portrayed, or sold, to the people of Ontario.

Mr. Serge Imbrogno: Maybe I can just clarify. I think what we've said is the RRRP was intended to help households that have the highest delivery cost, and those are related to the density. The lowest-density customers across Ontario have some of the highest delivery charges, so this was a targeted program to enhance what's already out there, to support low-density customers.

Mr. John Yakabuski: Okay. I've got a couple more quick ones there.

Hon. Glenn Thibeault: But it started in 2002 and was only \$33 at that point. Now we're moving it up.

Mr. John Yakabuski: Now, Global News is reporting that they have documents showing you're considering taking this rural and remote subsidy a step further and charging everyone more to make the delivery charges somewhat equal between urban and rural customers. Can you confirm that your ministry is looking at all options, including equalling out those changes?

Hon. Glenn Thibeault: I think you asked a question earlier relating to the OEB. The OEB is looking at a fixed rate, versus a variable rate. I've said all along that part of my mandate in my mandate letter given to me by the Premier is to look at all options of trying to find ways that we can help ratepayers right across the province, specifically those that are R2 customers, that have that designation to pay higher fees.

Mr. John Yakabuski: Before the by-election in Scarborough—

The Chair (Ms. Cheri DiNovo): You have one minute, Mr. Yakabuski.

Mr. John Yakabuski: —when asked if Ontario would consider a system like Quebec's, where it's across-the-board charges for distribution and where people in the city subsidize those in more remote areas so everyone pays the same rate, you said that's not on the table. So is it your decision, or is it the OEB's?

Hon. Glenn Thibeault: No, I would double-check that. What I said was we already have a system that's very similar and socialized because we already had the RRRP in place. As I said to you in the last question, it's been around since 2002. Long before the by-election, this was being looked at and worked upon. I got sworn in on June 13 and we started to have briefings that day, I believe, Deputy, and many of those were talking about learning the system and, once I got a little bit of a handle on the file, looking at ways that we can—

Mr. John Yakabuski: So you're saying—

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. Yakabuski, your time is up.

We now move to the third party. Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Minister, I want to go to the sale of Hydro One and the sale of shares to First Nations. Last July, the government announced it would sell 15 million shares of Hydro One through an investment vehicle owned collectively by First Nations in Ontario. The government will loan this investment vehicle \$268 million to purchase the shares. Why is the government loaning more than a quarter-billion dollars to

finance the sale of Hydro One? I thought you were selling it to raise money.

Hon. Glenn Thibeault: In relation to the specifics, I think the deputy would be best to speak to some of that.

Mr. Serge Imbrogno: Sure. The government decided, based on working with indigenous communities, that they wanted them to be part of the broadening of ownership of Hydro One. The provision of a loan allows them to participate. The loan has an interest rate that's favourable, but it does recover the loan and an interest provision on that. So that is payable over the 25-year term of the loan. I think it is a broader policy desire to have the First Nations and Métis participate in the broadening of ownership, and the loan allowed that to be facilitated.

Mr. Peter Tabuns: The plan requires that at least 80% of all Ontario First Nations sign on by the end of 2017. What happens if the 80% threshold isn't met?

The Chair (Ms. Cheri DiNovo): Deputy, if you could speak a little louder or closer to the microphone. Thank you.

Mr. Serge Imbrogno: Yes. Our intent is to have 100% of all the First Nations participate in the vehicle.

Mr. Peter Tabuns: What if you don't meet the threshold of 80%? What's your plan then?

Mr. Serge Imbrogno: Well, if you're above the 80%, there are certain reductions and payments that result. But it is based on meeting the 80% threshold, so—

Mr. Peter Tabuns: And if you don't meet the 80% threshold?

Mr. Serge Imbrogno: Well, then the shares wouldn't be provided. It is a requirement to meet the 80% threshold.

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Mr. Peter Tabuns: Okay. There was an agreement in principle that was announced in July. Can you provide us with a copy of that agreement in principle?

Mr. Serge Imbrogno: The agreement in principle would be between the government and the CCOE that negotiate on behalf of the First Nation. That is still being negotiated in terms of going from agreement in principle to a contract, so that is still confidential. We've agreed, both parties, to keep it confidential.

Mr. Peter Tabuns: Do First Nations need to waive any rights in order to sign on to this arrangement?

Mr. Serge Imbrogno: The negotiation was based on providing opportunity to participate in the broadening of the ownership of Hydro One. It wasn't linked to relinquishing any previous rights, land claims or grievances. In fact, the minister heads three tables that are specifically looking at how we can implement the political accord. One of them was the broadening of the ownership of Hydro One. There's an energy table, as well, and a grievance table, so we've set up a process to deal with past grievances and past land claims through other processes. This doesn't remove that obligation on the province.

Hon. Glenn Thibeault: And that was part of the importance of the political accord that was signed

previously, to ensure that we have those tables in place, to ensure that past grievances can be addressed, because those were important for many First Nations, as we move forward.

I think the importance of the July agreement was to really demonstrate the goodwill envisioned by that political accord that I mentioned. We really do want to promote stronger economic relations and goodwill with our First Nations, and I've been working with the ORC, Chief Day, quite a bit on this.

Mr. Peter Tabuns: The government failed in its duty to consult First Nations when it sold Hydro One. Will the signatories be required to declare that this duty has now been fulfilled?

Mr. Serge Imbrogno: I wouldn't agree with the assessment that we failed to consult.

Mr. Peter Tabuns: You may disagree with me, but will the signatories be required to declare that this duty has been fulfilled?

Mr. Serge Imbrogno: I think there is a requirement that if the First Nation signs on, they would agree to move forward with whatever is specified in the agreement. I don't want to say that there's anything related to duty to consult in that. We've tried to separate it. It's more of a commercial broadening of ownership, and like I've said, we tried to separate it from any past grievance issues.

Mr. Peter Tabuns: Will signatories be required to give their consent to the privatization of Hydro One assets located on their land?

Mr. Serge Imbrogno: There are existing rights of way that are between the First Nations and Hydro One, and those would continue. If they have issues with Hydro One, they could pursue those. There's nothing in the agreements that would remove that obligation for Hydro One to deal with the First Nations and reserve land.

Hon. Glenn Thibeault: And that relates back to the grievance tables, as well. So those grievance tables are there. If there were issues relating to Hydro One and there was a previous past grievance, then that opportunity is still present and still an opportunity for those First Nations.

Mr. Serge Imbrogno: I'd just add on the grievance table, I think the intent is that instead of going to the courts, we have an opportunity for the First Nations to meet face to face with the minister, and there are economic ways that we can resolve these issues rather than going to the courts, which takes up a lot of time and cost and might not be resolved for generations. I think this is a process that we both agreed to that we think would have a better outcome going forward.

Mr. Peter Tabuns: So that I can understand this process more clearly: You're saying that in one area there is an agreement that is being signed on a commercial basis, and in a separate space or area there are tables that have been set up to consider a number of outstanding questions. Do I understand that correctly?

Mr. Serge Imbrogno: That's correct.

Mr. Peter Tabuns: Okay.

Mr. Serge Imbrogno: I think the innovation there is: Can we do that without going to the courts? Can we find a discussion as to a solution?

Mr. Peter Tabuns: Can you name the different tables that have been set up and the issues that they are considering?

Mr. Serge Imbrogno: There's the energy table, where we discuss energy policy issues. There's the Hydro One table. Then there's a grievance table. The grievance table is more identifying what are, from the First Nations' perspective, grievances that have not been rectified yet.

Mr. Peter Tabuns: Will signatories be required to grant access rights to Hydro One to transmission assets located on First Nations land?

Mr. Serge Imbrogno: No. There's nothing that links that commercial arrangement to anything related to Hydro One and access to lands.

Mr. Peter Tabuns: Is the agreement tied to any other First Nation programs, such as the \$3-million electrification readiness program to connect 21 diesel-dependent First Nation communities to the grid?

Mr. Serge Imbrogno: No, there's no linkage to that.

Mr. Peter Tabuns: Does this arrangement replace or supersede any existing or planned programs for First Nations?

Mr. Serge Imbrogno: No. This would all be incremental to whatever existing programs are or whatever new programs the government was considering.

Mr. Peter Tabuns: The announcement that came out referred to both an investment vehicle for the Hydro One shares and an investment fund. Are these the same thing?

Mr. Serge Imbrogno: It really will be up to the First Nations how they want to set up this investment vehicle and what it will invest in and how that is structured. So those are part of the discussions with the First Nations, how they want to—

Mr. Peter Tabuns: Sorry, but to be clear, are the investment vehicle and the investment fund the same thing?

Mr. Serge Imbrogno: I think you have to have that investment vehicle initially and then it can set up an investment fund and how—

Mr. Peter Tabuns: So they're two separate things, two separate entities.

Mr. Serge Imbrogno: That's correct, but part of the same discussion with the First Nations.

Mr. Peter Tabuns: I understand they can be part of the same discussion, but one is not interchangeable with the other.

Mr. Serge Imbrogno: No. I think you would set up an investment vehicle and then create an investment fund.

Mr. Peter Tabuns: Will the \$45 million in seed money for the investment fund still flow if the 80% threshold is not met?

Mr. Serge Imbrogno: No. That is part of meeting the 80% threshold.

Mr. Peter Tabuns: Where is that \$45 million coming from?

Mr. Serge Imbrogno: That would be coming from the Consolidated Revenue Fund.

Mr. Peter Tabuns: From the Consolidated Revenue Fund. Out of any particular ministry's budget?

Mr. Serge Imbrogno: It will be reflected, going forward, in the Ministry of Energy's budget. It's not reflected now because—

Mr. Peter Tabuns: It's not reflected in this estimates briefing book?

Mr. Serge Imbrogno: No, because that needs to be updated for when we go forward. That's 2015-16, and when we go forward, there will be new estimates.

Mr. Peter Tabuns: Okay. So should it go forward, it will show up in the Ministry of Energy estimates and spending in the future?

Mr. Serge Imbrogno: That's correct.

Mr. Peter Tabuns: All right. What happens for a First Nation that does not sign on if the threshold is met?

Mr. Serge Imbrogno: Initially, they wouldn't be part of the investment vehicle and investment fund. They would have time to sign up later. I think there are arrangements in place that will allow them to come on board at a later date.

Mr. Peter Tabuns: How much longer do they have?

Mr. Serge Imbrogno: I don't recall the exact terms of how long they have.

Mr. Peter Tabuns: Can you provide—

Hon. Glenn Thibeault: Sorry. Just for clarification, how long—

Mr. Peter Tabuns: Well, if they don't sign up initially, if I understand the deputy minister correctly, he's saying they can sign up at a later date. What's the size of that window? Is it two years? Five years?

Mr. Serge Imbrogno: I'd have to check whether that's in the public domain.

Mr. Peter Tabuns: Could you check and report back?

Mr. Serge Imbrogno: Whether it's in the public domain, I will check.

Mr. Peter Tabuns: If that's duly noted, great.

Are the First Nations that don't sign up entitled to revenue generated from the investment vehicle or the investment fund?

Mr. Serge Imbrogno: No, it would be part of signing up to being part of that investment vehicle that you would participate in the benefits.

Mr. Peter Tabuns: Okay.

Many Hydro One transmission wires run across First Nations land. Transfer of ownership of these wires requires consent of the First Nations, which apparently was not sought by the government or given by the First Nations when the IPO was announced. Has this consent been given yet?

Mr. Serge Imbrogno: Like I said, the—

The Chair (Ms. Cheri DiNovo): Deputy Minister, you have a very soft voice. Could you move the microphone towards you? Thank you.

Mr. Serge Imbrogno: I'm trying not to yell.

Mr. Peter Tabuns: Well, if it would make for a clearer record, raise your voice.

Mr. John Yakabuski: I understand the soft voice part.

Mr. Serge Imbrogno: The consents between Hydro One and the First Nation communities are part of the agreements between those two, and it doesn't relate to what we're talking about.

Mr. Peter Tabuns: So does Hydro One now have full access rights to all of its wires on First Nations land?

Mr. Serge Imbrogno: There are probably some areas where people agree and disagree. I don't want to get into all the grievances that may emerge. I think that's what we've asked the First Nations to do is—part of what we found is there are historic grievances that the First Nations have that haven't been surfaced, and we're trying to collect those. So I don't want to say one way or the other whether there are or are not outstanding grievances.

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Mr. Peter Tabuns: Set aside grievances. Does Hydro One now have full access rights to all of its wires on First Nations lands?

Mr. Serge Imbrogno: I believe Hydro One believes it has access to those transmission assets on First Nations lands.

Mr. Peter Tabuns: That's the belief of Hydro One?

Mr. Serge Imbrogno: That's correct. I don't want to say what First Nations communities agree or disagree with that.

Mr. Peter Tabuns: What happens if Hydro One can't get access rights from First Nations?

Mr. Serge Imbrogno: I don't want to speculate on that.

Mr. Peter Tabuns: And you won't speculate on who will pay if Hydro One needs to replace the infrastructure?

Mr. Serge Imbrogno: It's very speculative. I think what we're trying to set up is, as we said, an energy table and a grievance table where we can work these things out and not refer to courts and so on.

Hon. Glenn Thibeault: An important piece, MPP Tabuns, is that we're really trying to establish, as that political accord outlined, strong partnerships with our First Nations, and if there are any grievances, that we have those tables that they can bring those grievances forward to and sit down and have those conversations to have them addressed.

Mr. Peter Tabuns: The Ontario Clean Energy Benefit Act required a separate regulation in order to extend that rebate to customers of remote unlicensed distributors on First Nations. Some of the prescribed distributors did not participate in the Ontario Clean Energy Benefit. Can you tell us which ones and why not?

Hon. Glenn Thibeault: I would like the deputy to.

Mr. Serge Imbrogno: There are certain First Nation communities that are linked directly with the federal government—IPAs, independent power authorities. We've reached out—and in the past, we've reached out—to the IPAs to provide them with a different way of getting the Ontario Clean Energy Benefit at the time.

Some of them decided to engage with us and we provided that benefit. Others decided not to engage with us.

We're doing the same thing with the 8% rebate, where we're reaching out to all of the IPAs and giving them an opportunity to participate. It will be a different mechanism, where we provide the funding, but it will be up to each individual IPA to decide whether they want to participate or not.

Mr. Peter Tabuns: Can you tell us which IPAs did not participate with the Ontario Clean Energy Benefit?

Mr. Serge Imbrogno: Not off the top of my head. I just want to make sure I'm not providing information that they may find that they don't want to share on whether they participated or not. So I'm a little reluctant to start naming communities.

Mr. Peter Tabuns: Well, then, will you check to ensure that no one is offended? And if no one is offended, will you provide us with that information?

Mr. Serge Imbrogno: I think I'd be more comfortable telling you how many of those communities participated.

Mr. Peter Tabuns: So, how many?

The Chair (Ms. Cheri DiNovo): Mr. Tabuns, you have about five minutes left.

Mr. Peter Tabuns: Thank you. So how many?

Mr. Serge Imbrogno: How many of the IPAs? I think there are 14 IPAs, and I can tell you how many participated in the OCEB.

Mr. Peter Tabuns: How many?

Mr. Serge Imbrogno: I don't know, off the top of my head. I'll get back to you on the number.

Mr. Peter Tabuns: Okay. You were saying that you'd like to make the 8% rebate available to customers of remote unlicensed distributors on First Nations territory. Do you have a sense of when that will be taking place?

Mr. Serge Imbrogno: I think we're reaching out now. I think we're actively reaching out to all of the First Nation communities. We are about to engage in our LTEP consultation process, which has a separate stream for engagement with the First Nation communities, and that will be part of the discussions that we have. So it's an active reach-out.

Mr. Peter Tabuns: If you're not able to come to a resolution in a speedy way, will payment be retroactive to January 1, 2017?

Mr. Serge Imbrogno: If there's an issue—this would apply across the board. If, for example, there's a small LDC that may have a delay in implementing, it would be retroactive to January 1, 2017.

Hon. Glenn Thibeault: That was part of the process of getting the bill through the House as quickly as possible, because there are 72 LDCs, and we're talking about the First Nations who need to implement the software programming to be able to get those rebates out as quickly as possible.

Mr. Peter Tabuns: On another matter, then, why is the money from the cap-and-trade program being used to reduce hydro rates?

Mr. Serge Imbrogno: There is a process in place for getting money from the cap-and-trade proceeds into whatever initiative. There is a requirement to show that there is a reduction in GHGs from that initiative. As we go forward, working with MOECC, we'll provide the information that would show the reduction in GHGs related to any initiative, including any money that goes back through to industrials or commercial companies.

Mr. Peter Tabuns: Can you expand on that for a moment? What money is going through to industrial and commercial operations from cap-and-trade?

Mr. Serge Imbrogno: In the budget, the government announced that up to \$1.3 billion over the first compliance period would go back to support residential, commercial and industrial. Given that we're already doing the 8% rebate on the residential, we'll just follow through with the commitment to the commercial and industrial sectors.

Mr. Peter Tabuns: What are your targeted GHG reductions from those sectors?

Mr. Serge Imbrogno: That would be part of the work we're doing now, to structure that, to provide the support to say that if we move forward with this initiative it will have a GHG reduction. That's work that's under way right now within the ministry.

Mr. Peter Tabuns: What is the intention? Is the intention to provide them with funds that will reduce their use of fossil fuels with their operations or reduce the use of power generated by gas-fired plants?

Mr. Serge Imbrogno: I think we have a couple of options for how to structure it. That would be one way of doing it, to provide an incentive to use less during peak and more during off-peak. There are different things that we're looking at to try to incent a lower GHG profile.

Mr. Peter Tabuns: Have you set out any position papers, any proposals on how one would reduce GHGs using this cap-and-trade money with the electricity system?

Mr. Serge Imbrogno: That will be part of the process that we'll follow going forward. I think the Minister of the Environment and Climate Change will then make public the review of any initiative and the rationale for that. I think that's part of the process that's already been in place for accessing monies through the cap-and-trade.

Mr. Peter Tabuns: So at this point, it's all very preliminary. You don't have any program in place.

Mr. Serge Imbrogno: No, at this point it's the ministry working with MOECC and other ministries to develop a program, and then it will go through for approvals, and then the Minister of the Environment will publish reports on not just our initiative, but all the initiatives that get funding from cap-and-trade.

Mr. Peter Tabuns: Will any of the money from the cap-and-trade program be used for the refurbishment of nuclear reactors?

Mr. Serge Imbrogno: We're not working on any initiative that would link cap-and-trade to any of the refurbishments that are under way.

The Chair (Ms. Cheri DiNovo): I'm afraid, Mr. Tabuns, your time is up.

We now move to the government side. Mr. Potts.

Mr. Arthur Potts: Thank you, Chair DiNovo, and thank you to Minister Thibeault and Deputy Minister Imbrogno for being here today to have a chance to go through this. Let me start—I want to talk about our position in Ontario with respect to the Canadian Energy Strategy. We'll get down to that.

At the outset, though, I want to reflect on how proud I am as a member of our government to be in the midst of this transformation in electricity, electricity rates and electricity provision in Ontario, particularly as we move forward into a cap-and-trade regime. With the appointment of our new minister and a whole new fresh set of eyes on opportunities in generating and in transmitting electricity in this province, I know we're taking a position whereby we will be delivering much more affordable electricity in Ontario more efficiently, and ultimately much cleaner electricity. That's extraordinarily important as we move forward, particularly in a cap-and-trade world.

I came to my interest in the Canadian strategy quite early in my professional career. It was when I was about 15 or 16. I told the story before in other committees, but my—

Ms. Daiene Vernile: Tell it again.

Mr. Arthur Potts: I'd be happy to. My godfather was Larratt Higgins. Larratt Higgins was the chief forecaster for Ontario Power Generation during the entire early ramp-up of our nuclear power systems. I would sit there at 16 years old and he would be on his Texas Instruments programmable calculator. I mean, how far have we come in our technology? In those days, he was doing his forecast modelling on a Texas Instruments calculator with little cards that he would punch, and it would go through the machine. I know we have far more sophisticated models now that we use to project energy demand and weather patterns and such. He would explain to me at the time what he was doing and where this was taking his perception of what we needed to do in providing Candu nuclear power in Ontario.

I remember that as a result of his forecasts and the build-out of the plant at the time, we did enter into a period not unlike where we are now, where there was an excess of supply.

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He was pulled in front of probably a public accounts committee at the time—I can't recall exactly what committee—and he was asked to account in the committee for how it was, under his watch, that we had ended up with such an incredible surplus of electricity.

He said, and it's in Hansard—it's actually now quoted in Colombo's Canadian Quotations. He was asked, "Mr. Higgins, how is it you can account for this excess of supply in hydro?" He said, "I think of hydro forecasting much the same way that John A. Macdonald thought of his gin, in that maybe a little bit too much was just about the right amount." The history of where I started off at a

young age, in getting interested in hydro issues, is through my godfather, Larratt Higgins.

From that, I had the pleasure at about 17 to be involved with a bunch of engineering students at the University of Toronto—smart guys, chemical and mechanical engineers—including my older brother Joe. Joe is now a carpenter. He didn't continue down that path in engineering; he's a carpenter and does good work.

They put together the very first car in North America that was fuelled on hydrogen. That's in about 1975. They, working in my parents' front driveway, took an Austin Mini Morris motor apart. My brother did all the bodywork and some of the other mechanical stuff. They got this thing running on hydrogen, through the carburetor, compressed hydrogen gas, through a friend of the family, Sandy Stuart.

Sandy Stuart was president of a company called Electrolyser Corp. that had done the initial encouragement to Ballard Power to give them hydrogen, to go down the route that Ballard went. They eventually became Stuart Energy and now they're known as Hydrogenics, and who are one of the most significant Canadian technology providers in the hydrogen space.

They got this car running. They went across the Glen Road bridge over to Sandy Stuart's home on Binscarth and picked him up, and they're driving around north Rosedale. The member from Renfrew knows north Rosedale well, I'm sure. There are lots of beautiful houses in his community that look a lot the same.

He's driving around in north Rosedale, in the passenger's seat, and he turns to my brother, who's driving the car, and he says, "So where have you stored the hydrogen? Is it in the trunk? I didn't see it on the roof."

He says, "No, it's under your seat."

He says, "Okay, boys. Pull the car over," because it was running hydrogen through a carburetor—very volatile—and it may be not the safest way of travelling. We've come a long way since then in how hydrogen can be used as a fuel source.

My interest was piqued in hydrogen back then.

One of the other engineers involved was a fellow named Paul Leitch, who is now the director of sustainability at the University of Toronto. He does some incredible work in sustainability and climate change initiatives at the university. In maybe 1982 or 1983, he ran what he called the "solar rock concert" in Riverdale Park. Riverdale Park is just a little bit west of where I currently represent. He ran an entire weekend concert series using solar power into batteries, with rock guitars, electric guitars, drummers and the rest of it. I was helping out. I was more of a roadie at the time, schlepping batteries and cables and all the equipment we needed in order to get this thing going.

It was extraordinary to watch early technology at work. That has led to pretty much a career, in my life, where I have been focused on sustainable opportunities in energy and waste management, new technologies that are clean, green and sustainable. It's such an honour for me now to be in the Legislature, where I can have a

chance to help put some of these dream ideas into practice.

The world has changed. As the minister knows, we are on the precipice of an unbelievable opportunity with the way we have an electrical generation system in Ontario, compared to other jurisdictions, where things like hydrogen power, because of the fact that we are at almost 90% clean production, carbon-free production—and certainly 100% off-peak—that we can use hydrogen as an extraordinarily important storage source and as a transportation fuel.

It might have been 12 years ago that I was in Ottawa at a conference, the Hydrogen Road Map Workshop. At the time, some of the brightest minds across Canada and the United States were talking about what the future would be for hydrogen, at this conference. The conclusion at the end of the conference was that probably the best use at the time was for Zambonis, as demonstration projects, because the technology wasn't there and the costs associated with on-board conversion of propane and gases to hydrogen, which was the theory at the time of how to best involve such valuable minerals and metals—it wasn't practical as a long-term solution.

At the time, because of our coal generation system in Ontario, the carbon cost associated with generating hydrogen—it just didn't make sense from a greenhouse gas initiative to be doing it. But with the closing of the coal plants, suddenly, and with a 90% generation of fossil-free fuel, hydrogen starts to make a lot more sense, if you are using electricity through electrolyzers to create the hydrogen that you can then put back in to energy sources, where the only emissions in transportation is water vapour and oxygen. So we have that opportunity in Ontario and we're proceeding to develop it.

My last car before the one I currently own was an old Mercedes Benz, a 300D.

Mr. John Yakabuski: Oh, I could never afford a Mercedes.

Mr. Arthur Potts: Well, I bought it for \$500 and even you, sir, I'm sure, could afford a \$500 car. I bought it because of the opportunity it provided for me to take used french fry oil from my restaurant and siphon it through a strainer, take out the chips of chicken fingers and french fry bits, and put it right into the gas tank.

Mr. Todd Smith: I remember you from Back to the Future.

Mr. Arthur Potts: That's right—right into the oil tank. I would run this banana-yellow Mercedes all over town, particularly during the summer—

Mr. John Yakabuski: You've got to get a separate fryer for french fries and chicken wings.

Mr. Arthur Potts: You should come to my restaurant and enjoy the benefits of having them both.

I would run this car, particularly in the summer, because in the wintertime, of course, you don't have the same opportunities because it will congeal—I would do this without taking the glycerin. Normally, now, when you make a biodiesel, you take the oils and you remove

the glycerin, which is a soap-like substance—that's what you make your soap with—

Mr. John Yakabuski: You could make nitroglycerin.

Mr. Arthur Potts: You remove the soap. And so biodiesel is different than running your car on straight diesel, and what ends up when you combust it is that it has a bit of a french-fry, popcorny smell. I would drive around the community in my car and you knew I was coming, if the wind was coming from the right direction.

I've had this ongoing, continuing interest in sustainable energy and sustainable fuels. Now I find myself in this government and now, as the PA to the Ministry of the Environment and Climate Change, one of my mandates will be to take control and initiative around the alternative fuels strategy.

It's here where we're starting to see where the transportation issue hits the road on what your ministry is doing, particularly in electricity generation and transmission. In the alternative fuels strategy, which will focus on gasoline and the replacement of gasoline as a fossil fuel with better-performing carbon fuels, whether it's renewable methane, possibly propane as a by-product of other processes or using off-peak electricity to make hydrogen or other products that can be used, or even just charging a battery—suddenly, what you are doing is translating into the displacement of transportation fuels and going from just lighting and heating, which has been the traditional role of electricity in the province since Adam Beck started this thing way back when, to—

Mr. John Yakabuski: Tell us about Adam.

Mr. Arthur Potts: I'd love to tell you. My father and my mother—funny you should ask. My father proposed to my mother under the statue of Adam Beck on the front lawn of Queen's Park.

Mr. Todd Smith: No. You've got a story for everything.

Mr. Arthur Potts: It's actually a true story. And my mother, who—

Mr. John Yakabuski: But can you tell us where Adam Beck proposed?

Mr. Arthur Potts: I have no idea where Adam Beck proposed. I know where his school is. His school happens to be in the riding I represent.

My mother actually told him no because she said to him that she always believed that she wouldn't marry a man until he asked her three times. So when my dad asked the first time, she said, "No, but ask me two more times and I'll say yes," which he did, and she did.

Anyway, Adam Beck had a vision of electricity—clean, reliable—and it's a vision, I think, that we're proceeding on very clearly in the province of Ontario under the new realities of the opportunities we have here with private sector knowledge and initiatives.

We do have this opportunity and the clean energy strategy will be focused on gasoline and replacement. We've already done a diesel strategy or mandates for a portion of the diesel that will be in people's cars to increasingly be biodiesel from waste oils and renewable oils, so that they will reduce that non-renewable fossil

fuel impact and hopefully will help to reduce our carbon footprint dramatically.

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During the summer, I had an opportunity to visit with Penetanguishene, when we launched the micro-grid in Penetanguishene. Penetanguishene is served by Power-Stream, a privately run local distribution utility corporation, which is extraordinarily innovative in what they are doing. Their initiative was to go and take a feeder line into Penetanguishene, because the length of the direction from the main line and all the forest that it went through resulted in repeated power outages all the way out throughout to Penetanguishene, and it would take some time for Hydro One to come out and find the breakage and fix it.

But now, with a line attaching Penetanguishene to a micro-grid which has something on the order of 500 kilowatt hours of lithium battery storage in two big containers—they keep those batteries charged off-peak, which does two things: One is that they can peak shave during the days when the lines are all fully running, which reduces peak demand in the community; but secondly and more importantly, when—and it will happen—a wind blows a limb on top of a pile of wires and knocks them down and the power goes out, they will have something like a day and half of redundancy power into the downtown core in order to keep the lights on, particularly in the hospital and other significant businesses and in residences in the community.

That's really important. This is an innovation that I think will start to repeat itself across the province with this kind of initiative, even in the First Nations. As we get the micro-grids into First Nations, we can probably start taking diesel generation off-line using storage sources and sustainable energy, whether that's run-of-the-river, solar or wind power and either charging batteries or possibly making hydrogen to be used similarly, as a transportation fuel. It could also be a storage fuel to make storage in batteries in micro-grids more efficient and effective.

I was very proud to be part of that. They did it in consultation with a Korean company called KEPCO, the Korean Energy Power Corp. They developed some very intricate software in order to allow the grid to operate seamlessly. Minister, you talked at length about the smart meters and how important smart meters are to the new electrical economy. KEPCO has done incredible work on how the micro-grid will work there. I hope that we'll see a lot more of that initiative across the province.

You're also seeing these opportunities with cap-and-trade, where we can reinvest some of the proceeds into retrofits of houses. I know people in rural areas who don't have the opportunity to heat with gas have suffered serious costs associated with heating their homes on pure electricity. The importance of being able to renovate and retrofit their home to be airtight is so significant. Providing the funds from cap-and-trade and from other programs so that they can see the payback through the energy savings, I think, will be extraordinarily important.

I'm looking forward to assisting in working on some of those programs in my own house. I bought a house last year and moved in in February of this year. We did a massive renovation—full insulation. Now we heat with gas. In fact, there are only two things left in my house that are original: the stairs to the second floor, and the furnace because it was a high-efficiency furnace put in a couple of years earlier.

We moved in at the end of February, so our first month of living there in March—I compared the month of March energy bill to the previous March when the previous owners had lived there, and, even though it was a colder winter, we went from an almost \$320 bill the previous year to just over \$85.

Ms. Daiene Vernile: Oh, that's significant.

Mr. Arthur Potts: An incredible savings associated with retrofitting. I know that if we can do that kind of retrofitting—

The Chair (Ms. Cheri DiNovo): Mr. Potts, you have just over three minutes left.

Mr. Arthur Potts: Do I? Okay. Wow. I have so much more to talk about, because it's the role that Ontario is playing in climate change initiatives—I want to know that we are taking that kind of expertise into the federal level.

As we try to deal with the road map and hydrogen, maybe, Minister, you could talk a little bit about the role that the province of Ontario is playing in the federal Canadian Energy Strategy and give us a better sense of how we're providing leadership there as well.

Hon. Glenn Thibeault: Thanks, MPP Potts, and thanks for that question.

Mr. John Yakabuski: It was a long question.

Hon. Glenn Thibeault: But you know what? It needed some important prefaces, and I appreciate that, because you are talking a lot about the things that I am very excited, as minister, to be part of. We are on the precipice of the tipping point, as Malcolm Gladwell says often, for some great things to happen in the energy sector—things like energy storage, like hydrogen, like electric vehicles. We are on this precipice of great things.

The Canadian Energy Strategy really is supporting that. For us, taking a leadership role on several precedent-setting initiatives—for example, we're leading the work with provincial and territorial governments to support further investment and development of efficiency standards to drive greater, more cost-effective reduction of greenhouse gas emissions. That's important.

We also want to accelerate market transformation. Hydrogen is one of those, right? So for us, that's important. We also want to support the broader adaptation of the Green Button standard across Canada and address barriers to energy efficiency financing. Those are things that we're seen as doing as leaders at the Canadian Energy Strategy, and I know we're playing that role. Many of our ADMs are doing great work with that, and I'm very proud of them and thankful for the great work that they're doing in that. But that's coming following the direction from the Premiers, I think we need to say, at

the summer Council of the Federation that happened in July of this past year.

It's important for us to reiterate that we really do welcome this opportunity to engage further with our partner provinces, especially our provinces and our territories, to advance collaboration models for pursuing new and innovative clean energy technologies. This collaboration also needs to include our federal government as well, especially where that's appropriate, which is an important piece for us.

I think it's important for me to say, as minister, that I look forward to continuing those operations in that work that I'm having with my provincial counterparts and the territorial ministers on the CES implementation.

I probably have, what, about a minute left? If the deputy wanted to—

The Chair (Ms. Cheri DiNovo): Thirty seconds.

Hon. Glenn Thibeault: Thirty seconds. Do you have anything, you think, of relevance that I didn't add, in 30 seconds?

Mr. Serge Imbrogno: Probably by the time I speak, my time will be up, so—

Mr. John Yakabuski: And you speak so softly.

Mr. Serge Imbrogno: I speak so softly. We can expand on it next time we get asked about the clean energy strategy.

The Chair (Ms. Cheri DiNovo): Thank you. We now move to the official opposition. Mr. Yakabuski.

Mr. John Yakabuski: How much time do we have, Chair?

The Chair (Ms. Cheri DiNovo): Until 6 o'clock—about four minutes.

Mr. John Yakabuski: About four minutes. It's 3-0, Cleveland. Estrada has been replaced by Brett Cecil, the top of the seventh.

Hon. Glenn Thibeault: Thank you for that.

Mr. John Yakabuski: My father did not propose to my mother under the statue of Sir Adam Beck. In fact, I'm not even sure he ever proposed to her; they actually eloped. But that's another story.

Oh, I'm sorry. This is estimates. Oh my goodness, we're asking questions. Oh, goodness, gracious. Did you get all of that story? Because you've got people who have to repeat that.

Mr. Bob Delaney: We were actually following the saga of your folks. I was hoping you would dwell on it a bit more.

Mr. John Yakabuski: On what?

Mr. Bob Delaney: We were following the saga of your folks. I was hoping you would dwell on it.

Mr. John Yakabuski: Well, they spent enough time together. My God, there were 14 of us.

So where was I, anyway? Oh, yes. On the HST rebate, your ministry's press release said that eligible families include about five million families, farms and small businesses. But Minister, you were aware that farmers were already eligible for a full HST rebate on their taxes for electricity on their farms, weren't you? If so, why would you be gloating about something that already exists?

Hon. Glenn Thibeault: Many of the farms that didn't get access to this will now have access to it, and it will be permanently on their bills come January 1, because the bill passed today in the House unanimously. So thank you for that, because it is important to get that out and it's key for us.

Just so everyone is aware, my parents didn't propose under the Adam Beck statue either.

Mr. John Yakabuski: They didn't either?

Hon. Glenn Thibeault: No.

Mr. Bob Delaney: Where did they propose?

Mr. John Yakabuski: You're not sure of that either, are you?

Hon. Glenn Thibeault: Oh, I am sure of where they proposed.

Mr. John Yakabuski: Oh, you are sure?

Hon. Glenn Thibeault: Yes.

Mr. John Yakabuski: Well, my parents never told me whether there was a proposal.

Mr. Serge Imbrogno: Minister, maybe I could just—
Interjection.

Mr. John Yakabuski: Oh, your parents did?

The Chair (Ms. Cheri DiNovo): I'm afraid we are done. We are going to adjourn—

Interjections.

The Chair (Ms. Cheri DiNovo): Order, please, for just one second. We are going to adjourn until next Tuesday at 9 o'clock in the morning.

The committee adjourned at 1800.

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