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Ministry of Energy

Comité permanent des affaires intérieures

Budget des dépenses

Ministre de l'Énergie

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Lundi 9 septembre 2024

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Clerk: Thushitha Kobikrishna

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE
ON THE INTERIORCOMITÉ PERMANENT
DES AFFAIRES INTÉRIEURES

Monday 9 September 2024

Lundi 9 septembre 2024

*The committee met at 1401 in committee room 1.*ESTIMATES
MINISTRY OF ENERGY

The Chair (Mr. Aris Babikian): Good afternoon, committee members, Minister. The interior committee is about to begin consideration of the 2024-25 Estimates of the Ministry of Energy for a total of two hours.

As a reminder, the ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has arranged to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may verify the questions and issues being tracked by the research officer at the end of your appearance. Are there any questions for members before we start?

Seeing none, I'm now required to call vote 2901, which sets the review process in motion. We will begin with a statement of not more than 20 minutes from the Minister of Energy and Electrification. Then, the remaining time will be allotted for questions and answers in rotations of 20 minutes for the official opposition members of the committee, 10 minutes for the independent members of the committee and 20 minutes for the government members of the committee.

As always, please wait to be recognized by myself before speaking; all questions and comments will need to go through the Chair. For the deputy ministers, assistant deputy ministers, staff, when you are first called on to speak, please state your name and your title so that we can accurately record who we have in Hansard.

Minister Lecce, the floor is yours.

Hon. Stephen Lecce: Good afternoon, colleagues. It's good to be here. Thank you to the members from the opposition and to the deputy minister and to the entire public service leadership team who is with us. It's a pleasure to be here for the first time in my new responsibilities as Minister of Energy and Electrification to discuss the 2024-25 estimates for the ministry. I want to thank the committee members for this opportunity and provide an update on what our government and ministry is undertaking: delivering on our plan to expand Ontario's clean energy grid system to support new investments and to deliver affordable and reliable clean energy for the people of Ontario.

I do want to introduce the new deputy minister, Susanna Laaksonen-Craig, and senior officials who are with us, including Steen Hume, Tamara Gilbert, Karen Moore, Sean Keelor, Claudio De Rose and John Whytock. Thank you, and we'll all be able to answer questions as you see fit.

Now, Chair, I'm proud to just highlight some of the achievements we're making in the province together: We have one of the cleanest electricity grids in the world with roughly 90% of the province's electricity generation in 2023 coming from emission-free sources. We have a clean-energy advantage and it's leading to billions of dollars' worth of unprecedented investment that is making its way into the province.

Companies are choosing us because we have a reliable and an affordable and clean electricity system, and they're choosing us because we have the necessary infrastructure to set these companies up for success. We believe, particularly in automotive as well as EV sectors and battery supply, that all of these job-creating investments are making a big difference in our province. To be specific, \$43 billion of investment has made its way to Ontario because of, not in spite of, that energy advantage. That includes our diverse mix, primarily made up of nuclear, hydroelectric, renewables, natural gas and biomass.

We have a plan to ramp this up over time, as the Independent Electricity System Operator of this province forecast at least a 60% demand forecast by 2050. It's why, just a couple of weeks ago, I was proud to launch the largest competitive energy procurement in Ontario history. I was joined by many colleagues, including some present with us—the parliamentary assistants and others—to build out our province's pragmatic plan to build more affordable energy for our families and our businesses. This consumption increase is not exclusive to Ontario; it really is a global phenomenon. The difference that sets us apart is that our government has a plan for the future. We actually released a plan that will build on our ingenuity, our expertise, our human capital to build the infrastructure that we will need to electrify and power Ontario's growth.

We'll do all of this keeping at the forefront of affordability for our families and our small businesses. We just simply cannot go back to the days where families in Ontario had to choose to put food on the table or to pay their bills. It's why we continue to provide relief to Ontario families and businesses through the Ontario Electricity Rebate program. It's why we continue to fight the federal

carbon tax, which has and will continue to increase costs on working people. It's why we're putting money back into peoples' pockets through our energy efficiency programs. This year alone, we've invested an additional \$340 million on programs like Save on Energy, as well as the Ontario Electricity Support Program, the Energy Affordability Program and many more energy mitigation programs that are putting money back into the pockets of families and seniors.

Mr. Chair, in February, we introduced Bill 165, the Keeping Energy Costs Down Act, an act that protects future homebuyers—our children and grandchildren—from increased costs at a quantum of \$4,000 to help get shovels in the ground for critical infrastructure projects. We thought it was really important to be on the side of savings for families—always, but especially in this economy. It was legislation that reversed what our government believes was a rash, split decision by the Ontario Energy Board that required residential customers and small businesses to pay 100% of the costs of new natural gas connections up front—something that otherwise would have been previously paid over 40 years.

These types of decisions would have significantly increased the costs of building new homes across Ontario, and we stand against that. We want to make housing more attainable, more affordable for families. That's something that the Premier has stood strongly in defence of as well. Instead, we are supporting families and businesses to secure a more prosperous future that works for all of us. Part of that relief was also delivering a 10-cent reduction per litre at the pumps, because we know how expensive life can be.

Mr. Chair, you know what can get us to further reduce emissions. It's Ontario's clean-energy advantage. I do want to speak a bit about that because, as mentioned earlier, Ontario needs a minimum of 60% more energy by 2050. It's why our government is taking steps to expand our grid, to build for the future, and it's why we're doing so in a manner that does not lead to blackouts or brownouts, which is what some parliamentarians would want us to pursue: an ideological path that puts at risk the reliability of our energy grid. We're just not going to defend those types of decisions. We're a government that is really built on a pragmatic expansion of energy resources so that it works, it's clean, it's affordable, and it's always reliable.

We already have a clean-energy advantage in the world. We've shown this by increasing the incredible work we've done in nuclear. I want to take a point as to highlight the necessity of nuclear energy as our going-forward strategy to build that baseload ability for energy in the province. Roughly 60% of Ontario's baseload already comes from nuclear. To put that into perspective, according to the Canadian Nuclear Association, today, Canada's nuclear energy source displaces 80 million tonnes of greenhouse gas emissions, the equivalent of removing 15 million cars off the road each and every year. That is an incredible story that reflects the necessity for Ontario to lean into emission-free nuclear energy to build out our energy expansion.

We're something right in this province. We see that we're building on time and on budget in nuclear, but we've taken significant steps to expand our grid with that reliable energy source, because we're building nuclear tech on time, both large-scale and even small modular reactors, on time and on budget, as we announced at Darlington just days into my appointment in June.

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At Bruce, we have pre-development work being done to build the largest commercial-scale nuclear generator that the continent has seen in 30 years. The project, once finished, would provide 4,800 megawatts of clean, emission-free power, equivalent to 4.8 million homes that could be powered.

At Darlington, just outside the GTA, we're building four small modular reactors. I want to give recognition to the member from Whitby for his strong advocacy for the expansion of Darlington and Pickering. But at Darlington, we're building four small modular reactors, one of which is under way—and, Mr. Chair, I just want to note that we really have the first mover's advantage when it comes to this technology, as the first time in SMRs, small modular reactors, being built at grid scale in the G7 and in this country is happening in Ontario, at Darlington. Once completed, those four SMRs would produce roughly 1,200 megawatts of power: again, power for just over a million homes.

Not only this, but we're also refurbishing amongst all of our generators in the province to provide that clean, reliable power for decades to come. We benefit from Canadian-made tech and the talented skilled-trades workers who are making this a reality. And between the new builds and the SMRs and their refurbishments, we're set to benefit from 18,000 megawatts of clean, reliable power as we electrify our grid and power our growth.

As I mentioned at the beginning of my remarks, just last month, our government launched the largest energy procurement—a competitive energy procurement, a matter of contrast with the former government and our government—a competitive procurement that is expected to procure roughly 5,000 megawatts of power for the people of Ontario by 2034.

And unlike the former government, who imposed projects on unwilling communities, our government is committed to empowering municipalities, a message we heard at AMO loud and clear, giving them municipal decision-making authority, enabling local communities and the democratic will of communities to have a say. We really lean into that, and that's why when we made this announcement, we also empowered communities, as well as farmers, by protecting prime agricultural areas. We're not going to go back to the days of the former government, where they turned their back on prime agricultural lands to build solar farms. We understand both are important. Under our program, under our vision, we believe those types of prime agricultural lands must be prohibited from building ground-mounted solar on those areas or on specialty crop areas.

I think of my own community—for some of us in York region, the Holland Marsh. Those are very important lands to safeguard, and that's what this policy does. It was endorsed by the Ontario Federation of Agriculture, the Association of Municipalities of Ontario and the head of the Canadian Renewable Energy Association, CanREA. So we had the dream team of all leaders who have historically not been on the same page on these issues come together endorsing this program.

We do believe part of our program is really about incentivizing those projects to go in those areas where they were under-represented in the past. We want to see more projects being built in the north and unlock crown lands for renewable energy purposes, another key stakeholder. And we want to provide additional incentives, in addition to the north, in an effort to work in tandem with Indigenous leaders and nations to support expansion of clean and reliable energy, to reduce the dependence on utilization of diesel generators, which is why we provide additional incentives for projects in partnership with Indigenous communities where it's on their territory. We can do it; we've been doing it here in Ontario. We've been leading the way in North America.

But we also recognize that we have huge opportunities that we look forward to in the province. One of those priorities or advantages deals with our clean-energy expansion. We already have today 26 interties with five neighbouring jurisdictions—those are the connections between Minnesota, Detroit, New York—and we're looking for ways to further expand with those partnerships, to build out our clean-energy advantage, really to displace dirty coal in the US with emission-free or clean energy from Ontario.

Just yesterday, the Premier was hosting the Governor of New Jersey, Governor Murphy. Part of the vision was to pursue new economic opportunities, as well as our nuclear advantage as an opportunity for importing Canadian clean energy that we can monetize for the benefit of Ontarians. So we really see this as an exciting momentum that is driven in part by the relationships that the Premier and our government are forging with bilateral relations, from London, England, last week, when I was meeting with the minister of energy there, to the Governor of New Jersey and many others.

Beyond North America we really do see, though, a role to play for our energy products as we try to usher in a renewed emphasis on democratic values to decouple dependence from these rogue regimes abroad who supply dirty energy that finances their wars. I think this is actually important geopolitically, that we recognize the importance of replacing Russian or other forms of energy sources with Canadian or democratic-allied energy. We've been talking about this aggressively, and it's resonating with the democratic world.

Now, with respect to that international footprint, last week in the United Kingdom I had the honour of meeting the new Minister for Energy Security and Net Zero in the UK, Lord Hunt. He expressed how he's looking—like, literally, when we say the world is looking to Ontario, it

very much is the case that they were looking to Ontario as a source of inspiration because we're doing something that is so rare in the US, in Florida, in jurisdictions all over the world: We're building on time and on budget for large-scale nuclear. And I was very proud to help profile that success that has existed for many years in Ontario.

It's also in part why, just days after my appointment, I was crazy enough to fly to Romania to meet outgoing Minister Smith at the time to sign an agreement to help export Canadian and Ontario's nuclear advantage as we refurbish one of the units in Romania—a \$360-million deal signed for the benefit of Ontario. It creates jobs in Ontario and creates revenue for the people of Ontario.

Now, Mr. Chair, everything we do in the ministry is really based on providing families with clean, reliable power, affordable power. We believe that's so important, and I believe the estimates we've tabled for 2024-25 deliver on that. It demonstrates how the government is continuing to build Ontario's plan for providing energy infrastructure and the programs that are going to be absolutely required to get homes built faster, to attract better jobs and to keep costs down for families and for businesses.

Can I just get a time check from the Clerk?

The Chair (Mr. Aris Babikian): Five minutes.

Hon. Stephen Lecce: Okay.

In 2024-25, expense allocations include an overall increase of \$854 million from the 2023-24 allocation. The largest component of that increase is attributed to the net increase, about \$819 million, to support our broad suite of electricity-rate-mitigation programs—effectively how we keep rates down for families. The overwhelming, the \$819 million of \$854 million, is coming from those rate mitigation programs to try to keep rates as low as possible for our families, for fixed-income pensioners, for working people in Ontario. That includes the Ontario Electricity Rebate, otherwise known as the OER, and that provides rate relief to our residential, our small business customers, long-term-care homes and farms, and that saves on average about roughly 300 bucks per year per entity. So we understand how important that is.

Our Comprehensive Electricity Plan is lowering electricity commodity prices for all electricity consumers by funding the above-market costs of bad energy projects that were signed by the opposition from 2004 to 2016. That's part of the reality that we've inherited, but we're determined to keep the rates down, learn lessons from the errors of the past. It also includes more targeted programs, more support for rural and remote and low-income customers, an emphasis on the First Nations Delivery Credit, which provides 100% credit for delivery or service charges for all on-reserve First Nation residential customers. We really see these programs as a necessity.

When we first took office, we acted immediately to drive down the cost of electricity for Ontario businesses and families and keep our economy strong and competitive. Since then, we've brought about historic change to stabilize the costs, to drive efficiency, to strengthen trust and attract investment here in Ontario. Cutting costs for

families and businesses is a priority for our government and Premier, and we're going to keep delivering on that promise made to the people of Ontario for affordable energy rates.

We're proud of this progress in making Ontario a leader in economic growth and clean energy. We'll continue rolling out this plan. We'll continue to ensure that Ontario's electricity system is one of the cleanest, not just in this country or the continent but in the world—let's start with that basic principle as a first principle of our discussion today—while also providing the reliable, affordable electricity that's necessary to attract those new investments for long-term growth and for our future prosperity. Our government is seized with making hydro and energy rates affordable. We're committed to attracting investment, and we're committed to a clean-energy future for the people of Ontario.

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The Chair (Mr. Aris Babikian): Thank you, Minister.

Before we start the question-and-answer period, a couple of house-clearing items: Please direct your questions through the Chair. Second, please, when you ask your question, allow the minister and the witnesses to finish their answers before you move to your next question. Thank you very much.

Now we move to the opposition. MPP Shaw, the floor is yours.

Ms. Sandy Shaw: It was nice to see you, Minister. Congratulations on your new assignment. I'm sure you'll do a good job.

I want to start today with the things that I believe that you and I can agree on. Let's start with that. I agree, as you have said, that Ontario relies on an affordable, reliable, clean energy grid. Those are important goals, not easy to achieve. I respect that.

I also am mindful that you were talking about some of the bad energy project contracts of the past. Really, I believe you're talking about some of the Liberal policies that have put us in a position where this is still impacting our fiscal situation here in Ontario. Just so we know, currently this government is sitting with an almost \$411-billion net debt. Your net debt to GDP is about 40%, and the deficit is higher than it's ever been. Also, under your file, there's a significant amount of money—\$7 billion or so—subsidizing some of these bad contracts.

I believe that you will agree that we need to get this fiscal house in order and that we are, all of us—taxpayers or ratepayers—paying the price of some really bad contracts that were signed by the Liberals. They were pricey contracts. In some way, they weaponized people's concern over climate change to do this.

My question to you is, how can you assure people to have confidence and, really, trust in your government's energy policy decisions? If you want to reference the OEB overturning the decision, I would say that's one of the reasons why people are looking askance right now, and it's unfortunate that you're starting your term as a minister with that hanging over your head.

Hon. Stephen Lecce: I appreciate the question and the spirited debates we've had in the Legislature in my former role, but I do appreciate the theme. I think I'd very much accept the premise: The former Liberals put ideology ahead of pragmatic public policy that has led to families today paying the cost for 33,000 contracts that were signed above market. Ratepayers are paying the price, and they will, because these are long-term contracts signed into the 2030s. While we did our very best to save just shy of a billion dollars over the course of those decades by removing as many of them as possible, that is a legacy of the former government. We ought not go back to a policy where we are allowing rates to be unaffordable or reliability to be in peril.

Perhaps, to distill this down to one big take-away, it's the necessity for competitive procurements. It is a great case study of what we're doing better than the former government, because we're doing competitive procurements that are yielding decisions at a roughly 30% savings for the taxpayer, which makes a big difference when we're procuring tens of thousands of megawatts of new power.

The other element that's different from the former government with our government is that we're actually giving communities a say. I think in both of our ridings I could point to projects where there were energy projects—may have been needed or not, but that's sort of immaterial. The communities were not consulted, and Queen's Park imposed their will on, often, rural communities, and I thought that was unacceptable. There has got to be some democratic expression of social licence of a community to say yes or no. That's a big difference that we announced, a policy that enables local communities to have a say.

The final element that I think is really important is that we choose to invest in nuclear energy as part of our energy expansion. The former government didn't proceed with Pickering. There's a variety of decision points they could have done that could have given us an advantage in this space, but we see nuclear energy as an important part of our emission-free future. That's why Darlington, Pickering and Bruce are all scheduled—or the goal is to get those refurbished or expanded to create the clean energy we're going to need for the future, so that we're not in the position where we're denying investment like the folks in Quebec are, where they don't have the power they need to attract investment.

So lessons learned from the past—it's focused on affordability, and we're doing all this while opposing the carbon tax, which is another issue of contrast with the former Liberals, where they want to impose that type of policy on the people of Ontario. We think that would be perilous and further raise costs on home heating and on necessities, not luxuries.

Ms. Sandy Shaw: Yes, some hard lessons that we've learned from the past. You mentioned the SMRs that are at Darlington—there's four, is it?

Hon. Stephen Lecce: Yes.

Ms. Sandy Shaw: I'm wondering, based on the estimates—this is going to be a double-barrelled question; I apologize—if you can share with me the cost of that

because I think, when we're looking at making sure that this is an affordable grid, that the costs of something like that are important. Nuclear can be very exceedingly expensive, so I just wanted to make sure we were transparent on what those are going to cost taxpayers.

Further to that, I just wanted to also add that these subsidies are increasing. They've increased something like 25% in the last two years. Again, it's in your estimates book. We're looking at \$7 billion. It's a huge file in terms of that. It's more than we spent on long-term care or transportation in Ontario. Absolutely, people shouldn't have to pay the costs of these inflated hydro bills because of bad policy decisions from the Liberals, if I could just say. You've mentioned some things, but what are you doing really to ensure that, in fact, we are getting to the root cause of this, to make sure, as you said, that the system costs that are now skyrocketing are actually going to go down? It's a detailed question, but is there one thing you want to point to that can reassure people that these subsidies and these costs that are skyrocketing start to go in a different direction?

Hon. Stephen Lecce: First off, let's just highlight the difference of where we'd be if the Fair Hydro Plan was still in place. The Ontario Electricity Rebate is saving roughly \$26 per month; that's roughly a 19% savings for families. That's important. That's a savings for residential folks, for long-term care, for small business and for our farmers. I think what's important is, when you compare what the rate of increase would have been under the Liberals to the current, the bill would have been roughly \$143, whereas today it's \$124 on average, so there is a 23% reduction, as confirmed by the FAO, of what would have been if the former government's policy was enacted.

So we are saving families money; we're doing so in a sustainable way. We're procuring power that we need, and the sequencing of how we procure—unlike the government that went all renewable, which may be altruistic, but they didn't have literally a megawatt of storage capability. So we produced power we didn't need, at expensive rates, and then we couldn't store it when we actually needed it.

In Ontario right now, we are on track for the largest storage expansion—2,900 megawatts. The largest projects of their kind are being built in Ontario as we speak, the largest by any measurement. So we built the storage first—we're still building it—and then we did the LT2, the second procurement, so we actually could harness the energy when we need it. I appreciate I'm the new person here relative to my colleagues who have been in this space before, but it just seems nonsensical to pursue an aggressive policy of wind and solar without the ability to harness the energy so that you could use it on those very hot days or cold winter nights.

Ms. Sandy Shaw: You can always open the window.

Hon. Stephen Lecce: Right.

It was predictable; they should have known this. But the bottom line is, we now save families roughly 19 points, and that's important. It's almost a quarter—it's 23% less than it would have been, and that's an important contrast of the approach we're taking.

The other element that I think is important is we look at energy policy through a more integrated lens. It's not just electricity; we're also about fuel to drive your kids to school or to go to work. We've reduced that gas and fuel tax by 10 cents a litre. That's also important to it. Look, anything we can do incrementally to put savings back in people's pockets is a positive thing.

Just with respect to our fiscal plan, we have a plan to return to balance. We think that is important in the province. We also believe that it's critical that we do so while protecting our social services, and that's why we retain our programs for low-income families. We provide significant subsidies to those Ontarians who are facing economic challenges. It's a balance program, and it's really designed to make life more affordable.

Ms. Sandy Shaw: Two things, again, to follow up: One is that I did ask a question about the cost of the SMRs at Darlington, so—

Hon. Stephen Lecce: Oh, yes. I'll get there. Pardon me.

1430

On the SMRs, we are the first jurisdiction in the G7 to sign on—GE Hitachi is our technology partner. The first phase is complete, on time and on budget. I know that OPG is leading that process and very much spearheading that enterprise.

I think I'll turn it to the deputy minister and the team who may be able to provide a bit more knowledge on the business plan and the timelines. But I will say the SMRs, from a completion perspective, the goal is to get those operational by the end of the decade. But I'll turn to the deputy and her team to speak a bit more on the estimates.

Ms. Susanna Laaksonen-Craig: Thank you, Minister. Susanna Laaksonen-Craig, deputy minister, energy and electrification.

I would say that I will ask the assistant deputy minister, Steen Hume, to come and talk a little bit more about that. But this is also an area where the federal government has significant interest, and it is willing to collaborate with us, which also helps from the fiscal perspective.

Mr. Steen Hume: Good afternoon, folks. Steen Hume, assistant deputy minister of energy supply policy with the Ministry of Energy and Electrification.

To the question about the unit costs, at this point we're still refining those numbers. As the minister said, OPG is leading this exercise. They are going through a series of due diligence exercises, both with the provider of the units, GE Hitachi, but also just, as they typically do, whether it's refurbishment, whether it's building new hydroelectric, they tend to take a couple of years to get the math right. They spend a lot of time refining that. We get quarterly updates from them to get a sense of how they're progressing. In addition, we have hired a government oversight adviser on the project who gives us quarterly updates as well so that we have, and begin to see a line of sight.

The other thing I would say is the work that we're doing with the federal government on the investment tax credits and the lobbying efforts of this government to ensure that

our SMR projects are eligible for those will help to drive down costs over time.

But as I said, at this point, we're still in that due diligence phase. We are tracking to have in service the first unit by 2028-29, but it's still early days.

Ms. Sandy Shaw: I'm hoping that in terms of this government oversight adviser and the refinement that cost is a feature and a factor, that it is just not about the technology and being the first to adopt and the first in North America, but that we're also making sure that we're not going to repeat the bad mistakes of the past and have something that could be quite costly. Because, as we know, with nuclear refurbishment and builds, they're very, very, very costly. I'm not arguing the merit, but I'm just saying that cost is absolutely a factor, so thank you for that.

It's just a comment that I want to make, and I know you know this, Minister, but I agree with you that we need to be reducing on-bill costs for ratepayers, for people that use energy, but it can't be overlooked or understated that they're also paying for this through their tax dollars, right? It's not net zero for consumers. Again, whatever we can do to reduce the absolute cost of energy for people that are ratepayers that are using it, and taxpayers that are subsidizing it, that's something that I think we could all think is an important goal.

The other thing I want to talk about, and you mentioned this, is the procurement process that you have announced. I want to understand the fact that we are looking at a procurement process for energy-producing resources. There's also a component, as I understand, for capacity or storage. Can you describe to me how those two things are balanced out, what the priority is? How much are you allowing in terms of companies that want to invest in capacity, and the new innovations around capacity? And are we just skewing this towards production? I would think that we would want to make sure we're capturing the innovations of the future at the same time as we're meeting the clear demand that I see.

Hon. Stephen Lecce: If I may, just on the SMR question, the Conference Board of Canada put out a report that suggested that the four SMRs, the fleet that we've committed to, could add \$13 billion-plus to the GDP. So we do see it as a value add. We have an export opportunity to be able to move these technologies abroad. There's tons of interest.

Ms. Sandy Shaw: It's exciting.

Hon. Stephen Lecce: So it should yield good jobs for the people of Ontario.

Ms. Sandy Shaw: But we don't know what the ROI is until we know the other input of how much it costs, right?

Hon. Stephen Lecce: Yes, and OPG is doing that work. But I will say, OPG has a very solid record of on time, on budget. If you look at least historically at what's been achieved at Darlington with Bruce and, obviously, the ongoing work at Pickering, we're very proud of that, of really exceeding timelines and staying on budget. The same is true for the SMR. But the point is taken: Obviously, we have to maximize the use of tax dollars.

With respect to this procurement on LT2, we did dedicate megawatts specific for storage. We really do see renewables being part of this competitive mix. The rate of energy has gone down dramatically from years past where it was cost-prohibitive under the former government. And the reason why I say this is because we have a plan in place to store roughly 2,900 megawatts of power, of battery capability and storage capability. That's going to help us utilize wind and solar.

I just want to make a point here about the cost differential of wind and solar under the former government when they didn't have storage capability. They designed it with the opposite—the sequencing was done very unusually, where we still have wind contracts at 15 cents a kilowatt hour. Today, through competitive procurement, with storage, we're able to do so at four to five cents a kilowatt hour.

And for solar: 47 cents without storage. And that capability—we can now build new solar at five to seven cents a kilowatt hour.

So we have come up with the right program that allows us to harness that energy. We have the largest energy procurement that's ever been announced in Ontario, in Canadian history, that secures upwards of 3,000 megawatts. So we very much understand the importance of keeping rates down for people, and that's why wind and solar, like other forms of energy, are now cost-competitive, because we now can store it, and we're going to be doing even more.

In this procurement for LT2, there are dedicated megawatts for storage. We think that was important as well, that we actually set that aside in our valuation, because we want to keep building it out.

I would like to turn to the deputy or one of the ADMs to speak more about the specific amount of megawatts we've dedicated for storage, if that helps to support your answer.

Ms. Sandy Shaw: That's fine. But as you're answering, Deputy Minister, I really want to understand the technology mix—how you're seeing this, right? I really want to understand how this can be truly agnostic—not to talk about anybody's faith, but how this can be truly agnostic if we're not quite clear on the technology mix that may be putting more emphasis on others. I know you're talking about nuclear and its storage capacity, but it's not the only technology that requires storage capacity. So if you could just talk about the technology mix in this procurement process, that would be helpful.

Hon. Stephen Lecce: If I may, nuclear, because of its baseload capability, doesn't have storage. It's constantly running and available and reliable when we need it.

Ms. Sandy Shaw: Right. Exactly. But methane gas fire does require storage, so it's not just renewables.

Hon. Stephen Lecce: Certainly, that is true for natural gas as well; it has that reliability feature. But for renewables, it requires us to have a storage component as well, which is a cost component, but that's fine. But maybe, DM, you can speak more about that.

Ms. Susanna Laaksonen-Craig: Yes. I'm happy to have ADM Hume to come and give you the details on that. But just to reinforce what the minister was saying, really, the storage capability is the most critical for the renewables to ensure that we have the reliability.

Ms. Sandy Shaw: In the mix?

Ms. Susanna Laaksonen-Craig: Yes.

Ms. Sandy Shaw: And will we be able to—we've gone out for procurement. How will we know what that mix looks like, or will we wait until—because it's not until 2026, I understand, until all of these things will be online. So how will we know in the interim what your emphasis is on?

Hon. Stephen Lecce: Would you like me to take that, or the deputy?

Ms. Sandy Shaw: Well, I was talking to the deputy minister, but if you want to answer—you're the boss.

Hon. Stephen Lecce: The IESO, the Independent Electricity System Operator—they're updating constantly the energy mix and—

The Chair (Mr. Aris Babikian): One minute.

Hon. Stephen Lecce: —the percentage of mix based on refurb coming online and off-line, new procurements. But I do want to give the—

Ms. Sandy Shaw: Okay. Do you mind, Deputy Minister, if you get to that in the second round? Because time is so short here.

I just really have a pointed question. It's just something that I've thought about and that I'm so curious about. Again, we agree that those bad contracts signed by the Liberals are still a hangover that we're dealing with today. Would you be looking at renegotiating or cancelling these contracts as your government did with wind when they first came to power?

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Hon. Stephen Lecce: Sure.

Okay, do you want to take the first part of that, and I'll get in the last 10 seconds?

Mr. Steen Hume: In terms of the existing contracts: We have, in the past, reviewed them and we've actually asked advice from IESO on whether there's value in re-contracting them. At the time, the decision was taken not to renegotiate the contracts. Instead, what we have done is moved some of the cost of those contracts onto the tax base as part of our Comprehensive Electricity Plan—

The Chair (Mr. Aris Babikian): Thank you very much. The time is up.

Now we move to the government's side and MPP Yakabuski will start the round of questioning.

Mr. John Yakabuski: Thank you to the members of the committee for joining us today, and the minister and his ministry staff as well.

First of all, I would publicly like to congratulate you as well, Minister, for your appointment. That quick trip to Romania, as I'm sure, was not something you had planned a few days before, but nevertheless, you and, before, Minister Smith were able to accomplish something pretty significant when you were there. That's just kind of how you work and you roll, so that was great.

We have a few questions, and some of it will kind of touch on some of the comments that you made in your opening remarks, but it gives you an opportunity to expand on some of that as well, which I think the committee and the people of Ontario would love to hear about. So we'll start with a question on long-term planning, and I'd like to then move to the member for Whitby, who I know—a great advocate of nuclear and supporter in his community—has a question on our nuclear plans.

It's clear that the government remains committed to delivering a clean, reliable and affordable energy system. In what specific ways does the current government's approach to procuring wind and solar energy projects differ and improve upon the strategies and methods employed by previous administrations? And even, of course, the member of the opposition concedes that the Green Energy Act was a disaster and beset upon the people of Ontario massive overcosts, and we've been dealing with that since we got into government.

So could you provide a detailed comparison of the key changes in policy, processes and priorities, and explain how these modifications are expected to enhance the effectiveness and the efficiency of renewable energy procurement in comparison to past practices? Because that's the big difference. As you say, we've got an energy-technology-agnostic LT2 that does call on renewables, but we have a very different approach to how we're going to bring those into the system and how they expect to get in that system. So if you could expand on that, Minister, it would be greatly appreciated.

Hon. Stephen Lecce: First off, people often ask us what is our "why," why are we here in government or in this ministry, and I think it really is about the generational vision of building energy expansion for our kids and grandkids. I think about our great-grandparents, our grandparents, who built up the hydroelectric fields a century ago and I think about our parents—depends on the generation, I suppose—parents or you, depending on the age of this room, who built our nuclear expansion—

Ms. Sandy Shaw: Watch it.

Hon. Stephen Lecce: "Watch it." I know I'm getting in trouble from the opposition member.

But 30 or 40 years ago, a generation invested in nuclear and now it's our obligation to build out for the future growth. I really see it as that type of moral obligation to future generations. It's about our kids. It's about planning for tomorrow—that we're not defensive, we're not reacting, it's not back-of-paper-napkin, it's not this—often, the inclination of government, where they didn't think ahead and now they're scrambling.

We have the benefit of time. We understand our vulnerabilities. We see the supply gap and the demand forecast rising. We know when the refurbishments will be down. It allows us to build out a pragmatic program that keeps rates affordable, keeps the lights on, makes sure it's reliable and clean because we already have a clean-energy advantage. We want to lean into that.

So I think the question is, "Fundamentally, what is different?" The first is we are competitively procuring,

which is a strong recommendation. It was endorsed by the AG. It saves roughly 30% to the taxpayer and the ratepayer over time that we do put these through competitive procurements. The best business case should triumph in these cases. It's not based on ideology or government of the day picking the winner, losers, or who they happen to have a predisposition to support. It's actually about making this as affordable as humanly possible. That is what governs our decisions in our ministry, and you will know this, as yourself, the member and MPP Cuzzetto have been helping to support and usher in that approach to competition.

We think that's the first fundamental difference that matters, saving folks money by creating competition and forcing business and entities to compete. We decide on what's the lowest rate, or, as we often would say, is the least-cost resource available to the people of Ontario.

The second is—and I mentioned this briefly—the desire of communities to have a say. AMO and ROMA have been asking for a long time that their local communities get to put their hand up if they want energy expansion. I appreciate that some—maybe not in this room, but some of us could take the concern of, “Oh, jeez. What happens if none of them put their hand up? Then we're really in a difficult position.” But the head of AMO stood at the meeting and stood at the announcement just two weeks ago to say, “Look, this is a sensible, balanced program.” Because many municipalities have put their hand up, wanting energy infrastructure—most of them, in fact, want them. They see the benefits. They see the community benefit. They also see the energy security benefit to their grid. So we're not concerned about that.

What we're concerned about is when we lose public faith and we lose the confidence because Queen's Park and some downtown person made a decision to impose their will on a rural community, and that will not happen again under our program, under the new program that we've unveiled for LT2, the second long-term procurement.

The third element that I think is important is our respect for farmland and for farmers. The OFA has been very clear to us: “Look, farmers need more energy.” Our agri-food sector accounts for tens of billions of the GDP. They're an incredible contributor. These folks are committed to the land and, often, intergenerational farms have been part of our country, even before it was founded.

We really do appreciate the importance of protecting that, which is why we've come up with a policy that prohibits certain forms of land-mounted solar from taking over prime agricultural lands. It requires an agricultural impact assessment whenever it may touch an agricultural area, which is the first of its kind, and, of course, absolute prohibitions on those prime spaces, prime agricultural lands. So we think those steps also are contrary to, or fundamental differences to, the former government.

I would just say, when it comes to the cost, like on issues of carbon taxation or even how we procure, we made affordability our north star. Our fidelity to that principle is going to be present with the last minister and with the next one. That's our bottom line, keeping rates as

affordable for families, for grandparents, for small businesses that are already feeling the pressure.

Obviously, as I mentioned, if we maintain the unfair or “fair” hydro plan act, we'd be roughly 23% higher than we are today under our government's plan and our Premier's vision of trying to create some stability in this sector—so significant differences in how we procure, how we protect, how we secure and also how we sequence this out. Because we didn't commit to renewables before having storage, which is the nonsensical approach of the former government, where they went all in on renewables without the capability to harness the energy, which was a missed opportunity and it cost us significantly.

We've inversed that. We built the battery—the largest battery storage procurement of its kind; 3,000 megawatts under way. We're well on track—two of the largest of their kind in the country being built, coupled with this new procurement.

We think that cadence makes sense. It's just common sense. Anyone who is even new to this space would suggest that's the right way to go, and I think it may build public confidence for more renewables over time if it remains a more competitive rate. But we're not going to opt for expensive energy that no one needs and we're not going to impose energy on communities that don't want it. I think that's a big difference.

Mr. John Yakabuski: Thank you, Minister. I think that encapsulates it. There's the difference between what they were willing to do and inflict that financial pain on the people of Ontario, and how we're prepared to integrate sensible renewables into our plans.

I'm going to turn it over now to my colleague from Whitby, who has some questions on nuclear.

The Chair (Mr. Aris Babikian): MPP Coe.

Mr. Lorne Coe: Chair, through you to the minister: Welcome, Minister. Welcome, Deputy Minister and the staff that are here this afternoon.

In the region of Durham, myself, our finance minister, MPP Barnes and Minister McCarthy are pleased to be the home of Pickering and Darlington, and what that brings to our respective communities.

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One of the areas I'd like to turn to right now is the big power reactors are making a move, Minister, as you know and your deputy knows, into isotope production. It's created many immense capacities that people in our communities anticipate because they understand it can be used as an economic development tool, and there's dividends not only for the province but for the communities, the eight communities that surround Pickering and Darlington, because it has implications for the health care, energy and industrial sectors.

Minister, can you take some time, please, to describe some of the opportunities this represents for the government, but, overall, the province of Ontario?

Hon. Stephen Lecce: First off, I recognized in my intro the expression of gratitude to the team in Durham, and of course, the member from Whitby for strong, principled support of Ontario's nuclear sector. Sixty-five thousand

workers depend on that support, so we value it, and the supply chain benefits, and as I say, we're now being able to export this tech and this track record to the world, so it's very positive.

Medical isotopes really are important for any of us who have been affected by cancer, which I believe is pretty much everyone at this point. We recognize that many life-saving interventions are a result of technology and innovation in nuclear medicine and energy. Yes, it's an economic development tool, but above all, it's a life-saving tool during some of the toughest times in our lives.

I am proud that our Candu reactors produce roughly 50% of cobalt-60, which is, obviously, part of the single-use medical devices that are used for sterilizing products—very important. Worldwide, we also recognize roughly 40 million procedures are performed using isotopes, about 36 million of which are for diagnostic nuclear medicine and four million in radiation therapy—so, really sobering when you think about the value add of medical isotopes.

Ontario's Candus play a critical role in the world when it comes to this capability and support roughly 8,500 jobs in the province as a result. But we're also looking for opportunities to diversify and to strengthen our hegemonic advantage in the world of already being a net producer and punching above our weight when it comes to producing those medical life-saving procedures or devices. There's a great deal of emphasis at Darlington for the first commercial-scale reactors to continue to lead in this space.

Bruce is also entering into the production of short-lived medical isotopes for targeted cancer therapies, not just in Canada but, frankly, around the world. So from Bruce to Darlington, OPG, all of them are playing a critical role in diversifying the role of producing and exporting these critical medical isotopes for the purpose of saving lives. I'm very proud of that and want to just emphasize that our medical sector increasingly is looking to Ontario globally as a solution to a challenge.

We play an important role. We want to see us export more of this to the world—yes, to save lives, but also to advance our technological strengths. It's a reminder that at McMaster University, and likewise at Bruce, and likewise at Darlington and likewise at, historically, ACL and others, they're playing a really important role, and all of us, from post-secondary to our core energy assets, we're very proud of the work they're doing to save lives.

Mr. Lorne Coe: Thank you, Minister, for that response. Chair, time check?

The Chair (Mr. Aris Babikian): Six minutes.

Mr. Lorne Coe: Six minutes? I'm going to turn it over to MPP Cuzzetto, please.

The Chair (Mr. Aris Babikian): MPP Cuzzetto, the floor is yours.

Mr. Rudy Cuzzetto: First of all, I'd like to congratulate our new Minister of Energy and Electrification. Congratulations on your new role. I know you'll do an excellent job here at energy.

Your first week that you were appointed, you went to Washington, and then probably a week after, you met with a delegation from the US here, and you've been pushing

our nuclear technology with them. I'll tell you, myself, I was in Greece on a family vacation, and I met with a few of the large investors in energy. They're all watching Ontario right now, and our SMR technologies, because we will be building the first full-scale 300-megawatt SMR in the world. And they're watching us because they're looking to purchase an SMR for their country, or many SMRs—as well as Hungary, as well; they are looking to purchase SMRs.

Can you tell me why, as a minister, you're pushing our nuclear technology around the world?

Hon. Stephen Lecce: Look, obviously we're proud of our technological advance and leadership in the space. We're part of the workforce that depends on it, and the supply chain that is well integrated across the nuclear sector in Ontario and the world.

It is true to say that the world is watching Ontario. We are doing something very special. We had a clean-energy advantage already, among the cleanest in the world. We have a serious plan to refurbish, with the intention of extending the life of the asset of Pickering; refurbishing Darlington, on time and on budget; and, of course, expanding up to four SMRs, a fleet at Darlington, plus Bruce C, which is another 4,800 megawatts of power. That is a massive upgrade.

Then you layer in the next LT2, the long-term procurement that we just announced together in York region, another 5,000 megawatts. All of this, plus hydroelectric investments—we announced a billion dollars in eastern Ontario. We'll be doing further investment in northern Ontario. All of this together represents 18,000 megawatts of power that we're securing for the people of Ontario.

And we're doing it on time and on budget. I mean, this can't be relegated to a hashtag. Most nations are not doing this right, where it's costly and it's timely and it's delayed in bureaucratic red tape. We have been able to come up with a nimble system—appreciating we don't control all the variables; the federal government does impact assessment. But even working with them, we have been able to come up with a system that's working for Ontario. And while we still have areas for improvement with the federal impact assessment system, we still think we're moving, at least directionally, to get to yes in a responsible way.

And so, the US market is a huge opportunity for Ontario from an investment perspective. Look, our priority and—let us be clear—our first and only obligation is to the people of Ontario, then to the country and then the world, in that order. Our priority is ensuring we have energy—clean, affordable energy—for the people of Ontario, for our businesses, for our families, for our seniors, and for our kids and grandchildren. That is the number one priority.

But we also can't think about growth opportunities for Ontario—over time, appreciating that we're going to need as much of this energy for our own needs for the next five to 10 years, especially as those refurbishments are off-line, until they come back online into the 2030s. But over time, we want to think about how we further expand our already net-export advantage.

This may be an issue that can bring people together. For some it may be economics: the fact that we can monetize this really critical commodity. For others, it could be environmental imperatives, where we can literally help reduce the US dependence on coal. There are many states that 30%, 50%, 70% of their energy—their electricity grids are coal-fired, whereas we're at roughly 90% that is entirely emission-free. So we do see an opportunity for continental greenhouse gas reductions, we see an opportunity for job creation in Ontario, and we see an opportunity to monetize that for the purpose of our social needs: our hospitals and health care and other investments we need. So it's an exciting time.

When we were down in the US, we were able to secure meetings with the Department of Energy and the assistant secretary of energy in the Biden administration. We met with the minister of energy in the United Kingdom just last week. Everywhere we're going, there's an interest in figuring out how they can duplicate the model we brought forward, which generates affordable, reliable and clean energy for the people of Ontario. We're proud of that record, and so our job as the government now is to unapologetically promote "on time and on budget" to the world, to secure as much investment, yes, for our technology to go abroad, and to create better jobs here at home. And that's what we're doing every day.

Mr. Rudy Cuzzetto: Thank you.

How much time do we have left?

The Chair (Mr. Aris Babikian): A minute and a half.

Mr. Rudy Cuzzetto: Really quick: I know that there are other jurisdictions in Canada that are refusing investments from automotive companies, because they do not have enough electricity in their grid to support these companies, and we've been able to attract \$43 billion worth of automotive investment right here in Ontario.

Can you tell me: How does that look for you going forward?

The Chair (Mr. Aris Babikian): One minute.

Hon. Stephen Lecce: Well, one of those provinces is, I think, your place of birth, Quebec—

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Mr. Rudy Cuzzetto: My wife's.

Hon. Stephen Lecce: Your wife's place of birth, but you're still connected to Quebec.

The world has really changed in this space. We went from being an energy importer, from buying relatively expensive energy from Quebec, to now being an exporter, where they need our energy, because we have an expansion plan and they just can't keep up. They are losing investment in provinces east and west, because they don't have energy infrastructure. They don't have the generation available for them.

We are not going to turn away foreign investment. We really see that as a way to build our GDP and build our revenues without having to increase a tax one time. In fact, we've only kept taxes—either cut them or kept them low, and that's an important area where we add value for families while still creating better jobs, bigger paycheques. These are unionized jobs that we're attracting—

The Chair (Mr. Aris Babikian): Thank you, Minister. The time is up.

And thank you to my colleagues for their co-operation in concluding our first round smoothly. I hope the same spirit will carry to the second round.

Now we move to the opposition side. MPP Shaw, the floor is yours.

Ms. Sandy Shaw: Thank you, Chair. I won't take that personally at all.

Minister, I just want to comment on the discussion on isotopes. I'm absolutely proud to represent McMaster. That's my riding, and I have toured a number of times. I understand—I don't really understand, but they tried to explain the isotope process and how important it is. I also had the privilege of being at Bruce Power when they were—I think they call it harvesting the cobalt.

Hon. Stephen Lecce: Yes.

Ms. Sandy Shaw: It was a pretty sci-fi, remarkable event to be a part of, so I appreciate the importance of that when it comes to what MPP Coe had said about protecting people in their most difficult moments. Yes, I think that's an important factor.

I just want to turn a little bit to what you talked about earlier and all these questions about the economy, and how a good, clean, affordable, reliable energy mix is a huge economic driver—one of the biggest, I would say—and I agree with that. I don't know if all of us in our history class learned about Sir Adam Beck, and how we had the cheap hydroelectric power and that fuelled some of the biggest development in Ontario and created Ontario to be the economic powerhouse that it has been in the past.

My concern, and I'm going to ask you to comment on this, is that we might be eroding our clean-energy advantage with the increase in methane-gas-fired production. I understand that there's a capacity crunch, and the reliability is a factor. But can you talk a little bit about how much is acceptable to you, and how long it is acceptable to you that we continue to increase our reliance on gas-fired, emitting energy-producing resources, given that even, for example, your own government commissioned a climate report, and it said in that report that if we go in the direction that this government is continuing to go in, we will erase all the climate advantages that we have seen from the elimination of coal? How much and how long is acceptable to you?

Hon. Stephen Lecce: First off, we're proud that we have one of the cleanest electricity grids on Earth. That is a fundamental advantage. Yes, it has allowed us to attract investment. I think of large-scale, multi-billion-dollar investments where the investors have cited the fact that it's clean. So our intention over time, as committed to by the IESO, as our refurbishments come back online, is to produce more emission-free energy. That is the intention.

Obviously, right now, as you know through looking at the schedule, some of our refurbishments are down, but they will come back online in the 2030s, and we'll start to see the trajectory. As publicly communicated, there's a clear trajectory where we start to increase our non-emitting sources over time as our nuclear fleet gets back

online. That's a good story, so I appreciate that between now and then, we've got to keep leaning into as many non-emitting sources, which is why the new procurement of LT2 definitely is, yes, technologically agnostic.

But at the end of the day, price will dictate. Today, wind and solar are in a much better place from a price perspective. They compete with the other sources of energy, and thus, I believe they will do well in this procurement—appreciating that I am not the decision-maker, but the numbers tell the story. Based on the per-kilowatt rate today, we're in a better place.

I will say that we have a cleaner system. From the US to Germany to France, we're proud of that advantage. It's allowing us to attract investment. With the new renewables put in place, with the new governing policies, that's important.

With the expansion of nuclear, with the SMRs, with the hydroelectric—we are expanding and optimizing our hydroelectric fleet. In fact, the first announcement I ever did with MPP Yakubuski was in his community, where we announced a large billion-dollar investment to extend the life of our hydroelectric assets in eastern Ontario for another 30 years at Chenaux, which was a beautiful opportunity to see these turbines and the workers and the pride they have in their work and the fact that, yes, it produces emission-free energy.

So we'll continue to explore more hydroelectric too, but at the end of the day, when it comes to affordability and reliability and the clean components, the check marks, we get all of them through nuclear energy, and that's what we're really going to emphasize going forward.

Ms. Sandy Shaw: Okay. Thanks, Minister. I just want to stick a little bit further—thank you for that answer—on the gas-fired energy production, and I just want to talk a little bit about some of the investments that this government is making—monetary investments—in gas right now. I particularly want to talk about—I mean, there are new gas plants in Windsor; there's an increasing capacity, as I understand it, in Napanee and possibly St. Clair township, but I'm not sure about that.

We're joking a little bit about things being agnostic or technologically agnostic, but I want to believe that you—and your answer shows this, but my question to you is, you are not agnostic when it comes to climate change, are you? And my question is—I'm really repeating my second question: How long will you feel comfortable with this increase in reliance on methane-gas-fired energy production? You talked about 2030. This government has made commitments to net zero, so this timeline starts to get problematic if we're going to achieve those net zero timelines.

Then the other part of all of this is the cost of these and the fact that—it's my understanding that the monetary investment that you're making in gas in Napanee, that contract will extend longer than the time with which the federal government will bring in their federal environment requirements that this project will not meet. And so my question to you is, again, sticking to, "We want to get away from gas"—that's what you're saying—"We want to meet

our climate change goals"—that's what we're saying—but the timing is bumping up against other things. So how are you going to ensure that we're not going to put all this monetary money into gas when the feds will come along and say, "You can't do this. This is out of order," and the taxpayers will be on the hook for these long contracts that we are signing right now for these gas projects?

Hon. Stephen Lecce: So, a couple of quick things: The first is we start with an understanding that we have a clean-energy advantage with roughly 90% already clean.

The second point that I think is relevant when it comes to our future is that we're expanding massively in nuclear energy, which is emission-free. So when the question is, "Is there a concern about the trajectory?", I would submit if we didn't have a downward trend confirmed by the Independent Electricity System Operator that we're going to get there—and we're not talking about 20 years off; we're talking about a short-term intervention where our refurbishments are down and we're going to use reliable energy that's only used when it's absolutely necessary for peak purposes; it's used on those hot days when we need an insurance policy. For anyone to argue today or in a few short years away, as the federal Liberals have proposed, not imposed—that's still a draft regulation—would be perilous. The effect of it is brownouts in the province.

So, I do understand the importance of reverting to cleaner forms of energy over time. I'm proud to have sat with my colleagues to announce the largest competitive energy procurement where renewables will play a critical role. I'm proud that our refurbishments are going to get back on time, back on track and online on time and on budget. And I'm also proud or pleased to note that we're moving in a cleaner future. That brings us into the 2030s, and so we're very excited about that prospect.

The other thing is, Ontario is the only jurisdiction in Canada, as I understand, that is actually going to meet our GHG emission targets of 30% by 2005 levels. The federal government, who has imposed a carbon tax and these proposed regulations—which are ideological, to be gentle—they have not met their own GHG reduction targets. So, we are in the unique position to grow our economy, grow GDP, grow the amount of jobs, repatriate hundreds of thousands of manufacturing jobs that fled the province, and still have reduced emissions, which is an ultimate case study to those who believe it's an either/or proposition of economic growth or environmental protection. We've proven, we've got the secret sauce, of doing both. I think we've got to remind ourselves about that.

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But I get your point. We're totally cognizant of the importance of clean air and the importance of a clean future, a green future, which is why we believe nuclear will play a critical role in building out that baseload capability that is entirely emission free, that provides up to 60 years of power for the people of Ontario, and that creates value-added jobs and spinoff jobs, private sector union jobs, in the province. We really see that as a strength. So, we acknowledge that problem. We're com-

mitted to a greener future over time and the IESO will confirm that.

Ms. Sandy Shaw: I guess I'll ask you very quickly that the consumers will not be on the hook for those contracts if they go beyond the time in which they are valid. Is that what you're saying?

Hon. Stephen Lecce: Indeed. What we're confirming is that any decision we make, the bottom line will be affordable rates for people of Ontario, and we're not going to make decisions like the former government did, that create generational risk to our kids and grandkids.

Ms. Sandy Shaw: Okay. I'm jumping around a little bit here, but you're talking about the Liberals making ideological decisions. I agree with you. Or perhaps they were making decisions not necessarily on ideology but on contracts that benefited a select few who were their insiders. Some of those deals were really, really—what's the word I want to—sketchy. I don't know what else I can say.

Hon. Stephen Lecce: I'm okay with that word to describe them.

Ms. Sandy Shaw: You're okay with that?

Hon. Stephen Lecce: Yes.

Ms. Sandy Shaw: So again, we're back to the things we can agree on.

But honestly, you were certainly not in this portfolio then, but your government made some seriously ideologically dumb, if I can say, decisions when you first came to power. Right off the bat, you decided to cancel renewable energy projects that were in the field, close to completion, right? Ontarians really bought high and paid for these and they sold low, so they lost a lot of money on this because it was not a business decision, in my mind. It was an ideological decision.

Your government also cancelled all of the conservation programs that existed in the province. We all know that the cheapest, most reliable and affordable energy is the energy we don't use or we don't need to use.

So how can you assure us that, given that, your government is not actually just imposing their own ideology on energy policies in the province?

Hon. Stephen Lecce: When the government came in—this is a mandate that we saw from the people of Ontario. In 2018, this was an issue we all were talking about because of the incompetence of the former Liberals. So, we actually sought a mandate.

We were very intentional and clear: We will cancel energy contracts that the people of Ontario did not need, because we didn't need the power. They contracted 33,000 contracts when we didn't need that energy in the system. So we paid not just for energy we didn't need, we paid at a quantum of eight to 10 times the market rate, which is just crazy. Help me, colleagues, with a better synonym here, but that is a bizarre decision of the cabinet of the day to have decided that they were doing that. So, our determination was to cancel them. It saved roughly \$850 million over the course of those contracts.

First principle: We didn't need the energy. We now need the energy.

Ms. Sandy Shaw: Yes, but Minister, honestly—you and I are just chatting. How could you not have seen this coming? Everybody knew that this energy crunch was coming. It didn't just happen overnight.

Hon. Stephen Lecce: I don't know if the former government or everyone foresaw this—

Ms. Sandy Shaw: Your government.

Hon. Stephen Lecce: —but we certainly intended to build out energy expansion because we did realize that we're able to attract investment.

Look, the fundamentals were different. We had too much energy then; we need more energy today. Renewables were expensive then; they're more competitive today. We didn't have storage then; we now storage capability.

The world has changed. Geopolitics has layered into this now. We're all sort of guarding against, "Where do we procure these batteries from, China versus other markets?" There's a greater level of sophistication in how we live because the world has fundamentally changed.

I agree with the premise that we have to think about tomorrow. We were thinking about tomorrow, because in 2018, the first preoccupation of the government was to stabilize hydro rates, which had skyrocketed by \$1,000, on average, a year per family.

Ms. Sandy Shaw: You subsidized them; you didn't stabilize them.

Hon. Stephen Lecce: We cancelled projects that were expensive, that were over market, and that we did not need, and we stand by that decision—850 million reasons to stand by that decision.

But I also recognize that as things change, we change. We agreed with Pickering's extension that the Liberals opposed. Talk about thinking ahead. They could have leaned in and supported that refurbishment. They didn't.

We leaned in on Bruce C. We very much support this. It's going through the national regulator but we're thinking about another 4,800 megawatts. We're doing the same at Darlington, and that's moving along.

Look, we can do both. We can cancel projects that are just bad and expensive and not needed while still building out energy infrastructure and capability over the next 20, 30 years. Let the prices inform if we made the right decision. We're now doing procurements for wind and solar—for wind at five cents a kilowatt hour; solar at seven cents.

When the Liberals were in power, contracts still in place—contracts that, by the question, I think I'm hearing you would want us to have not cancelled. That means enabling contracts of wind at 15 cents when we can do it today competitively at five.

Why wouldn't we cancel those contracts? It's ludicrous.

Ms. Sandy Shaw: But why aren't—sorry.

Hon. Stephen Lecce: But we did. We're a steward of the taxpayer. We're thinking, "How could you defend this? Forty-seven cents a kilowatt hour for solar when we could do it today at seven." Yes, we're going to cancel those contracts. We would do it again to defend taxpayers

and save ratepayers and stop the idiocy that happens in governments when you are blindly ideological instead of putting pragmatic pocketbook issues at the front of how governments decide to—

Ms. Sandy Shaw: Thank you, Minister.

Was your government—which I would submit—blindly ideological when it cancelled conservation programs that helped average people to put in energy-efficient windows, to put in solar panels, to put in things that would allow them to sell back to the grid? There were contractors that lost money on that as well.

Now your government is moving back towards conservation, but in the meantime, we lost all those contractors. We probably lost the cost of opportunity to explore new technologies that were residential-based technologies to help reduce the cost of energy for homeowners and reduce the taxpayer subsidy that is in the billions of dollars.

Hon. Stephen Lecce: Yes, conservation is important. Obviously, at the time, you're talking about ending programs to reduce energy dependence when we had a surplus of energy. Variables are different, but I—

Ms. Sandy Shaw: I'm talking about conservation, though.

Hon. Stephen Lecce: Yes, and I'm saying the same thing. Today, it is entirely true. It was true then, too. As you said, it's cheaper to save it than to produce it. So we need energy today; thus, we need to lean into conservation.

The government announced about \$340 million of additional investment for these programs like the Save on Energy Peak Perks program—the \$75 saved in the first year and then another \$25 each year. That's the fastest-growing energy efficiency program of its kind in North America for the residential. We're excited about the prospect of even expanding that beyond residential to other users.

The other element that I wanted to speak about is the expansion of heat pumps through the Save on Energy's affordability program. This offers electricity-saving measures for relevant homes, for those cold-climate-air-source heat pumps, which are now, as of this year, eligible. Various electrically heated homes can now qualify.

So we do think that the programs we put in place are going to help. They are growing expeditiously, and I would just say to you that we are looking at additional ways we can expand upon this work. I mean this very meaningfully and I'm open for perspective because we're building on public policy of how we expand; how we reduce dependence, particularly during peak periods; how we create more sustainable methods for people to live or businesses to operate. I'd be open to any idea that any of you may have as we think about how to further expand our conservation program, because I do accept the premise. The more we can do in this respect at a time when we need energy will save ratepayers money and help us protect that energy for growth opportunities, for jobs, for investment that we're attracting.

Ms. Sandy Shaw: In my next round, I'm going to ask a little bit about heat pumps because I think that's important.

I also wanted to ask a little bit about distributed energy resources. I have an EV and I have a charger at home. I think a lot of people are going that way. What in this budget, or forward looking, are you going to commit, again, primarily for residential people that can see a little bit of a bump from the way that they consume energy? And also, for small and medium-sized enterprises, what kind of distributed-energy-resources commitment are you making?

Hon. Stephen Lecce: How much time do I have, Chair?

The Chair (Mr. Aris Babikian): One minute and a half.

Hon. Stephen Lecce: I'll get to EV and if we need to circle back, we certainly can. But on this, I would just simply say, we obviously are proud of the broad EV revolution taking hold in Ontario. We weren't on the map. Literally, we were not on the map, and now we're the top, top, top performer when it comes to producing EVs in the province and the supply chain for short- and long-term travel, so this is very positive—\$46 billion of EV investment in the province. We want to see that continue to grow.

1520

Part of it, though, to your point, is how do we make owning an EV a more seamless experience for families. How do we create that incentive? We've asked the OEB to investigate essentially a plan to eradicate any barriers that may exist in integrating EVs into the electricity grid. In response, the OEB launched the Electric Vehicle Integration initiative, which effectively helps to assist the OEB in determining what actions they should pursue to ensure efficient integration of EVs into the transmission system and the distribution side. So this resulted in the creation of the electric-vehicle-charging-and-connection procedure guidelines, which create a more seamless EV charger connection—now standardized—which makes a ton of sense and also reduces the timelines on the LTCs on the utilities.

The second component is what is a proposed electric-vehicle-charger discounted electricity rate, which we have announced this year, as you know, for EV chargers to make them just more economical to operate at lower rates, and that's part of the ultra-low—

The Chair (Mr. Aris Babikian): Thank you, Minister. The time is up.

Now, we move to the government side. MPP Yakabuski.

Mr. John Yakabuski: Thank you, Minister, for continuing your excellent answers.

We focus, and this is how people tend to think as well—they focus so much on the generation of electricity to fuel the future needs of the province. But sometimes, we don't talk enough about transmission, because you can produce all the power in the world, but you've got to be able to get that power from where you're producing it to where it's being used, and the transmission grid is an integral part of that. Can you tell us a little bit of what our plans are

moving forward to ensure that we have a transmission grid that can help ensure we have that electricity supply to wherever it's needed in the province of Ontario?

Hon. Stephen Lecce: It's a really important question because we can talk about generation; that sounds great, but we have to then get the energy from point A to point B, and that requires large-voltage, large transmission infrastructure. The IESO suggests it's going to cost tens of billions of dollars over the coming decades to do that. So we are thinking about, how do we build out that infrastructure that allows us to never deny foreign investment because we don't have electricity where we need it?

The OEB, since 2018, has approved roughly \$4 billion in bulk transportation investments over the past many years. That's going to help strengthen the reliability of the grid and, to your point, think about expanding the grid. Obviously, we recognize that about \$4 billion of that was kickstarted in capital to help move this along and actually get new transmission lines approved since 2018. There's a ton of work that's going to have to be done to build out this, not just for the purpose of export outside of Ontario but even just for the purpose of moving our energy where we'll need it.

The advantage of SMRs gives us an element of flexibility to think about how we can move that energy generation into more communities across the province, but our bottom line is—I think the question raises a very legitimate public policy challenge, which is, how are we building the enabling infrastructure to get the power to where we need it in those growth communities? I just reflect on a couple of months ago, being down with MPP Trevor Jones in southwestern Ontario, in Leamington. I was with MPP Dowie down there and the greenhouse expansion there is massive. Having a ton of energy generated in the GTA is great, but we need to somehow get it to these communities. So in that area, we're building a very significant transmission corridor. We're thinking about the north, Indigenous communities—to electrify, to displace diesel.

There are massive opportunities, but it's a huge challenge. I do think it warrants some additional commentary from the officials, so maybe if the deputy or one of her members of the team want to speak about that vision and the plan.

Ms. Susanna Laaksonen-Craig: Thank you, Minister. We'll have ADM Moore come here and give details because, as you say, Minister, there is a lot of work that is going on and a lot of successful examples already, power being one of those successful examples. But there are more, and there are plans for more.

Ms. Karen Moore: Thank you, Deputy. Thank you, Minister.

I would note that in—

The Chair (Mr. Aris Babikian): Can you begin with your name and title, please?

Ms. Karen Moore: Assistant deputy minister of strategic network and agency policy at the Ministry of Energy. My name is Karen Moore.

I'm pleased to speak a little bit about some of the transmission investments that the government recently

announced. In July 2023, in the Powering Ontario's Growth plan, the government committed to five new transmission lines that support growth in southwestern Ontario, many of which are already under construction by Hydro One—which was designated the lines—and the lines were also prioritized by the government to expedite the approvals through the regulatory system.

In addition, the government recently announced three new transmission lines in northeast and eastern Ontario, including lines that will help to power Algoma Steel and its electric-arc conversion. One of the lines that was also announced relates to an expansion of capacity between Peterborough and the Clarington area to support growth in eastern Ontario.

In the Powering Ontario's Growth plan, the minister also requested that IESO report back this year on the status of planning work to identify additional transmission projects that would need to proceed with early planning and development work—so that's prior to the construction but to assess what is needed in what regions—and specifically to look at bottlenecks in the transmission system, including between northern and southern Ontario, where some of the power is produced and then needs to be brought south, as well as in the greater Toronto area, which has a high demand.

The IESO was also asked to report back to the minister this summer with respect to the development of a transmitter selection framework, which would enable the competition between transmitters in Ontario for future development of transmission lines that bring economic opportunities across the province.

Mr. John Yakabuski: Thank you.

The Chair (Mr. Aris Babikian): MPP Gallagher Murphy, the floor is yours.

M^{me} Dawn Gallagher Murphy: Wonderful. Thank you very much, Minister. To you: Congratulations on your new role and I wish you great success. With your success, it means Ontario succeeds, so thank you.

A lot of what we've been just talking about here—over the past, I'd say, three to maybe eight, 10 years, we've seen a huge, rapid pace of innovation going on. It's skyrocketing. When you think in terms of some of the things we've just talked about, the greenhouse, agri-technology—you talked about the greenhouses out in MPP Trevor Jones's riding. I also think about King City and the big greenhouse we just saw a couple of weeks ago at that announcement and what they are building there. I also think about artificial intelligence and the computing power that that requires. It needs the bandwidth. It needs scalability. I know there's places like downtown Toronto that are requiring that computing power, as well as in areas like Waterloo.

So when I think about all of this new technology and how fast it's moving, we need a government that's moving at the same pace and is leading the way to ensure that we have that energy. So my question to you is how do you anticipate that the expansion of energy projects such as these—anything from greenhouse to AI, and of course

there's EV etc. How will these projects impact local economies?

Hon. Stephen Lecce: I appreciate very much the question because it really speaks to the importance of intersecting our energy security with our economic prosperity, and one cannot come without the other. I mean, I think we recognize that.

I think that the principal point is that we do know that we are—currently, there's a demand forecast of at least 60% of energy will be needed by 2050. So that is a very sobering figure and we anticipate, with the upcoming forecast demand process, that number can increase even further, which puts greater demand on government to act with speed and urgency and a bias to get things done.

So we have seen significant investment come to the province from large-scale, industrial expansion. I think of Honda—they put a billion-dollar investment in their hybrid model vehicles; \$5 billion by Stellantis; \$7 billion by Volkswagen to build the battery cell plants in St. Thomas.

It's an amazing challenge to have as a government, as a minister, but our preoccupation is to keep up with growth, which is why we're using short-term and long-term procurements while we're looking to nuclear, which is more of a medium-term solution. We're looking to renewables and other interventions based on short-term actions to ensure we have the energy supply Ontario will need. We're also making the transmission infrastructure upgrades, as was mentioned by MPP Yakubski.

1530

The bottom line is we anticipate the industrial expansion and the population increase to really create more GDP opportunity for Ontario. In Pickering, that refurbishment alone, should that be authorized and extended, I believe it's upwards of \$16 billion to \$19 billion in GDP gain to the economy. That's a significant amount of jobs. That's families that have a generation of work. We really want to make that story a reality in more parts of Ontario.

So, I would say we have significant demand needs in Ontario. We need to go further. We need to build out our plan with more nuclear and an all-the-above approach. The plan we've unveiled to date will get us to the finish line. I would argue we need to go even further to make sure we have the energy security and affordable energy to continue to attract investment.

I'm proud of the fact that companies like Volkswagen cited Ontario's clean-energy advantage as one of the reasons why they chose to invest here. So we are committed to questions of the past, to maintaining that advantage and, over time, enhancing that advantage, as once those nuclear plants, our fleet, get back online, you're going to start to see the percentage of emission-free increase as we try to decarbonize our grid over time—so, a very positive future.

We do have real challenges; every economy in the world does. But when it comes to growth, when it comes to jobs, when it comes to better jobs and bigger paycheques, the aspiration we have for our kids and grandkids, I believe our long-term integrated energy plan

that we envision for the province, thinking 20, 30 years out, is going to pay dividends for workers today and for our children tomorrow because we're actually building out according to our economic needs. And we're letting price and affordability be our guiding light with all the decisions we make.

M^{me} Dawn Gallagher Murphy: Great. Thank you very much.

Chair, I will pass it over to my colleague MPP Jordan.

The Acting Chair (Mr. Rudy Cuzzetto): Go ahead, MPP Jordan.

Mr. John Jordan: Thank you, Minister, and congratulations as well. I want to reflect back on your opening remarks. I think they're certainly a reflection of your ability to pick up and lead this ministry. A couple of things that struck me out of those remarks: the 94% emission-free sources. You talk about future generation, so I think that's key, that we can continue on that path.

You mentioned a 60% increase in demand by 2050 and also a vision to increase our exports. I think I heard the number 18,000 megawatts. I can't relate to that; I don't know how many energy bunnies that is or what that looks like, but it's huge. So I'm just wondering if you could comment on the critical success factors and how you see that tracking into the future for those future generations.

Hon. Stephen Lecce: In order for our country to offer that opportunity society where young people work hard and they're able to achieve vertically, I think we've got to make sure the fundamentals of our economy are sound. We have to have jobs connected to people's skills. We have to have affordable energy. We have to have an infrastructure system that works and that supports productivity in our economy. We have to have investments in a knowledge economy and R&D and innovation to ensure that we're commercializing good ideas. All this is part of a strong, robust, functioning economy, and I think a first principle is to have affordable energy coupled with skilled workers available to build out our economic needs.

The Premier is very fixated on that vision of mitigating any perceived vulnerabilities that most economies are facing today. On the skilled labour shortage, our government—supported, obviously, by the work of Minister Piccini—is leading the way in creating that skilled workforce that can build out these massive nuclear expansions and create tens of thousands more jobs.

The second element that I think is important for the future is the recognition that, if we want to be serious about economic growth and environmental protection, then as governments and political parties we need to declare unambiguous support for nuclear energy. I cannot point to a jurisdiction on earth that has not come to this realization. Even in Europe, where they turned away from nuclear, they are now turning back to it. It is the only solution for large-scale, baseload, reliable, emission-free energy. I would welcome a debate in this space, because I don't know what the alternative is. For those that suggest that there is one, they need to tell us what their plan is and show us a jurisdiction on earth that has been able to guarantee energy security absent large-scale nuclear expansion.

This is a fundamental priority. We know that the Liberals oppose nuclear expansion. When they had the chance, they denied Pickering, and they've not been particularly enthusiastic about the refurbishments we've made. That seems like a missed opportunity for the 65,000 families that depend on energy. We're not ideological in this space. We're governed by science, by a track record and by an ability of OPG and our government to build on time and on budget that keeps the rates low for families.

I think the other element that we want to really profile is the fact that, over time, as the refurbishments get back online after the 2030s, we're going to have an even cleaner grid. We already are among the cleanest on earth. Our intention is to make it cleaner and greener over time.

But what we will not put at risk: We are not going to put at risk reliability because of these blindly ideological decisions. We're not going to put at risk affordability by skyrocketing rates because we're just going to shut off a resource that has been used in this country for longer than it has been a country. We're practical about that transition. We're focused on affordability, but we're also committed to a cleaner future for our kids. I think that is the responsible path people want in their government when it comes to the diverse energy mix we have.

Maybe I'll leave it there. Thank you, John.

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

The Chair (Mr. Aris Babikian): Four minutes and 40 seconds.

MPP Dowie.

Mr. Andrew Dowie: Thank you, Minister, for being here. I appreciate that local shout-out, because I can't tell you how vital the transmission capacity is for southwestern Ontario. We have 9.2% unemployment right now. Every job matters.

Back in 2015, I remember the then Liberal government made a commitment that we would see an additional two transmission lines down to Essex county to service the greenhouse industry. And 2015 came and went. So did 2016, 2017—2018, a change in government, and finally it was under this government that we saw some action on the transmission lines.

There had been some concern expressed for the ability of the province to provide enough power down in our neck of the woods to help employment. The infrastructure for energy transmission is crucial for attracting investment and supporting the existing industrial activities like Stellantis and the big—the Detroit three, as they're now called—in our community, and fostering job creation. Because we need to have our energy demand met reliably and efficiently.

So I wanted to ask you, Minister, while you're here, what measures and initiatives are currently being undertaken to ensure that there's adequate and reliable electricity transmission infrastructure here in the province?

Hon. Stephen Lecce: It's a really important question. I know you've been championing the cause of both industrial growth and agricultural growth, greenhouse growth, taking place in your riding but also the periphery outside of Tecumseh, and likewise in Essex and other parts

of Windsor and the broader region. We really appreciate the theme in the question, which is: How do we plan for growth that is taking hold as we speak and that's going to be coming fast and furious to southwestern Ontario most particularly, but across Ontario. We're seeing this in the north as well.

As was mentioned by ADM Moore, there was a commitment of five lines, I believe, that have been—five lines, I can confirm that—that have been committed by the government that we're building out that go specifically into those regions of the province to increase the voltage and really help deliver more power to ensure large industrial needs or residential developments are always able to connect to the grid and that we have the power where we need.

We're making those investments today; we're thinking about tomorrow—yes, in generation, but also in transmission. Those investments are going to pay significant benefit, some of which have already started. This is the vision that we have: It's build out the enabling infrastructure through the OEB at the most affordable rate; it's build out generation, short-term and long-term—long-term being a commitment to emission-free power, largely nuclear. Short-term can be a mix of our existing energy options and resources that work well for the people of Ontario.

Finally, I would just simply say that a part of the commitment we're making on this is making sure that, as we build out, it's commensurate with the rate of electrification needs, because we have a significant EV expansion taking hold in your community, we have greenhouses which are putting more pressure on the grid, we have more homes being built in your community as well. So you've got the trifecta of all the things that are creating pressure, healthy pressure. But we have that plan and we have that vision and we have the accountability on Hydro One and others to make sure that they're building out that transmission infrastructure according to the benchmarks on time, because we cannot wait.

1540

The Chair (Mr. Aris Babikian): One minute.

Hon. Stephen Lecce: Our economic needs are coming in, and Minister Fedeli, the Premier and others involved in the government are very committed to seeing that growth take hold without any impediment. Us in the Ministry of Energy, I think we got our marching orders loud and clear. We're not going to be an impediment. We're going to be part of the solution to enable more investment to create better jobs for the people of Ontario.

Mr. Andrew Dowie: Okay. Thank you. In the few seconds we have left, do you anticipate any technical barriers to addressing some of these shortages that we see in capacity?

Hon. Stephen Lecce: I will turn that to the DM and maybe to an ADM that may speak about some of the more technical challenges that we are facing.

Ms. Susanna Laaksonen-Craig: I would say that we have excellent partners, for example, in IESO, who have the significant technical expertise to help us do that—

The Chair (Mr. Aris Babikian): Thank you, Deputy Minister. Time is up. That concludes our second round—*Interjection.*

The Chair (Mr. Aris Babikian): We're going to the third round now.

So, we move to the third round. We will start with the official opposition. MPP Shaw.

Ms. Sandy Shaw: John, should I mix it up a bit to keep you interested, do you think? I'm wondering.

Minister, my question: Many people mentioned the trip to Romania. It was for the Candu technology; is that correct? Was the previous minister, Todd Smith, with you on that trip?

Hon. Stephen Lecce: The reason why the government went to Romania was for Laurentis, which is a subsidiary of OPG, to sign a deal to refurbish their reactor there. That was a very positive deal. That was a \$370-million agreement for seven years to refurbish one of their units with the potential to compete for the next few.

And, yes, he was present for that, as I was. It was done on his way out and my way in to announce a deal that creates jobs for Ontarians.

Ms. Sandy Shaw: All right. Thanks. I was curious about that.

I just want to go back to Enbridge and the government's overturning of the OEB ruling, because there's a lot of talk about what is ideological and what is not. You can understand why people would suspect that your government's overturning of an independent regulator's ruling—it took some time for them to come to that decision. It wasn't made lightly. I think they did a year or two of hearings. There were about 146 witnesses and pages—it was a substantial ruling.

There's evidence coming out that this government was already ready and had clear connections, close connections, with Enbridge, anticipating this decision coming down and that within hours, if I'm not correct—it was certainly not days; it was within hours the government announced that they were going to overturn this ruling, and they then introduced Bill 165.

So, again, with all due respect and respecting the Chair's wishes that we don't mix it up too much, you can understand why people would think that that was your government's own ideological bent which is putting the interests of powerful insiders ahead of the interests of consumers.

So, my question is, do you think that that decision was ideological? That's number one. And my other question is, who really benefits from this? How much will Bill 165 increase the typical gas bills of existing consumers as compared to what they would have paid if the OEB ruling was allowed to stand? Really, why should existing gas consumers bear the costs and risks of hookup of new natural gas consumers? Why should they be subsidizing the profits of Enbridge which, as you know, is a huge multinational for-profit corporation? It just seems wrong when we're talking about trying to bring energy costs down, when we're talking about the subsidies, the billions of dollars that the taxpayers already subsidize into our

energy costs, that now the government would essentially allow consumers to subsidize the profits of the Ontario Energy Board. Explain to me how that is not an ideological decision, not a decision based on evidence or the best interests of the people of the province of Ontario.

Hon. Stephen Lecce: You posed an important question of, "Who does this serve?" The decision to overturn the split decision of the OEB—which, at the time, the minister said was true overreach—it's our kids, who otherwise would be paying for new homes. Because just to be clear and to correct the record, it doesn't apply to existing; it applies for new customers, the net new. They'd pay \$4,400 on average, and it's tens of thousands for new homes in rural Ontario, which is even worse. The question is, who does it serve? It serves our kids and grandchildren, who would have been at a competitive disadvantage, paying tens of thousands in rural Ontario and \$4,400 on average otherwise if we didn't intervene.

Look, it wasn't like this was a decision of a consensus of the board. It was a split decision, and the government made a determination based on the commitment to affordability, the guiding light we have made to not impose higher costs on new homeowners. It just seems to be so counterintuitive to the mission of making homes attainable by authorizing a \$4,400 net increase.

So we obviously made this decision premised on short-term authorities of government. As you know, that authority will return back to the OEB. They'll then make their determinations on their forecasts and on their schedule of recovery of those prices and costs. But for the immediate term, the government acted quite swiftly because we thought this is so inconsistent with the intention, I think, of most of us in the Legislature who want to make housing affordable, or at least attainable. Well, \$4,400 is not insignificant. This isn't a couple of hundred bucks here and there that you could avoid; it's powerful, and it's probably the most pronounced increase we would have enabled if we didn't step in. So I think it would have been hazardous of government to have just been a bystander, instead of acting in the public interest to say, "Look, I don't want to increase costs on our kids."

Ms. Sandy Shaw: Thanks, Minister. Here's the "disagree" part of our afternoon: The way I see it, Enbridge didn't want to pay the cost, and the government said, "Okay, you shouldn't have to cut into your profits to pay for the costs of these hookups." Developers don't want to pay for the cost of these hookups, so the government said, "Well, let's just let consumers pay for the cost."

When it comes to affordability for homeowners, you're also not giving new homeowners a choice. Maybe they don't want to be hooked up to natural gas as all these technologies come forward and they would rather have the option to have an efficient, cost-saving heat pump. Now you're sticking consumers with the bill, and you're sticking new homeowners, young families who need a home that they can afford, with the legacy costs of what you have said here today should be a diminishing reliance on methane or natural gas, as you call it.

I completely see this differently than you, in that I think the government should have allowed that decision to stand, worked with Enbridge and worked with developers to actually come up with a solution that really, truly benefited people who wanted to afford homes and people who wanted to decarbonize and wanted affordable energy, not to be stuck with a diminishing—because what's going to happen is these people who buy these homes and are forced to be hooked up to gas, because they don't have any choice; there are going to be fewer and fewer people stuck on gas paying the same rate, divided. So really, it's going to be this shrinking base of people who are going to pay for this, and people who can't afford to get off gas and can't afford a heat pump for one reason or another are going to be stuck paying these increased gas costs.

This is supposed to be forward-looking, and you weren't in that seat when this happened—

Hon. Stephen Lecce: And I can respond, if I may—

Ms. Sandy Shaw: Sure, I'd appreciate that.

Hon. Stephen Lecce: Just to say, look: Consumers are going to pay either way. The difference is, the OEB wanted us to front-load the cost all on the person, the young family, the new immigrant or new Canadian buying the home. We thought that seems preposterous to impose all of the cost up front, versus amortizing it over what is historically the schedule associated with those assets.

Ms. Sandy Shaw: Forty years.

Hon. Stephen Lecce: That was the reason why we made that approach: because we thought for anyone—a young person; it doesn't matter who it is—that just seemed to be very unfair. The \$4,400 on an average home is a lot, but it actually is much higher in rural Ontario. Two thirds of Ontarians depend on natural gas for home heating. I'm not talking about the generation; I'm talking about for keeping their water pumps going and all that.

But you made a fair point about the need to layer in options. This past year, we enabled the Energy Affordability Program through Save on Energy, which now, for the first time, allows these home renovations. But that includes for cold-climate air-storage heat pumps to now qualify as part of that program, so families do have the choice to opt in, and they can, and many are using or opting to use heat pumps as a way to reduce their reliance and their footprint. That is sound, and frankly, I'm interested in looking at how we further expand upon that work to reduce dependence and keep rates as affordable as humanly possible for families.

1550

Ms. Sandy Shaw: Okay. Just a comment, really: I respect your answer but they're amortizing this over 40 years. Forty years will bring us to—what is it?—2064. Up to 40 years of people stuck on gas, which you had said that we're trying to diminish our reliance on gas, and we're supposed to be net-zero by what, 2050? Is that what the government has pledged? I forget now.

Hon. Stephen Lecce: The federal government's decarbonization.

Ms. Sandy Shaw: And what is the provincial net-zero date?

Hon. Stephen Lecce: Well, we obviously will respect federal statute.

Ms. Sandy Shaw: Okay. That's fine. I should know, as the environment critic. Somehow, I don't. How's that? That's great.

What I wanted to talk about really quickly is heat pumps, so let's just get to the actual solutions that people need and expect us to be working on. You have talked about heat pumps, and I may have missed some of the details and the plan that the province is offering right now.

So the federal government is offering, essentially, free money, if you will, for heat pumps in provinces. Provinces like PEI and BC are passing those savings onto consumers. PEI has a means-tested free heat pump program that's working for people in their homes. We all know with heat pumps, it's becoming more and more mainstream, and they provide heat and air conditioning. BC—I have the data here, but BC also has got a significant investment through the federal dollars in these heat pumps.

Again, with due respect, I think we've got some catching up to do when it comes to accessing this federal money that's hanging out there so that people can understand heat pumps and can afford heat pumps, get them in their homes and start saving money and playing their role in climate change.

Hon. Stephen Lecce: We recognize that while we have expanded access to them, there's more that can be done and should be done to reduce the cost or any barriers for families, regardless of their income, to access interventions that reduce energy dependence and, ultimately, save them money and, obviously, reduce the energy that otherwise could be used in the grid.

We have taken action through the Save on Energy program, but I believe that there's more we can do, building upon this work, to further enable or liberalize access to these heat pumps. They have become more effective and more affordable over time. I think our government—as we say, we are open to any idea that materially will reduce costs for families. That's ultimately our driver to affordability, but yes, of course, that's also reducing their environmental footprint, and that's why we take a position of supporting any intervention that works. This one, I think, is more efficacious today than it was some years ago, and the government is very serious about looking at ways to scale up the already expanded authority to apply it, that's now eligible for the program. But I take your point, and others are sharing this advice to the government. Anything more we can do will enable families to have more choice.

I know that there is about \$8 million that was invested in the Clean Home Heating Initiative, which essentially helps families achieve the objectives we have set out through some incentives for installation of electric heat pumps with their smart controls, so that's been effective. And, obviously, programs like the Peak Perks have been very effective for hundreds of thousands of customers who have signed on voluntarily.

So we'll continue to lean in, and we'll, frankly, accept advice from any party, any stakeholder about how we can make pricing more affordable for families.

I just will say that we've started the pilot project on this clean home initiative in London, Peterborough, Sault Ste. Marie, St. Catharines, Whitby, Ajax, Pickering, Barrie. They were all added in 2023, and roughly 1,500 hybrid heat pump systems have been installed in Ontario as of the spring of 2024, because of that specific initiative. There's more work to do, I assure you, to MPP Shaw.

Ms. Sandy Shaw: Sure. Thank you for that answer. Just a comment that I didn't have my figures in front of me, but BC has received \$100 million from the feds, so that's a significant chunk more than the \$8 million that you're talking about.

The other thing that I think needs to be just said, is it's important that it's a non-emitting source, so we're not looking at heat pumps that are fuelled by methane or natural gas. These are electric heat pumps, as you said, that are fuelled by a non-emitting source such as nuclear. So I think that's an important caveat and we have to keep our eye on that.

Okay, Minister, you and I have known each other for a while in the Legislature. We've had some good moments and bad moments, and I don't want to end on a negative, but I just want to pick up on something that you talked about, about the importance of democratic representation. Couldn't we certainly agree with that? I think that it is significantly important when it comes to something as important as our energy future. You talked about kids. I have eight grandkids, so I am invested in this.

Hon. Stephen Lecce: I met one of them, actually.

Ms. Sandy Shaw: That's right. You were very kind to him. He mentioned that a number of times, so yes, I appreciate that. There are seven more to go, so hang on there.

So that's where we all come from. This is important, to make sure that it's transparent and people really do have a say in the direction that it's going. We, again, learned from bad decision-making of the previous Liberal government—decisions that were made behind closed doors.

I do have to bring up a couple of things that I think that your government could have done better when it comes to making sure people have a say in what happens in their communities. Really, I just want to talk a little bit about the way in which your government will be procuring wind farms and their use on agricultural land.

As you will know, in Wilmot, the people in Wilmot are up in arms because 770 acres of class 1 farmland is being purchased against their will for an unknown industrial use. People are feeling that their local democracy and planning ability is being usurped. Class 1 farmland—once it's gone, it's gone. We're losing so much of our agricultural land. How can you square that this is being taken with the fact that there's such restrictions on where wind farms will go on farmlands?

Mr. John Yakabuski: Point of order, Chair.

The Chair (Mr. Aris Babikian): MPP Shaw, point of order.

Go ahead, MPP Yakabuski.

Mr. John Yakabuski: Chair, the question that the member from the opposite side is talking about is not connected to the Ministry of Energy, so I do not think that it's appropriate to be asking that question in this forum.

Look, this is not question period. This is not the street. This is the estimates of the Ministry of Energy, and the minister has been very clear that there are no renewable projects that will proceed without the express consent of the municipality. That's clear. This is not to do with the Ministry of Energy, Chair.

The Chair (Mr. Aris Babikian): MPP Yakabuski, thank you very much. You've made your point.

MPP Shaw, please, let's focus on the estimates of the Ministry of Energy.

Ms. Sandy Shaw: Absolutely, and I am doing that. So you're ruling on the point of order? Have you ruled on that point of order, Chair?

The Chair (Mr. Aris Babikian): Well, I'm bringing to your attention that we need to focus on the matter at hand today, and that is the estimates of the Ministry of Energy.

Ms. Sandy Shaw: Well, let's do that, shall we, Chair? We will do that. And so—two things: This is a new minister that I think is able to answer these questions because he's shown himself fully capable of defending himself in answering in the Legislature.

Mr. John Yakabuski: That's not the question.

Ms. Sandy Shaw: Excuse me. I have the floor.

The Chair (Mr. Aris Babikian): MPP Yakabuski, please let MPP Shaw finish her thoughts.

Ms. Sandy Shaw: The second thing is, I'm asking very specifically about wind and the future procurement of wind power, wind turbines—where they're going to go—in the province of Ontario. I see that as a perfectly fitting question when it comes to energy estimates, and the future-looking spend of this government and how they procure and place wind turbine farms or other renewables in the province. So I don't know, Minister—

Interjections.

The Chair (Mr. Aris Babikian): Please, colleagues—please stop talking over each other and let the minister answer the question.

Please finish, Minister. The floor is yours.

Hon. Stephen Lecce: It was going so well, Chair.

Look, on the part on wind, I hear you. On the importance of ensuring that we respect local communities, we do believe a municipal consent resolution needs to be enabled before a project can be considered. We are going to reward projects that come to us that are on crown lands, especially in the north of Ontario, where there is strong wind capability. They've done the tests from that respect.

We're going to reward projects that are done in partnership with, or on, Indigenous communities, but those will get higher incentives because we've learned from LT1 we've got to do more of this: more northern, more Indigenous-partner-led projects.

And then finally, obviously on the solar component, we've denied that on any solar crop-mounted project on prime lands or agricultural areas. We're also imposing an

agricultural impact assessment, which the former government did not do. They couldn't have conceived of such a concept. So we're really trying to create—

Ms. Sandy Shaw: So you are imposing that? Did you say that?

The Chair (Mr. Aris Babikian): One minute.

Hon. Stephen Lecce: The agricultural impact assessment will now be required on any project on agricultural land, but only after a municipal support resolution is enabled.

Look, Ontario is a vast land, particularly in the north, where we have significant deposits of crown land. I think the question for me as a new minister is, how do I reimagine crown lands for public good? I'm talking about entirely renewable-type projects, be it wind or solar, and I think there's a future for us thinking about how we use them. Obviously, we'll need to work with Indigenous partners, nations and governments, and we're committed to doing that, working with Minister Rickford's office. But I could assure you that we'll see more of these types of projects coming online, but the first principle will be local consent by a council.

Ms. Sandy Shaw: Okay, thank you, Minister. I appreciate that very much.

I also want to congratulate you on getting up to speed so quickly on a very complex file and a file that's important to our economic development, a file that's important

to the future of our kids, and a file that's important when it comes to fighting climate change in the climate emergency that we're facing. So thank you very much for your answers.

The Chair (Mr. Aris Babikian): Thank you, MPP Shaw.

This concludes the committee's consideration of the estimates of the Ministry of Energy. Standing order 69 requires that the Chair put, without further amendment or debate, every question necessary to dispose of the estimates. Are the members ready to vote?

Shall vote 2901, ministry administration program, carry? All in favour? Any opposition? Seeing none, carried.

Shall vote 2902, energy development and management, carry? All in favour, please raise your hand. Any opposition? Seeing none, carried.

Shall vote 2905, electricity price mitigation, carry? All in favour, please raise your hand. Any opposition? Seeing none, carried.

Shall the 2024-25 estimates of the Ministry of Energy carry? All in favour, please raise your hand. Any opposition? Seeing none, carried.

Shall the Chair report the 2024-25 estimates of the Ministry of Energy to the House? All in favour, please raise your hand. Any opposition? Seeing none, carried.

Thank you, members. The committee is now adjourned until Monday, September 16, at 2 p.m.

The committee adjourned at 1603.

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