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Standing Committee on the Interior

Keeping Energy Costs
Down Act, 2024

1st Session
43rd Parliament

Tuesday 9 April 2024

Comité permanent des affaires intérieures

Loi de 2024 visant à maintenir la
facture énergétique à un niveau
abordable

1^{re} session
43^e législature

Mardi 9 avril 2024

Chair: Aris Babikian
Clerk: Thushitha Kobikrishna

Président : Aris Babikian
Greffière : Thushitha Kobikrishna

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CONTENTS

Tuesday 9 April 2024

Keeping Energy Costs Down Act, 2024, Bill 165, Mr. Todd Smith / Loi de 2024 visant à maintenir la facture énergétique à un niveau abordable, projet de loi 165, M. Todd Smith	IN-463
Clean Air Partnership; Canadian Fuels Association; Industrial Gas Users Association	IN-463
Ms. Gabriella Kalapos	
Mr. Landon Tresise	
Ms. Shahrzad Rahbar	
CHAR Tech; Dr. John Peters; ResCon	IN-471
Mr. Andrew White	
Ms. Meredith Greaves	
Mr. Paul De Berardis	
Mr. Ken Love; South Central Ontario Region Economic Development Corp.; Ms. Elizabeth Carswell	IN-481
Ms. Amy Martin	
Ms. Kimberly Earls	
Ontario Chamber of Commerce; For Our Grandchildren; Western Ontario Wardens' Caucus.....	IN-490
Ms. Claudia Dessanti	
Mr. Guy Hanchet	
Mr. Glen McNeil	

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE
ON THE INTERIORCOMITÉ PERMANENT
DES AFFAIRES INTÉRIEURES

Tuesday 9 April 2024

Mardi 9 avril 2024

*The committee met at 0900 in committee room 1.*KEEPING ENERGY COSTS DOWN
ACT, 2024
LOI DE 2024 VISANT À MAINTENIR
LA FACTURE ÉNERGÉTIQUE
À UN NIVEAU ABORDABLE

Consideration of the following bill:

Bill 165, An Act to amend the Ontario Energy Board Act, 1998 respecting certain Board proceedings and related matters / Projet de loi 165, Loi modifiant la Loi de 1998 sur la Commission de l'énergie de l'Ontario en ce qui concerne certaines instances dont la Commission est saisie et des questions connexes.

The Chair (Mr. Aris Babikian): Good morning. I call this meeting of the Standing Committee on the Interior to order.

We are meeting today to resume public hearings on Bill 165, An Act to amend the Ontario Energy Board Act, 1998 respecting certain Board proceedings and related matters. Are there any questions?

CLEAN AIR PARTNERSHIP
CANADIAN FUELS ASSOCIATION
INDUSTRIAL GAS USERS ASSOCIATION

The Chair (Mr. Aris Babikian): If not, I will call on the witnesses to take their seats: first of all, Clean Air Partnership, Canadian Fuels Association and Industrial Gas Users Association—I think they will join us virtually.

We will start with Clean Air Partnership. Please identify yourself and your organization before you make your presentation. Then after, during the question period, whenever you answer any questions, please identify yourself again. Thank you. The floor is yours.

Ms. Gabriella Kalapos: Thank you very much. Hi there, everybody. I'm Gabriella Kalapos from the Clean Air Partnership.

Thank you for allowing me the time to share my input on why I believe Bill 165 should not be approved. As I said, I'm Gabriella Kalapos, and I'm the executive director at the Clean Air Partnership. I have been working in the climate space for about 30 years, and my passion has been to encourage the uptake, transfer and implementation of

clean air and climate change actions, and the building of partnerships that enable collaboration between the community and all levels of government.

Clean Air Partnership is a charitable environmental organization that convenes a network of over 40 municipalities in Ontario and represents over 10 million Ontarians. We identify issues and barriers to implementing climate action, undertake research and reduce duplication of efforts across municipalities.

While Bill 165 has been named Keeping Energy Costs Down Act, it really should be called “keeping Ontario on the fossil fuel pathway,” and I hope to be able to explain to you why keeping Ontario on the fossil fuel pathway may be in the best interests of Enbridge but is most certainly not in the best interests of Ontarians.

Based on past experience with infrastructure management, Ontario advanced the Development Charges Act. This act ensures that a mechanism exists for new developments to pay for infrastructure such as storm sewers, roads, water pipes etc. and that the property tax base does not have to subsidize those costs—but no, not for fossil fuel infrastructure. That is subsidized off the rate base, which pays for all the upfront capital costs associated with bringing that fossil fuel to new developments.

Developers pay for electricity infrastructure but not for fossil fuel. Imagine, as a developer, not having to pay for fossil fuel infrastructure. Be honest: Wouldn't this make you lean towards using fossil fuels for meeting energy needs? Why look elsewhere when the easy option is all there and free, available to you? Just because it's free doesn't mean that it's the best option; it is just the easiest one. This is another example of how it is a very unequal playing field that gives the fossil fuel option a real leg-up in decision-making.

The OEB decision simply says to Enbridge, “Hey, look, it takes over 40 years to pay for fossil fuel pipelines, and we aren't supposed to be burning fossil fuels for 40 years to heat our buildings. Therefore, you need to start taking the risk of stranded assets into your decision-making.”

Allocating upfront capital costs to fossil fuel infrastructure for new development ensures more accountability and increases the likelihood of consideration of different lower-carbon and lower-cost ways to meet people's energy needs. If status quo fossil fuel is free and easy, which we all know it is, do you think that we will ever build the critical mass of moving the market towards consideration of lower-carbon opportunities?

The fossil fuel option isn't the most cost-effective route to meet people's energy needs anymore, especially in the new residential market that has many other routes for meeting people's energy needs, both for upfront capital costs and lower operating costs. But no, we choose to pass legislation to protect a monopoly fossil fuel company that made over \$16 billion in gross profits in 2023, \$16.5 billion in 2022, and \$15.9 billion in 2021.

Bill 165 says to Enbridge that Enbridge doesn't need to take the risk of stranded assets into their decision-making. If everyone involved in infrastructure decisions has to take that risk of stranded assets into consideration, why not Enbridge?

It is important to remind us all that the Ontario Energy Board isn't an environmental organization; it is a rate base protection organization. The Ontario Energy Board decision acknowledged that we are moving into an energy transition and Ontario needs to start preparing itself to participate in a transition to these low-carbon energy systems. As such, it makes sense to factor in the stranded asset risk and level the playing field between electricity and fossil fuel considerations to meet people's energy needs. Instead, Bill 165 says, "Keep going on the pathway to keep burning fossil fuels." There are cost-effective options for meeting people's energy needs without relying on fossil fuels, but will those options be considered when the fossil fuel pathway costs developers nothing?

Bill 165 will add over \$1.5 billion to the rate base when the cost of pipelines, meters and capitalized overhead is taken into consideration. This approach doesn't make sense when we are in a full-blown climate crisis and there are cheaper, lower-carbon energy alternatives available. Modern technology offers a variety of efficient ways to heat our homes with electricity. Ground-source and air-source heat pumps meet people's energy needs in a low-carbon and cost-effective manner, and this is when factoring in both upfront capital costs as well as the operational costs. We have other options available, but are we considering all our options and identifying which one makes the most sense from an environmental and economic perspective? No, we are not.

Bill 165, "keeping Ontario on the fossil fuel pathway," is keeping Enbridge's fossil fuel pathway and profits secure while forcing the rate base to subsidize those costs. If now is not the right time to address the preferential treatment Ontario's fossil fuel monopoly receives in regard to rate base subsidies for pipelines, then when is? The government has had Enbridge's back, but who has the rate base's back? Who has the climate's back? How much longer are we going to bunt these decisions on to the next government, or even the next generation? Because the real price of many of these recent energy decisions taken by the Ontario government, be it doubling down on gas plants for electricity generation or the natural gas expansion program, will be paid for by the Ontario rate base—

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

Ms. Gabriella Kalapos: Oh, sorry. Is my time up?

The Chair (Mr. Aris Babikian): No, no. You still have one minute.

Ms. Gabriella Kalapos: Okay. Thank you. Protecting Ontario's fossil fuel monopoly by subsidizing fossil fuel companies is not good for the future of Ontarians. I know Ontario can and must do better at energy planning. This Ontario Energy Board decision is an important step in that direction. Bill 165, "keeping Ontario on the fossil fuel pathway," reverses this crucial decision. Let's do better. Let's make decisions that benefit Ontarians and not just Enbridge's profit margins.

Thank you very much for allowing me the time and listening to this input.

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

Now we move to the Canadian Fuels Association. Please state your name and your organization. You have seven minutes, and I will remind you one minute before your time is up.

Mr. Landon Tresise: Great. Thank you, Mr. Chair. Good morning to you and the members of the committee. It's a privilege to appear before you today as you consider Bill 165, the Keeping Energy Costs Down Act. My name is Landon Tresise. I am the director of government and stakeholder relations for the Canadian Fuels Association here in Ontario.

CFA represents the producers, distributors and marketers of transportation energy, including gasoline, ethanol, bio-based diesel, jet fuel, as well as specialty fuels and lubricants. Our sector represents 111,000 workers, 15 refineries, eight clean fuel production facilities, 75 distribution terminals and 12,000 retail and commercial sites across Canada. Five of those refineries are located right here in Ontario, concentrated in the southwest, where we anchor the petrochemical cluster.

The fuel sector contributes more than \$8 billion in GDP to the province, behind only agriculture and auto manufacturing. Our members supply 40% of Ontario's energy mix, which accounts for 95% of the transportation fuel Ontarians use every day. That translates to 25 billion litres of fuel a year. Canadian fuels facilities comprise an important part of Ontario's critical infrastructure, ensuring that we have safe and secure access to fuels that are vital to personal mobility, the movement of goods and the provision of essential services like first responders. Our products are critical feedstock for other industries such as manufacturing and construction.

The Canadian Fuels Association is supportive of Bill 165. We know that an independent regulator is essential to avoid political interference when it comes to protecting both residential and industrial consumers. However, we believe that in the most recent rebasing application, the OEB strayed from its mandate, requiring intervention. Assumptions made by the OEB without proper consultation present a major challenge for not only building new homes but also Ontario's industrial capabilities. This decision undermines the natural gas system, a critical feedstock for the operations of CFA members and many other manufacturers.

0910

The increased cost of natural gas and connecting new builds to the natural gas network will hurt the investment

landscape in Ontario for new clean manufacturing projects, which will in turn hamper Ontario's efforts to decarbonize while maintaining a secure energy supply.

There is no path to decarbonizing transportation without low-carbon liquid transportation fuels. Canadian Fuels' members are leading the way. Our Ontario members produce nearly one billion litres of ethanol right now. As Ontario transitions from E10 to E15 fuel requirements, more production will be required.

We're looking to the future and how our sector will continue to keep Ontarians moving. This includes investments in clean fuel production through technologies like biofuels, hydrogen, sustainable aviation fuel, and carbon capture and storage. These investments and the continued strength of Ontario's manufacturing sector requires a strong, resilient, affordable energy sector. This means an integrated energy plan and affordable connections to the system.

Additionally, we recommend the government consider a new cost allocation methodology where costs and benefits for expenses be spread over the province, versus a region, similar to electricity.

Clean fuels offer tremendous economic, environmental and security benefits. Ontario has incredible potential, particularly for biofuel production, and CFA encourages the government to support a strong investment climate in the province. To that, we support the government's proposed legislation and look forward to their development of an integrated energy policy as recommended by the Electrification and Energy Transition Panel.

Again, thank you for welcoming me to your committee. I look forward to your questions.

The Chair (Mr. Aris Babikian): Our third presenter is Industrial Gas Users Association. Please identify yourself and who you represent. You have seven minutes to make your presentation.

Ms. Shahrzad Rahbar: Good morning, Mr. Chair, and good morning, committee members. My name is Shahrzad Rahbar. I'm the president of Industrial Gas Users Association. I am joined by my colleague Dereck Francis.

I'll be giving the presentation, and I do apologize in advance. I am just recovering from COVID, so if I go into a coughing fit, my colleague will take over from me. I hope I can get through my seven minutes.

So, committee members, thank you for giving us the time to speak. My presentation is a bit tangential to what we heard from your earlier presenters in that we are confining our remarks. We're refraining from commenting on the zero-revenue horizon for residential. Our comments are confined to matters that directly impact industrial consumers in the province.

A few words about IGUA. We've been around for over 50 years. We represent industrial ratepayer interests at regulatory hearings in Ontario and Quebec and in front of the National Energy Board. Our members are energy-intensive, trade-exposed industries and major employers in remote and rural areas. We have membership from mining, fertilizer, refineries, steelmakers, forest product

companies, fertilizer manufacturers and renewable fuel manufacturers.

We value natural gas. We recognize that it's critical to the stability and resilience of the power grid and to the competitiveness of Ontario industry that's hard to abate and does not have any other options for the time being for decarbonizing. In some instances, gas replaces heavier hydrocarbons in industrial processes necessary to our decarbonization.

We were intimately involved in the year-long process of the OEB to hear the Enbridge rebasing application. In the one-month-long hearing, our comments were confined to matters that impact industrial competitiveness and did not extend to the zero-revenue horizon for residential.

We're here to flag two potential unintended consequences from the bill. We support the objective of keeping energy prices down, creating jobs in Ontario and keeping energy prices affordable. There are two issues with the bill that may have the reverse, unintended consequence.

The first one is a selective exemption of some industrial sectors from contribution in aid of construction, in particular, if applied to the Sarnia development, to the panhandle expansion development. Contribution in aid of construction for heavy industry is very different from a zero-revenue horizon. Industries had a 20-year revenue horizon for decades, which means the utility calculates the cost of infrastructure to supply a particular industrial operation. If 20-year rates do not cover that cost, the industry is required to offer some aid in contribution. This is in place to safeguard against subsidies and undue exposure to the cost of infrastructure by other ratepayers. It has not hampered economic development in the province. It has been long-standing. Favouring or exempting select panhandle industries effectively pushes the cost on the industries that are anywhere from Hamilton to Sarnia, including the chemical cluster in Sarnia and the steel cluster in Hamilton. So, again, be cautious of the unintended consequences.

The second issue we wanted to raise is that an independent regulator has kept energy prices down for Ontarians. We did an analysis of all of the decisions rendered by the OEB in 2022. The distribution monopolies—gas and electric—had requested an around \$16.5-billion revenue requirement. Going through the regulatory process, allowing ratepayers to examine the requests for revenue identified \$1.5 billion of excessive costs that were disallowed with no adverse effect.

So we welcome and support the delineation of responsibility between policy-makers and oversight of rate-regulated monopolies, but we do urge the committee to pay attention to an unintended foray into what should be the area of independent regulatory oversight of monopolies. So those are the two unintended consequences that we wanted to flag for the committee.

The amendment also raises the issue of—to suspend the duty of procedural fairness. To be honest, we didn't quite understand what the intent was or what the scope was. So I have no constructive comments to offer the committee, other than urging the committee to pay attention and make

sure that if we do suspend the duty of procedural fairness, it's exercised in a manner that does not lead to preferential treatment of one economic sector over another.

We'll be happy to answer any questions. Thank you for—

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

Ms. Shahrzad Rahbar: I'll return it to you and give you your extra minute, Mr. Chair. Thank you for hearing from us.

The Chair (Mr. Aris Babikian): Thank you very much to all presenters and witnesses.

We will move to the first round of questioning, and we will start with the official opposition.

Before we start the questioning, I just want to clarify a couple of things. Please forward your questions through the Chair, and give the opportunity to the witnesses to answer the questions.

MPP Shaw.

Ms. Sandy Shaw: Thank you to all the witnesses for being here this morning. I appreciate you taking the time.

I'm going to start my questioning with the Canadian Fuels Association. I just want to understand your association. Are your members regulated by the OEB? Is that an industry that is OEB-regulated?

Mr. Landon Tresise: No, it's not.

Ms. Sandy Shaw: So your interest in this bill, particularly, is about the idea of growing—decarbonizing, you've talked about; about a rational expansion of infrastructure. Is that correct?

Mr. Landon Tresise: Our members are working to expand biofuels production, as I talked about in my comments. To that, we do need to take advantage of natural gas infrastructure as we build out, because it's still a required feedstock in our production.

Ms. Sandy Shaw: The natural gas infrastructure, in this case, is primarily residential. So that will help your industry?

Mr. Landon Tresise: Sorry, are you—what was the question?

Ms. Sandy Shaw: Well, it seems to me that the OEB ruling was primarily about residential hookups, and so this will impact your Canadian Fuels Association members?

0920

Mr. Landon Tresise: No, not directly—the residential piece to it. Our concern with the way the OEB acted in this is sort of high level, in that we believe that a strong and healthy energy system is required, and we think that undermines it a little bit. And further, we also believe in an open and transparent way about making decisions, and we don't feel that they properly consulted all affected stakeholders.

Ms. Sandy Shaw: Thank you. I will take the time to remind you that this was a hearing. They took 14 months to come to this decision. They had something like 150 pages of deputation. There were how many witnesses? Everyone had an opportunity to apply for intervenor status. This was a very robust process. The government may have not liked to the ruling, but it was a very robust process and transparent.

I would also say that one of the concerns that people have here is that by overruling an independent regulator that regulates, essentially, a monopoly, which is Enbridge—Enbridge is a monopoly, and the only thing that prevents us from being charged, between Enbridge and the consumers, is the OEB. So I take the opposite opinion of you, that the government's decision was rash, and that the government's decision has introduced instability in predicting future growth in the way that we're going to grow infrastructure.

Do you have any comment on the fact that what we have here with Enbridge is a monopoly, that they are going to pass costs down to consumers? Every consumer, every person in the province of Ontario that's a gas user, probably including some of your members, will be paying \$600 based on the government's interference. Do you think, given that it was such a robust process, that it is fair for the government to politicize the independent regulator's role in the province?

Mr. Landon Tresise: Well, again, I'm not sure that I would agree that it was a robust process. I think that the way in which they made their decisions was not fully transparent. The time horizon issue was not put forward until the end. There were directly affected stakeholders, including the home builders, which you will be hearing from and have heard from, that were not included. Even IESO was not properly consulted on this.

Ms. Sandy Shaw: Actually, that's not correct. They applied for intervenor status.

Mr. Landon Tresise: Yes, they did, but not on that particular topic. That is not the normal way of doing things on this matter and—

Ms. Sandy Shaw: Thank you, Chair.

My final question to you is that the government has a carbon tax. When they cancelled the cap-and-trade, the introduced their own emissions performance standards. They're collecting hundreds of millions of dollars in tax on their own carbon tax program. Are your members subject to the provincial carbon tax?

Mr. Landon Tresise: The EPS, is that what you're—

Ms. Sandy Shaw: Yes.

Mr. Landon Tresise: Yes, of course.

Ms. Sandy Shaw: And are you happy with that regime?

Mr. Landon Tresise: Yes, we think the Ontario government did a great job at creating a program that collects funds that can be properly used towards decarbonizing facilities directly.

Ms. Sandy Shaw: Are you aware of how the government is using the revenues that they're collecting from your members?

Mr. Landon Tresise: I'm sorry, what do you mean?

Ms. Sandy Shaw: Do you know how that government is using the revenues that they're collecting from your members?

Mr. Landon Tresise: Well, it's going directly into—are you asking how the EPS program works? The funds are put directly into a bank account, of which we will have access.

Ms. Sandy Shaw: No, I'm asking—

Interjections.

The Chair (Mr. Aris Babikian): Can I have—let's put it on hold. Please, side talk discussions—we need to focus on the main questioner and the witness' answers. Let's give the witness the opportunity to answer the questions.

And also, side talk—please keep it down because we need to follow the hearing. Thank you very much to all of you.

The questions, again, have to be directed through the Chair.

Let's start the time.

Ms. Sandy Shaw: Through you, Chair, I want to move my questions now to the Industrial Gas Users Association, if that's okay with you.

I appreciate your presentation here today. I really want to focus on your concern about the selective exemption that an independent regulator is making for a monopoly, which is Enbridge. You used a term which I think is really interesting, which is “preferential treatment.” I'm not sure if you're aware, but in fact, preferential treatment has standing in law, and that is, in fact, what happened during the greenbelt scandal, if you will, which is now under RCMP investigation, because preferential treatment in standing in law speaks to insider trading. So it's interesting that you use that term.

My question to you is, if you want to comment further on that, how does this government's interfering in an independent regulator and politicizing this decision in the energy sector have long-term consequences for the stability of the energy sector?

Ms. Shahrzad Rahbar: I appreciate the question. If I may, I will almost sidestep your question, because, as I mentioned, we intervene in regulatory processes. It's the reason we exist. We appear in front of multiple regulators.

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

Ms. Shahrzad Rahbar: An independent regulator is crucial to making the right decisions and making those decisions stand. The process of poring for a year over a detailed examination is hard for government agencies or standing committees to do. You're looking at us this week. You'll be looking at the veterinarian certification next week. The OEB has the depth, the expertise, the knowledge to pore over the detailed data and keep oversight of monopolies. So they serve a valuable purpose, and I think it's crucial to keep the independence of the regulator apart from government policy. You need an arm's-length expert agency to pore over the details.

Ms. Sandy Shaw: Thank you.

The Chair (Mr. Aris Babikian): Now we move to the independent members. MPP Hsu, go ahead. You have the floor—four and a half minutes.

Mr. Ted Hsu: I wanted to go over that last point with the IGUA. It just strikes me that this bill potentially sets a precedent of needing to lobby politicians to influence a decision of the OEB or change the outcome of the OEB. Is that something that you're worried about, that the process for the regulating of the energy sector, protecting consumers, will become more of a political exercise and

less of an exercise in presenting the facts and arguments to an expert board?

Ms. Shahrzad Rahbar: I sympathize with the need to clarify the boundary between policy and regulation. It's not a very clear boundary. I'm old enough to know that there's hardly anything that's white or black; most things are grey, and the boundary between policy and regulator is one of those grey zones. So clarifying that I think is useful, both for the regulator and the policy-maker. But I share the concern that, while foraying of one to other is not good—I'm just flagging that foraying of the other to the one is not good either. Each serves a purpose. Policy needs to be clear and set direction. The regulator then needs to be given a free hand, without the fear of being second-guessed, to examine the facts, examine the evidence—it's a quasi-judicial system—to pore over the evidence, test it under cross-examination and reach a conclusion.

The regulatory process also includes checks and balances. An applicant can always appeal to the regulator to review a decision. In this instance, I think, on the residential revenue horizon, which wasn't one of our issues, there was a dissenting view from one commissioner, so a perfect opportunity to ask for a review. After the regulatory process is exhausted, there's still an option to take the regulator to court, which I think Enbridge applied to do in this case as well, and then ask the procedure to stay in abeyance.

So I think that sort of clarification of the boundaries is very useful, but be mindful; don't foray into the independent regulator's life either. That's a very different living than political well-being. I've done both. They're very different beasts.

Mr. Ted Hsu: Right. You mentioned that you have many years of experience, and so drawing on that experience, do you feel that the appointment process for people who serve on the OEB could be improved?

0930

Ms. Shahrzad Rahbar: So, Canada, being the federal entity that it is, has vastly different roles. In Nova Scotia, for example, the chairs are appointed more or less in the same fashion that judges are appointed. The appointment is for life. Nobody can move them unless there's real dire criminal proceedings against them.

Quebec, I would say, is even more politicized than Ontario, so Ontario is somewhere in the middle. Could it be improved? That's a hypothetical question. I'm an engineer by training, so everything can always be improved. But if you're asking me, is it broken? My answer is no. We've got a really good system here in Ontario. I don't think it's broken.

Mr. Ted Hsu: Thank you very much. I don't know if we have enough time for this question but a comment to the Canadian Fuels Association: I don't understand how the OEB decision hurts the investment climate, because the current set-up, as the Clean Air Partnership mentioned—

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

We move to the government side. MPP Bresee, go ahead.

Mr. Ric Bresee: Thank you to all the presenters. I really appreciated your input today. My first question is to the Canadian Fuels Association. Again, thank you for being here. I know that your organization and the larger groups are working on decarbonization, that you've been working towards new methods and new innovations to ensure that we have a clean fuel supply across the province.

Given the fact that this year-long process didn't actually introduce the idea of changing the 40-year horizon until the last minute and many of the intervenors weren't aware of the fact that that would be on the table, do you think that it would be important that regulatory decisions of this nature are informed by those that are actually impacted by it, and at a minimum, they'd be notified, as would be required under Bill 165?

Mr. Landon Tresise: Yes, that's exactly what I was alluding to there. Look, I think our friends over at IGUA here are much more apt at speaking about procedural things when it comes to the OEB, but for us, keeping it high level, we're about ensuring that it's an open and transparent process that ensures that the OEB does reach out to directly impacted stakeholders when it comes to making decisions like this so that they're fully informed.

Obviously, a lot of assumptions were made around the forecast for natural gas usage into the future, and obviously, we don't agree with that, but that's their prerogative as long as the discussions that are had at the OEB do consider all of that going forward.

Mr. Ric Bresee: Thank you. Following on that, as has been talked about by all three parties today, the OEB's role is that of regulatory, where the government's role is that of policy. We have already been told through this committee that that policy, a natural gas policy, is coming forward shortly and that the OEB was aware of this as they were going through their deliberations for this hearing.

Again, I ask the question: Would it make sense that a policy of that nature, being directly impactful on that decision—that the OEB would delay, as this legislation asked for, and to have that hearing after that policy is released?

Mr. Landon Tresise: Yes, I think that makes the most sense. As I ended my comments with the forthcoming integrated energy plan that's to be expected and the natural gas statement that we're also expecting, the policy that's coming forward, I'm not sure how you can make a decision of this nature without that being put forward, so I think it makes sense to us that any sort of decision going forward will be made after that policy is set by the government.

Mr. Ric Bresee: Thank you very much.

Mr. Chair, I turn my time to MPP Smith.

Mr. Dave Smith: I'm going to go with the Canadian Fuels Association as well. In my riding, we have an exceptional research and development company that has been doing a great deal of work. They started off working with the oil sands in Alberta and it was a way of cleaning up some of the toxic waste from that. They moved into the mining industry in Ontario and they're heading towards

farming, actually, and recovering phosphate from fertilizer on it. It's a very unique process that they have.

The reason I bring that up is, not to get too technical on it, but what they're doing is pulling the carbon atoms out of those types of fuels and they're referring to it as a scaffolding for graphite on it. They increase the efficiency, then, of the product. They're working on one right now with natural gas, where they would be pulling the carbon atoms out of natural gas, pumping the hydrogen back into the natural gas to make it far more efficient and make it a much cleaner process when it's being used.

A lot of this innovation that is going on right now here in Ontario is going on because we're trying to decarbonize all of our industries, but we're not at a point—I don't believe we're at a point—where we could shut the taps off tomorrow, so to speak. Does it make sense, then, to be looking at a forward horizon of multiple years to transition away from some of those fossil fuels into newer technologies, or should we be looking at an abrupt halt to it?

Mr. Landon Tresise: Well, yes, that's exactly it. As I was saying in my previous comments, it's about understanding those forecasts. Both the IESO and the Canadian federal regulators have said that natural gas usage is expected, well into the year 2040, to grow in demand. So setting policies that reflect that reality are, again, of most importance to properly plan what that decarbonization looks like and how we effectively get to 2050 while securing affordable transportation energy, heating energy and electricity.

Mr. Dave Smith: One of the suggestions is that we don't need any new natural gas for heating. We could go down the path of electric—

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

Mr. Dave Smith: We could go down the path with electric furnaces; we can go down the path with heat pumps. One of the projections is that, if 10% of the population were to go out and buy electric vehicles, our grid would exceed its capacity at that point.

With that as a backdrop as well, is it reasonable to expect that we could move to an all-electric methodology for heating homes immediately if we're also doing a very strong push on electric vehicles?

Mr. Landon Tresise: Obviously, our members are working on alternatives to that, which are biofuels. We believe in electrification as well. A lot of our members are heavily invested in electrical charging infrastructure across the province, so that's a piece to it. But obviously, we're pushing heavily on the advent of biofuels and increasing—

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

We move to our second round of questioning, and we will start with the official opposition. MPP Tabuns.

Mr. Peter Tabuns: Chair, through you to the Clean Air Partnership: In your presentation, you referenced rate-payers subsidizing Enbridge and their infrastructure development, and you talked about other types of infrastructure and how they were subsidized or not. Could you expand on your earlier comments?

Ms. Gabriella Kalapos: Sure. Thank you very much for the question. Through the Chair: The province of Ontario put the Development Charges Act into place to try and address the issue that was happening where the property tax base was subsidizing a whole host of infrastructure that was geared towards new development. That was recognized as not a leading practice for accountability associated with infrastructure decisions, hence the reason why the Development Charges Act was brought into play and there's a robust system through studies municipalities have to do to justify the infrastructure decisions that they're making and how it's going to be paid for, where new development actually pays for its infrastructure, as opposed to being subsidized off the property tax base.

0940

That also is the case for electricity infrastructure. The developers have to pay for electricity infrastructure, but not for fossil fuel infrastructure. That's handed on a silver platter. We all know that we don't make the best decisions when we don't actually have to have accountability for the decisions that we're making. That's the main problem. There's a very unequal playing field between how we cost out and pay for all the other infrastructure that is part of new development—but fossil fuel is given a pass on that infrastructure costing analysis.

Mr. Peter Tabuns: Again, through you, Chair: One of the things that we're all going to be wrestling with as we move away from fossil fuels and to other sources of energy is how we avoid stranded assets, how we avoid being stuck later with bills for things that have been built that we no longer use.

One of the things that the OEB was talking about in their decision—and some of the commentary in the course of the hearings—was trying to maximize utilization of existing infrastructure, patching it so it didn't leak, extending its lifespan as opposed to making new investment. Is that a strategy that you support, or do you have another perspective?

Ms. Gabriella Kalapos: I do believe that for existing infrastructure, we want to maximize the infrastructure that we have in place, but we want to be very, very careful with the new infrastructure that we're putting in place. That's where we really need to be thinking through new decisions. I'm not talking about our existing buildings. We have a huge challenge on that front with regard to decarbonization. But we're digging ourselves an even deeper hole in the fossil fuel pit by just advancing the same old energy planning that we've done for the last 40 years here, and it takes 40 years to pay for that infrastructure.

So let's say, for example, you're bringing this into new developments. It's going to be built in 2030. It's going to have to be paid for until 2070. That's a long time that we have to take that into consideration. Do we really believe that home will be using fossil fuels in 2050? It shouldn't be. Therefore, if we just say that we know that it's going to be on the fossil fuel pathway for 15 years—we know that for sure, because we're not going to get rid of an asset that is still functioning within our homes, so when that comes to its end of life is when people will be making

decisions on what they do next. In all likelihood, they will be choosing a heat pump in 15 years. Therefore, that infrastructure is not going to be paid for by the user, and it's going to have to be paid for by the rate base. That rate base is going to have to continually do this and be forced to pay for those investment decisions because the risks of stranded assets weren't considered as part of the decision-making.

So I think that's one of the key areas. This isn't a fossil fuel ban; it wasn't at all a fossil fuel ban. It was simply saying, "Enbridge, you need to start taking stranded assets into consideration in your decision-making. Therefore, you should be paying your infrastructure the same way all other infrastructure is costed for." I think that's the decision, and it's an important decision to make. We have to, at some point in time, make these decisions. We just keep bunting it further and further for someone else to deal with.

Mr. Peter Tabuns: Thank you. I appreciate that.

Again through you, Chair, to the Industrial Gas Users Association: You've spent a lot of time in regulatory hearings. You've dealt with a lot of regulators. My heart goes out to you.

I have to ask, in your observation, did the Ontario Energy Board act in accord with their mandate to protect consumers, or were they, as some have said, going rogue?

Ms. Shahrzad Rahbar: Thank you for the question. I preface my answer by saying that I have no particular expertise in the area of residential space heating. We were clear in our intervention that, at least, my constituency is hard-to-abate industries that will continue to need natural gas.

Was the process rogue? Not in my mind. Somewhere in the process—actually, the question was raised, I think, by one of the commissioners: "Do we have all of the right stakeholders? Should we suspend hearings until we bring others to the table?" If my memory serves me correctly, the applicant's response was, "Let's continue."

And with much debate in front of your committee on timing—the OEB doesn't decide the timing. The applicants bring forward a proposal and the OEB then procedurally hears that procedure. So if I don't want my proposal heard, I should not be tabling it. If I table it, it's going to be heard.

Mr. Peter Tabuns: Again through you, Chair: Just so I'm sure that I heard you correctly, Enbridge said that they were satisfied with the applicants who were at the table and didn't feel that things should be slowed down. You had said, according to your recollection—and I'm going to take a look—it was Enbridge who said they were satisfied with who was at the table?

Ms. Shahrzad Rahbar: I believe so. My memory is kind of suspect, sir, but there are reams and reams of records on there. As I said, this was not a IGUA issue, so we weren't paying close attention, but the matter of, "Do we have all of the stakeholders? Should we pause the process and get other stakeholders involved?", I believe was dealt with on the record, and the decision was, "Everyone who needs to participate and asked for inter-

venor status is here.” I apologize if my memory is wrong, but that’s my recollection.

Mr. Peter Tabuns: Okay. Again through you, Chair—and we only have a short amount of time. Do your members receive funding from the Ontario government from the emissions performance standards payments to reduce their greenhouse gas emissions?

Ms. Shahrzad Rahbar: Our members are regulated under EPS. The government issued a discussion paper under—

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

We move to the independent member. MPP Hsu.

Mr. Ted Hsu: I wanted to go back to a point. There’s a contradiction, I feel, between what the Clean Air Partnership is saying and what the Canadian Fuels Association is saying. On the one hand, I know that market economies work, and one thing that you need in market economies is prices that reflect true costs, and you have to avoid things like regulatory capture. On the one hand, the Canadian Fuels Association is saying that the OEB decision could hurt the investment climate—I think I used the right terms. On the other hand, Clean Air Partnership is saying that when it comes to natural gas, it’s treated differently in a regulatory way, and there is sort of a regulatory convenience that it enjoys over other choices. And you know in a market economy, for a market economy to work well, people have to have fair choices. That’s what the economy is all about, making choices.

So my question—I wanted to resolve this difference. How can it be that the OEB decision will hurt the investment climate when, if we do things like reduce regulatory capture or avoid regulatory convenience capture, if I can coin a phrase, and if we have real costs when somebody is making an economic choice like what kind of energy to use to heat a house—how can that hurt the investment climate if you’re trying to have a market economy that works better? Either of you could respond to that.

Mr. Landon Tresise: So, when I was speaking about the investment climate issue, I was speaking about the way in which the OEB made their decision. It brought some uncertainty into understanding how policy is set in the province of Ontario. Obviously, we, again, as I said earlier, feel like a decision made like that, particularly around the time horizon of natural gas usage, needs to be set by the policy-makers like yourselves in the government, and not the OEB. I think their assumptions were—

Mr. Ted Hsu: I guess if I could just intervene, I know that some of the details of policy need to be set by people like legislators and other people in government, but the gross policy, like that we’re going to have to burn less fossil fuels—that doesn’t need to be set. It’s a constraint on our future. So it’s hard for me to say, “Oh, that’s a policy decision that needs to be made in the future.” Shouldn’t it be obvious to anybody that, over time, over the next 10, 20 years, we’re going to have to burn a lot less fossil fuels, especially if we try to meet the international obligations that we have, that are not only set by inter-

national agreements but scientists saying we have to do it? If we want to do it by 2050—

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

Mr. Ted Hsu: —we have to use less fossil fuels.

0950

Mr. Landon Tresise: Sorry, is that your question?

Mr. Ted Hsu: Yes. I’m challenging your statement that policy should be set by somebody else. Yes, in detail, but grossly, it’s obvious. Like, nobody needs to set that policy that we need to burn less fossil fuels.

Mr. Landon Tresise: Yes, the general statement—you’re not incorrect. That’s the work that our members are working on as well. But policy is set, and the very specifics of how the energy system is built out in Ontario, which is obviously a very complicated process—to that, we feel like they needed to ensure that there is some understanding and transparency around how that process is set. I’m not sure that the OEB was making a decision based on a proper understanding of how the system is being constructed.

Mr. Ted Hsu: And really quick, for the Clean Air Partnership, would you be happy with—

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

We move to the government side. MPP McGregor, the floor is yours

Mr. Graham McGregor: Thanks to our presenters for being here.

I’ll say, on the outset, I like this bill. I voted in favour in second reading. I certainly intend to—predicating my mind getting changed, but my mind now is that I’ll be supporting at third. One of the reasons why I support it is the philosophy that governments are here to act in the best interest of people. We hear pearl-clutching and “How could an elected official get involved in a government department and government decisions made by public sector employees?” I got elected by 13,500 people. The Ford government got 83 seats last election. We were sent here to get involved, to stand up for new homebuyers and to stand up for taxpayers, and we make no apologies for doing that.

When you hear in this debate—what you don’t hear a lot of, and a group that doesn’t have well-organized lobby groups and think tanks and everything else, is the millennial generation, the generation I’m a part of, who have seen the province grow to 16 million people, a trillion-dollar economy in Ontario, and we haven’t built the housing supply to meet the needs of our generation.

I’ll give myself as an example. I’ll be 31 in May. I’ve got a decent job. My granny thinks I’ve got a good job. Whether I do a decent job is—but I’ve got a good job. I’m a renter—and I don’t say this to complain; I’m actually pretty lucky. Many folks in my generation don’t even get the chance to rent. They’re still living with their parents. I suspect some members here might have kids that are living with them.

The point is, we don’t have well-organized lobby groups. We don’t have think tanks and government-funded agencies to do our thinking for us. The defence mechanism we have is our elected officials that we elect and we send

into office. And when you have a decision like this by the OEB to add thousands of dollars to the cost of a home, when we know that the price of a home is already one third regulation and red tape and government fees etc., that's the kind of thing that government needs to step up for. That's what the residents sent me to do for Brampton North, to step up and stand up and be their voice.

When I see things—I'll quote the dissenting commissioner. I will note that it was a 2-to-1 decision at the OEB. I'll quote the dissenting commissioner, who said, "The rationale provided in the majority decision to support zero is predicated on understanding the considerations and circumstances facing developers. The rationale is conjecture as no developers intervened or filed evidence in this proceeding."

I guess my question is for our friend from the fuels association. Does our presenter agree that it's important that regulatory decisions are informed by the input of those impacted, like home builders, or at a minimum, that the people who are actually building a home should be consulted or be notified, as required? Do you think they should be notified or consulted when government is making these types of decisions that impact their industry?

Mr. Landon Tresise: Yes. That's obviously what we've been talking about here. I'm glad that the home builders are speaking to this committee. I'm glad that you have some developers coming in and speaking to this. I think that's all part of the conversation. I think IESO should be more a part of the conversation, as well, as they're the ones that are responsible for planning out a lot of this work.

Again, it's about an open and transparent conversation that properly accounts for government policy when that is put forward.

Mr. Graham McGregor: Time check, Chair?

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

Mr. Graham McGregor: We've heard from the NDP opposition on this. They would get rid of natural gas tomorrow if they could. Actually, the NDP energy critic has been at town halls opposing nuclear energy—which we know would be a disaster for Ontario and lead to brownouts and blackouts. If we were ever to allow such reckless, ideologically driven energy policy to govern Ontario, that would be a disaster for the province.

To our friend from the fuels association: Do your members have any concern with this ideological approach that's taken by some of the members of this committee who want to end nuclear power, who want to end natural gas, who want to end fossil fuels tomorrow? Is there any concern that your association has with that kind of approach?

Mr. Landon Tresise: The approach we have taken with development of different technologies is based on the idea that we need to be technology-neutral when considering our energy mixes. Previous governments, including one that I worked for, have made those mistakes, where they pick winners and losers. I think that it's important to understand, where options are available, that that is given to everyone to fully take advantage of.

Obviously, when we're moving towards a net-zero world, as the minister put lovely yesterday—net-zero does not necessarily mean that there's no natural gas. It does not necessarily mean that there's no petrochemical industry, either. So we need to make sure that we properly plan for all of those situations.

Mr. Graham McGregor: Well put, sir.

The government yields our time.

The Chair (Mr. Aris Babikian): No more questions?

Thank you to the presenters and the witnesses for sharing your time and your thoughts with us. And thank you to the committee members.

The committee will recess until 3 p.m.

The committee recessed from 1003 to 1504.

The Clerk of the Committee (Ms. Thushitha Kobikrishna): Good afternoon, honourable members. In the absence of the Chair and Vice-Chair, it is my duty—

Mr. Mike Schreiner: I'm here.

The Clerk of the Committee (Ms. Thushitha Kobikrishna): Oh, okay. Yes, if you can come.

The Vice-Chair (Mr. Mike Schreiner): Good afternoon, members. The committee will resume its public hearings on Bill 165, An Act to amend the Ontario Energy Board Act, 1998 respecting certain Board proceedings and related matters.

Go ahead, MPP Smith.

Mr. Dave Smith: I move that we have a 20-minute recess.

The Vice-Chair (Mr. Mike Schreiner): Do members agree to a 20-minute recess? Okay? Yes.

The committee will recess for 20 minutes and reconvene at 3:26.

The committee recessed from 1506 to 1522.

CHAR TECH

DR. JOHN PETERS

RESCON

The Chair (Mr. Aris Babikian): Good afternoon, members and witnesses. The committee will resume its public hearing on Bill 165, An Act to amend the Ontario Energy Board Act, 1998 respecting certain Board proceedings and related matters.

After I call upon the first panel, each witness will have seven minutes to make their presentation. When it is your turn to speak, please state your name and the organization you represent. This afternoon, in the first panel, we have CHAR Tech, John Peters and ResCon.

We will start with CHAR Tech. Go ahead. The floor is yours. You have seven minutes.

Mr. Andrew White: Fantastic. Thank you, everyone, for the opportunity to be here today. I was getting a little worried; I'm glad the Zoom screen came up. I thought you all gathered just to listen to me this afternoon. I also appreciate the opportunity to read my statement. I'm suffering a little bit from jet lag; I just got in from London a couple of hours ago. So I appreciate that opportunity as well.

I want to talk to you a little bit about CHAR Tech, who we are and why this hearing is important to us. CHAR Tech is an exciting new technology solution. We're built in Ontario, and we help combat climate change through industrial decarbonization.

I founded CHAR Tech in 2011 while still a student at the University of Waterloo. I was completing my master of business, entrepreneurship and technology at that institution to commercialize my master's thesis that I completed just across the street here at the department of chemical engineering at the University of Toronto, where I was doing a dual degree in chemical and environmental engineering.

We are definitely a proudly Ontario-based company. Since 2011, we've grown the company to 32 employees, both here at our head office in Toronto as well as our first commercial operating facility in Thorold, Ontario. Much of this growth can be attributed to various provincial programs as well as federal funding programs that help support scale-up from university to commercial within the province, and we're very grateful for that over our journey.

We use our technology to convert wood waste. This is things like—we call it harvesting residuals or processing residuals. So harvesting residuals are things like tree tops or tree limbs, commonly referred to as slash. This is often left in the forest in typical Ontario forestry. And then processing residuals—that's kind of the leftovers when a round tree is turned into a rectangular two-by-four. We use our technology to convert these wastes into two products simultaneously. One is a bio-coal, and one is renewable natural gas. We use both of those products to decarbonize heavy industry.

Like I said, I started the company right out of university, so this is definitely something I've devoted my life to, and I can say ours is one of a myriad of solutions. There's a whole host of solutions needed to combat climate change. We certainly believe ours is one of many to implement quickly and address this large problem.

So our technology, high-temperature pyrolysis, kind of how it works—the quick, 30-second version—is that we heat or cook this wood waste in the complete absence of oxygen. What that does is, it doesn't allow it to burn. There's no oxygen and it can't burn. It cracks apart into a solid—this is what we use as a bio-coal—and a gas, and this is what we use as the renewable natural gas or green hydrogen.

The wood waste residuals come from a few sources, like I said, so these harvesting and processing residuals, but importantly, we can also take in things like wood chips that used to be destined for pulp mills, like in Terrace Bay or in Espanola, that don't have a home right now, or an economically viable home.

We see CHAR Tech as providing two really essential services to the forestry industry. One is providing a reliable home to process these residuals, be it harvesting or processing. This is key to the long-term economic viability of a lot of forest operators because the residuals are really where they can make or break their economics.

Using these waste and residuals as a tool for decarbonization we think is a really important way to go.

The other thing we do which is very important is that we collaborate with local communities and industries. For example, we recently signed an agreement with Lake Nipigon Forest Management Inc. for the co-development and residual supply for a facility in the Lake Nipigon region. Lake Nipigon Forest Management Inc. is owned by the four First Nations that operate in the Lake Nipigon forest area. It's about a million hectares of forest, so it's a large area, and they are going to be majority owners of that facility.

Within Ontario, we're also developing a project in Kirkland Lake which is combining our technical and process know-how with local communities and sustainable forest operations.

As I said, our high-temperature pyrolysis technology creates two outputs simultaneously. The first, bio-coal, is a drop-in replacement for metallurgical coal. When you replace one tonne of coal with one tonne of our bio-coal, you're able to reduce greenhouse gas emissions by three tonnes. It's this advancement in bio-carbon and bio-coal that brought our ArcelorMittal to the table. One of the world's largest steelmakers has invested in us, so for us, that's a great validation as they look to invest in technologies and opportunities to aid their decarbonization journey.

The second product we make simultaneously is the gas. As I said, this gas can be converted into either green hydrogen or renewable natural gas. It's our view that, in the short and medium term, renewable natural gas is going to be a key tool for industrial decarbonization during the energy transition. It's a healthy natural gas grid infrastructure that we rely on to get our carbon-negative energy products to our customers as they look to advance that decarbonization journey.

Many jurisdictions, from BC and Quebec here in Canada to California and others in the United States, have fairly robust renewable natural gas programs. Ontario is lagging a little bit on that front. At this time, our Ontario-based projects are—

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

Mr. Andrew White: —selling our renewable natural gas into those other provinces.

Approximately 80% of natural gas used in the province is industrial, and that's the sector that we're targeting. The quantity of energy needed for a lot of industrial processes just cannot be replaced with electricity at this time due to the high-temperature needs or the high energy loads.

1530

It is our view that a healthy gas infrastructure is critical not just for CHAR Tech's success here in this province of Ontario but that a healthy gas infrastructure is critical to quickly advance industrial decarbonization and to put us on a path to get to net zero as quickly as possible.

Thank you.

The Chair (Mr. Aris Babikian): Our next presenter is Mr. John Peters. He's going to join us virtually.

Mr. Peters, the floor is yours. Please state your name and who you represent. You have seven minutes.

Dr. John Peters: Good afternoon. My name is Dr. John Peters. I'm a professor of business and sociology at Memorial University. My research is with the inter-university research network on globalization and work at the University of Montreal, and it involves collaborating with labour and employer organizations across the country.

Working predominately with the auto, steel and aluminum industries, our goals are to develop decarbonization pathways that meet the scientific standards necessary to keep global temperature increases to 1.5 Celsius. Our research efforts focus on the necessary renewable energy policies and industrial policies as well as labour and training frameworks required to achieve a clean energy economy.

In undertaking our work, we've developed considerable expertise and understanding in how to ramp up renewables, improve energy efficiency, cut methane emissions, as well as increase electrification with the technologies available today in order to deliver more than 80% of the emissions reductions needed by 2040.

Examining Bill 165 in this light, I would strongly recommend that Bill 165 be withdrawn and that new legislation be tabled that would scale up renewable energy. I would equally recommend the development of legislation and funding required to build the energy networks and implement the building efficiency measures necessary to achieve a net-zero economy.

This is for several reasons. One is that, over the past few years, countries have been defined by two crises: the cost-of-living crisis that is affecting millions in Canada and around the world, as well as the climate crisis, with its heat waves, wildfires and floods. To tackle both these problems, many governments have already begun to take dramatic action, constructing cheap and clean renewable energy power, and doing so in such a way that ensures their energy security as well as more affordable energy for their countries in the future. However, Ontario's government has not taken such actions. More than ever, Ontarians and all Canadians need their government to start building their renewable energy system and implement the policies required to electrify their economies.

Second, Ontario's Bill 165 would continue to take the province, as well as Canada, in the opposite direction. Rather than developing the energy and building sector policies in accordance with climate science and Canada's international commitments, the bill instead strips the Ontario Energy Board of its independence while committing Ontarians to pay for the cost of future natural gas infrastructure, potentially leaving consumers with huge future costs for stranded network assets as cheaper and renewable energy solutions come online.

Making matters worse, while other countries such as Denmark, Finland and Sweden, or provinces like Quebec, or even neighbouring states such as New York are forging ahead with plans to decarbonize their energy sectors and their infrastructure, Bill 165 further commits the Ontario Energy Board to support natural gas development while

also exempting even more pipeline projects from review and oversight. As many commentators have already noted, such actions are unprecedented, not only in how the government intends to reverse the public decision by the OEB based on more than one year of evidence and hearings but also in how the government seeks to use Bill 165 to direct the board away from considering more affordable, more cost-efficient and more sustainable energy infrastructure models in the future and instead commit the OEB to ongoing use and expansion of a natural gas system.

If Ontario wishes to do its part in meeting Canada's climate targets as well as lower its energy prices and reap the immense economic and job benefits of a green transition, the science is clear. Canada and its provincial government counterparts, as in Ontario, must begin to plan to reduce natural gas consumption by at least 60% by 2040 and by at least 80% by 2050.

Why must Ontario begin to act now? I think a simple answer is that Ontario has a massive methane problem on its hands. Methane, also called natural gas, is one of the chief culprits of the ever-rising greenhouse gas emissions around the world. It is the second-largest contributor to global warming after carbon dioxide and is responsible for about one third of global heating. Methane routinely seeps into the air from natural gas, coal as well as oil extraction and infrastructure, but other major sources of human-caused emissions are leaks from natural gas use in heating, cooling and cooking, as well as from farms and landfill. Because methane has more than 80 times the global heating power of carbon dioxide over a 20-year time span, governments worldwide have focused on making sharp cuts to these short-lived climate pollutants. Consequently, more than 150 countries, including Canada, have joined a global pledge to reduce methane emissions by at least 30% by 2030. However, natural gas makes up 40% of Ontario's total energy use, only slightly behind that of refined petroleum products.

Strikingly, the greenhouse gas impacts of natural gas are at a factor several times larger than officially reported by Ontario or by Canada's National Inventory Report.

As our research shows, using the most updated emission factors for natural gas as in New York state in its Climate Leadership and Community Protection Act, a calculation that adds CO₂ emissions plus the fugitive emissions that leak throughout the natural gas supply chain, plus those that occur where natural gas is extracted, produced, transported, flared and processed, then the total methane emissions from Ontario's consumption of natural gas are far larger—some 88 megatonnes of CO₂ equivalent, or more than six times larger than the estimate from Canada's National Inventory Report. This is a number that would account for, actually, 40% of Ontario's GHG emissions.

Viewed in this light, rather than natural gas being a climate-friendly bridge fuel for the replacement of coal or other renewable energy sources, natural gas use is in fact responsible for massive and rising amounts of GHG emissions in Ontario, in Canada, and in North America

more generally. This is the exact opposite of what our energy and climate policies currently need.

The good news is that there is lots of it. There are more affordable, far safer, and far more cost-effective energy solutions available around the world today.

Already, in Sweden, Finland and Denmark, district heating and heat pump systems supply more than 50% of heating and cooling demand from buildings. In Denmark alone, there have been more than 35,000 new connections annually since 2022. These district heating systems are highly energy-efficient and are one of the key drivers for reduced energy consumption and CO₂ emissions from the energy sector throughout Scandinavia.

Similarly, here in Canada, cold-climate heat pumps are already estimated to save customers some \$700 to \$1,900 a year on utility costs. In Quebec, the environment ministry has already identified the lowest-cost pathways to decarbonize. This includes using and building up—

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

Dr. John Peters:—renewable energy as well as a suite of new energy networks, including district heating, heat pumps, energy-efficient building envelopes, and using waste energy from industrial processes.

Decarbonization action plans such as these are already being developed and put in place around the world. They are not only crucial to address the climate crisis; they are also the most affordable means to cut costs for families.

I would urge the committee to listen to the current scientific advice as well as international policy recommendations. I would also recommend that the committee as well as the government of Ontario act in the interest of all Canadians and do the smart thing: Withdraw Bill 165 and table the legislation needed to protect Ontarians that can actually build a sustainable and affordable economy of tomorrow.

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

Our next presenter is ResCon. We have two representatives, Paul De Berardis and Meredith Greaves.

Please state your name. The floor is yours.

Ms. Meredith Greaves: Good afternoon, Chair, Vice-Chair and members of the Standing Committee on the Interior. My name is Meredith Greaves. I am the policy and program analyst at ResCon.

Mr. Paul De Berardis: Good afternoon. My name is Paul De Berardis. I am the vice-president of building standards and engineering for ResCon.

Ms. Meredith Greaves: Thank you for providing us the time to share our feedback on Bill 165.

ResCon represents over 250 production builders of high-rise, mid-rise and low-rise housing in the province. We work in co-operation with government and related stakeholders to offer realistic solutions to a variety of challenges affecting residential construction, many of which have broader societal impacts. We are committed to providing leadership and fostering innovation in the industry. We have six core focuses: health and safety; training and apprenticeship; government relations and labour relations; building science and innovation; regulatory reform; and technical standards.

Bill 165 is an important piece of legislation that highlights the need for Ontario to maintain and protect affordable and accessible energy sources for all Ontarians.

We would like to first express our full support and gratitude for your publicly stated intention to take action to reverse this decision using legislative means, if necessary.

We would like to offer comments on several key pieces, including affordable energy sources, energy efficiency in new-build residential construction and Ontario's transition strategy moving forward.

Ontario's growth, both in terms of population and economic development, depends on affordable, reliable and accessible energy sources. This is true for almost every industry, but it certainly applies to residential housing in Ontario. It is simply impossible to provide the badly needed housing required for Ontarians without secure sources of energy.

This proposed legislation is a step in the right direction to addressing energy affordability, resiliency and reliability. However, given that the core of the OEB rebasing decision remains, there continue to be critical barriers that must be addressed to ensure the decision does not have significant negative impacts on Ontario's growth plans, specifically on the new housing, and Ontario's broader economic development plans.

1540

If the 1.5 million new homes proposed in the More Homes Built Faster Act over the next 10 years were all electric, a very conservative estimate is that an additional 750 megawatts in electric demand would be added annually. This proposed legislation reinforces the critical role of natural gas in keeping energy costs down for Ontarians and the importance of natural gas and its associated infrastructure in achieving Ontario's energy transition strategy moving forward.

Supporting access to a variety of energy sources, including both natural gas and electricity, will help fuel a more affordable and more prosperous future for Ontario. New-build residential construction has proven to be a leader in energy efficiency. ResCon and its members are supportive of Ontario's gradual energy transition strategy. Our industry is one of the leaders in North America with respect to incorporating a wide variety of initiatives to assist in addressing climate change.

Homes constructed in Ontario have undergone unprecedented advancements in terms of energy efficiency. With respect to Ontario's transition strategy, it is critical that realistic timelines are implemented to avoid unintended consequences for Ontarians, in particular with the pressing housing affordability and supply crisis the province has witnessed.

ResCon recently released a year-long case study on energy-efficient homes which found that the electricity consumption in all-electric new homes is significantly more than building codes have anticipated, further necessitating the need to allow for a variety of energy sources and the ability for fuel switching between natural gas and electricity as the electrical grid builds capacity.

Moving forward, the industry needs a well-thought-out and realistic transition strategy which gives developers and builders a lengthy runway to adapt their business practices. The OEB ruling has abruptly required that new infrastructure supplying natural gas to new homes ultimately be paid for upfront by developers, rather than paid off gradually over 40 years by natural gas customers through their monthly charges, further exacerbating the housing affordability and supply crisis we are currently facing. New housing developments in Ontario take anywhere from five to 10 years to come to fruition, meaning unforeseen and drastic policy changes can play a significant role in the feasibility of a housing project.

ResCon supports advancing infrastructure to deliver lower-carbon fuels such as renewable natural gas and hydrogen, carbon capture and sequestration, alongside low-carbon hybrid heating technologies such as enabling fuel switching with heat pumps and natural-gas-based heating. All of this, working collaboratively, will ensure that we reach our climate goals.

It is important to note that there is not enough electricity output in our province to meet our energy needs in the coming decade. This places emphasis on the need for natural gas to remain in place as part of our energy transition plan moving forward.

As Ontario grapples with a most severe and enduring housing affordability and supply crisis, every effort must be made to ensure that we continue to build the homes Ontarians need, now and in the years to come. This effort will be futile if affordable energy, including from natural gas, is not part of the equation.

We commend the government of Ontario for its efforts in taking definitive action in the support of affordable energy and consumer choice by introducing the Keeping Energy Costs Down Act. Thank you.

The Chair (Mr. Aris Babikian): Thank you. Now we move to the first round of questioning, and we will start with the official opposition. MPP Shaw.

Ms. Sandy Shaw: I'm going to start my questioning with Andrew White from CHAR Tech. First of all, congratulations on your company. It sounds really exciting. You must be so pleased with the direction it's going. I think it's opportunity and timing, right? I think that's what we're seeing here.

I just want to focus very specifically on your comments about ArcelorMittal Dofasco, because that sounds promising to me. I'm the MPP for Hamilton. I'm also our official opposition MPP environment critic, but I'm the MPP for Hamilton, and Hamilton, particularly the north end of Hamilton, has a significant and ongoing problem with pollution: air pollution, air quality, particular matter—the rates are always higher in Hamilton than in any other community—like benzene, benzopyrene.

ArcelorMittal Dofasco continues to get special permission from this Ministry of the Environment to release above provincially acceptable standards in terms of their air quality. So anything that we could be doing to make sure that the people living—I mean, if you were to come to Hamilton, AMD and Stelco are in a neighbourhood.

They operate in a neighbourhood. So anything that you could be doing to improve the lives of those people—who have statistically significant higher rates of cancer and higher mortality rates, and it's been directly linked to the kind of pollutants that they have to live with for generations to come. I'm hoping that you can talk about your technology that will help the folks in Hamilton.

Mr. Andrew White: Absolutely. Thank you for the question, and thank you for the congratulations. We're super excited. I should preface my answer by saying that my sister and my niece live in the north end of Hamilton, right across from Bennetto Elementary School, where my niece goes to school.

Ms. Sandy Shaw: They're north-enders.

Mr. Andrew White: They're north-enders, exactly. It's a great place, with a lot of great revitalization going on. It's a wonderful community.

Really, as Dofasco transitions from blast furnace steelmaking to electric arc steelmaking, that is going to be really the biggest factor in reducing a lot of those air pollution components. But through that process, they still need other low-carbon energy products. The bio-coal that we are producing in Thorold, Ontario, is destined for the electric arc steelmaking process to completely eliminate the need to use coal in that future process as it's being developed.

We're very excited to be part of that overall energy transition, to see Dofasco move into a net-zero steel production and see the reduction and eventual elimination of blast furnace and coke oven production.

Ms. Sandy Shaw: Thank you for that, and thank you for your work. I look forward to you contributing to the Ministry of the Environment disallowing this ongoing special permission for contaminants in the air, because it won't be necessary. Thank you.

I'll pass my time to Joel.

Mr. Joel Harden: Sure.

The Chair (Mr. Aris Babikian): MPP Harden, go ahead.

Mr. Joel Harden: Thank you to all the presenters this afternoon.

Chair, how much time do we have?

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

Mr. Joel Harden: Four minutes, okay.

Dr. Peters, I wanted to move to you, because I know, just getting ready for today, I'm aware that you're one of the experts in watching the political economy of energy in Ontario, in particular. This committee has already heard around this bill that there isn't a research feasibility to the decision that was taken by the Ontario Energy Board. I'd just note for the record that there were 10,000 pages of evidence reviewed by the OEB, and I'm aware of at least another jurisdiction in the country, the province of Prince Edward Island, that has managed to convert 35% of all homes in that province, on a very short timeline, to heat-pump-generated heating and cooling.

I'm just wondering if you could help this committee understand the research viability for the OEB's decision

that they took, because, clearly, this bill is premised on the fact that there's not a persuasive evidence case there.

Dr. John Peters: Yes, I think what they were most persuaded of is the fact that almost all economic policy analysis as well as all environmental policy analysis shows that renewable energy is already the most affordable type of energy that's there. Any kind of conversion in terms of developing new types of energy systems to deal with population increases can be met by solar, wind as well as hydro energy and hydro power over the course of the next coming decades.

The other part, of course, is the climate science, and the fact that we need to get off of fossil fuels and fossil-fuel-developed energy systems. So the science is there. All the international policy experts and recommendations and all the different pathways to decarbonize all show that renewable energy is the way that it's going forward. Renewable energy, of course, has expanded multiple times; in just over the past two decades, more than sevenfold.

In addressing this, many countries are beginning to look at how to decarbonize their systems rapidly. That's why Denmark, Finland, Sweden, to name a few—some of them have been very dependent upon natural gas—are all very quickly moving towards renewable-energy-type systems. All of those systems are the most affordable, they provide the most energy security and they provide the lowest cost for their consumers over the long term.

1550

That's one of the reasons why most of these economies—and that goes for New York state as well as Quebec, which are now looking to disconnect all new house constructions from natural gas.

But saying all this, what is most key, I think, in terms of how to move forward is how you're going to create an economy that's going to be not only affordable but it's also going to be sustainable and meet our climate commitments. That's what's really key, I think, in terms of driving many jurisdictions' as well as many countries' and many governments' priorities in terms of developing their energy and housing systems over the next 20 to 30 years.

Mr. Joel Harden: So, in your advice for this committee then, Dr. Peters, you're saying placing a 40-year bet and asking Enbridge ratepayers to pay for that 40-year bet on a type of energy generation which is finding its way out of the infrastructure of many advanced countries is bad advice?

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

Mr. Joel Harden: A 40-year bet paid for by—

Dr. John Peters: Yes, it's very bad advice.

What could possibly end up happening, as even consumers begin to switch to renewable energy solutions, is that you're going to end up with stranded assets. Fewer customers are going to be connected to the rate-paying system and that's going to leave more of the existing customers who are still on natural gas to pay for ever more expensive infrastructure, when all of the energy models show that renewable energy is the most effective one. So you end up with stranded assets and those customers who

are tied to natural gas are left holding a huge bill—as well as then the province is left holding a huge bill as well.

Mr. Joel Harden: That's my turn.

The Chair (Mr. Aris Babikian): We move now to the independent member. MPP Schreiner, the floor is yours.

Mr. Mike Schreiner: Thanks to all three presenters for coming in today—very valuable contributions to this conversation.

I think I'll just pick up where the last questioning was leaving off with you, Dr. Peters. You said that we're facing a cost-of-living and climate crisis, and I certainly agree with you on both counts. You are making the case that it would be far cheaper to not expand fossil gas infrastructure in the province. Can you be a bit more explicit on why you think that is the lower-cost option?

Dr. John Peters: Well, if you look at—oh, can you hear me?

Ms. Sandy Shaw: Yes.

Dr. John Peters: All the current price trajectories for renewable energies, whether that's solar or wind; whether that's building efficiency and building efficiency envelopes; whether, in terms of the energy networks, that's district heating systems—all of that shows immense cost efficiencies as opposed to any fossil fuel system currently available, right? And given where that cost trajectory is going, all countries are sort of looking and developing those kinds of technologies, as well as the industrial services and manufacturing necessary to meet those demands.

All of this has huge spin-off effects, both in terms of the manufacturing industry as well as the construction industry, but it also has huge benefits for our climate and lowers the cost of any of the climate extreme events that are costing us trillions of dollars annually now, as well as it has huge health benefits, whether that's asthma, whether that's any of the sorts of pollution that comes from using fossil fuels. So there are cost benefits both in terms of the energy system, but there are also cost benefits by switching to renewable energy, which reduces both climate change but also the broader pollution impacts as well.

Mr. Mike Schreiner: Thank you for that.

I'm going to do a follow-up question, just partly because sometimes the other members in the room—I know you're not here—were dismissing some of your comments. So, \$1.88 trillion invested in the green energy transition last year alone—this is just 2023. About half of that was in wind and solar alone because they are now the lowest-cost sources of generation. But some people would argue that, in a place like Ontario, maybe that's not the case. What would be your response to that, given the fact that it seems like global capital is flowing into wind and solar because they are so low cost?

Dr. John Peters: Yes. There's no reason that—I mean, at one time, you could certainly say that heat pumps or district heating may not work in very cold climates, but obviously that's no longer the case. Even looking at the Scandinavian countries: If you look at a country like Norway—all with comparable type climates—they've

already moved more than 50% or plus of their heating and cooling systems onto either heat pumps and/or district heating systems or integrated heating systems, so obviously that's not the case. You can actually use renewable type energies, and you can use the energy efficiencies that come from integrated district heating as well as integrated heat pump systems and still meet the demands of your consumer base as well as the energy demands for comfort in their homes.

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

Mr. Mike Schreiner: Yesterday, there were workers from Unifor who came in, talking about the amount of leakage we're seeing in our fossil gas system and the amount of unaccounted-for methane emissions that that's leading to, which creates hazards for workers, for human health, as well as the climate. You addressed that a little bit in your comments.

Do you see Ontario being able to meet its climate obligations if we have a substantial expansion of fossil infrastructure, given the amount of methane leakage we're experiencing?

Dr. John Peters: Well, the International Energy Agency has now recommended—an annual basis—that no new fossil fuel infrastructure can be built if we're going to meet any of our climate targets. So that's one—

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

We'll move to the government side. MPP Yakabuski.

Mr. John Yakabuski: Thank you to the presenters today, both live and virtual. We thank you for your contributions.

I'm going to begin with Meredith with ResCon.

When you go to one of these committees, you're going to hear things from one side or the other—some you'll hear will be a little bit neutral, but in general, they're on one side or the other.

We hear a lot from those who don't want us to proceed with Bill 165, and for those that—they have a view and a vision for Ontario and, in fact, the world, and for the most part, they want to see us end natural gas.

My question to you is—and please elaborate if you may, because you'd have data and statistics that I may not have in front of me. We're in a housing crisis; that much everybody agrees on. We need to build 1.5 million homes, and that may not even do it, as well, because the projections—if they end up with more people here than we're expecting, that number is not going to cut it in and of itself. You've got people saying, "Well, don't take natural gas to those 1.5 million homes. Find another way." So we're not talking about into the future and what may or may not come and what may or may not be feasible; we're in the here and now, and we've got to build homes over the next 10 years, and plenty of them. Bill 165 is about making sure we get those homes built.

If we were to abide by the energy board's ruling, which really delved into government policy as opposed to regulatory mandate, is there any way—and this is your business; you can tell us better than I can. Is there any possible way that, if we stop this procedure—and even if

we're still going with natural gas, but we're forcing people to pay the cost of getting those hookups, the impact that will have on whether we get them built or not, I think, could be catastrophic.

Maybe you could elaborate for me on that specific topic, Meredith.

Ms. Meredith Greaves: I will let Paul, my colleague, take over on this one.

Mr. Paul De Berardis: Thank you very much for the question. You raised some great points. I'd be happy to address that.

The reality is exactly like you said. We are in the process of getting homes built—and not only this year; it's next year, and these are the homes that would be affected under the OEB decision. The reality is that while other presenters have brought up some points that there are alternative fuels and renewable sources, they are not ready and cannot meet the demand of homes that are either in development or in the permitting process now.

When you deal with the utility companies, the LDCs, across Ontario, they can barely meet the servicing demand of homes with natural gas heating and water heating demands. If you were to now electrify those demands for space heating and water heating simultaneously while also trying to advance electric vehicle charging—the electrical capacity simply does not exist in the province, regardless of how many new solar power generation and wind generation initiatives you undertake. The underlying reality is that, on the cold winter days when there is no sun and there is unpredictability in the wind, it doesn't, again, matter how many batteries you can create between now and when this demand is there. We simply need backup and alternative sources of fuel, and that's ultimately where natural gas is there to provide that consistent, reliable and dependable source of energy.

1600

So, I agree there is value in decarbonizing and moving to a transition, but it cannot be done overnight, and it cannot happen in the next year. Things need to be done gradually and at a pace that works with the development and construction industry.

Mr. John Yakabuski: Another question, Paul: We hear from others who say that all studies point to what they would like to see happen, and we know where objectivity kind of leaves the room sometimes when people have their own—where they would like the world to go. But clearly not all studies say that or you people would be getting out of the gas business and into the wind and solar business or something like that. Quite frankly, your studies say something different, don't they?

Mr. Paul De Berardis: That's exactly it. While I completely agree that you can find a theory and principles in everything, we've actually baselined data for all-electric homes and for hybrid homes. The reality is that they consume drastically more energy than is predicted in a lot of the models, which, again, is why there's a greater reliance on those hybrid heating systems and backup systems, which is why we feel that so many of the assumptions

being put out there are not actually what are taking place in reality.

There have been several studies put out by Natural Resources Canada where they've actually modelled homes and buildings in the field, and there is a greater reliance on their natural gas backup systems, which are only supposed to be acting as a backup.

The reality is that, yes, there is cold-climate heat pump technology and it's great, but the problem is, what do you do when the energy is not available on the grid or there are extremely cold bouts of winter weather? We live in a cold climate, and we have limited production capacity.

There are refurbishments of nuclear energy plants taking place. Until we have a very clear mandate that we're going to have the electrical demand there or on renewable resources, we can't all of a sudden shift off to complete, all-electric new homes and buildings. We're just not there yet.

Mr. John Yakabuski: We just wouldn't have the capacity.

Thank you very much, Paul, because what people sometimes need to be reminded is that, when you're in government, you have to deal with reality, not fantasy. That's what we're dealing with here and we thank you for your presentation.

I'm going to turn it over MPP Smith, if there's some time left.

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

Mr. Dave Smith: How much—

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

Mr. Dave Smith: One minute? Okay.

To pick up on what my colleague MPP Yakabuski said, when you're in government, you have to take a look at it from an all-of-Ontario perspective. I want to give this as a perspective: When I look across the table, I see MPP Tabuns, MPP Shaw, MPP Harden and MPP Schreiner. The total size of their four ridings is 260 square kilometres. My riding is the size of Prince Edward Island.

Mr. Ric Bresee: Mine's bigger.

Mr. John Yakabuski: Mine's a lot bigger.

Mr. Dave Smith: I just want to put that into perspective. I am a third of the size of MPP Bresee's. His riding is almost 10,000 square kilometres, and MPP Yakabuski's riding is just over 12,000 square kilometres. So when we're looking at it from an all-of-Ontario perspective, we can't have that urban lens on everything. We have to look at it from the perspective of everyone across Ontario.

I gave the example yesterday and I'm going to bring it up again: One of the townships in my riding has 3.2 people per square kilometre. Toronto has 4,200 people per square kilometre—

The Chair (Mr. Aris Babikian): MPP Smith, you have to save your remaining thoughts for the next round.

Mr. Dave Smith: Thank you.

Mr. John Yakabuski: If I had known he was going to be that good, I would have left him more time.

The Chair (Mr. Aris Babikian): It's not too late.

We move now to the official opposition. MPP Harden, are you going to take the round?

Mr. Joel Harden: MPP Shaw.

The Chair (Mr. Aris Babikian): MPP Shaw, go ahead.

Ms. Sandy Shaw: Just as a comment, because I have the floor, I would like to make clear that on this side of the House, we do not think that climate change is a fantasy. We think it's a reality that the government should be addressing, and they are not.

I want to address my question, if I could, to ResCon. If we could set aside, just for a second, the discussion of whether we're talking about renewable, clean energy or whether we're talking about fossil fuel energy, we agree that there is a housing crisis in this province. We agree that housing affordability is a problem. But what we don't agree with is the notion that the profitability of home building and the profitability of the energy that heats these homes should take second place to people being able to afford these homes.

My fundamental question is, it's my understanding that this OEB decision said that it was unreasonable for Enbridge to pass on their \$600 cost to energy ratepayers, that they shouldn't have to pay. So Enbridge doesn't want to pay, and their shareholders don't want to pay, and it would seem that developers and home builders don't want to pay. So the only people in this committee that haven't had delegates or lobbyists to come to speak to us are the average people that are looking for a home in this province.

So can you tell me, who do you think should be paying for the infrastructure in this province: the people of the province, the people that are already struggling, or the government, Enbridge's shareholders or yourself?

Mr. Paul De Berardis: The reality is that the ability to have natural gas heating in a home—it provides the most economical and reliable heating source for any residential application. Whether you compare an all-electric home to a hybrid home to a natural-gas-heated home, you cannot compare the efficiency of natural gas heating. So, by offering that ability for a consumer to make that choice, whether they want to pursue that, you are hereby enabling them to continue that ability to have the most economical heating option available to them.

Ms. Sandy Shaw: Thank you for that. But you are making the choice for the consumer. They are not being given a choice. You are deciding—and what I've heard is it takes 10 years to 12 years to get development in the pipeline. So you are deciding, this industry is deciding—and it would appear, because we've had many delegates here, that you are going to make decisions for consumers that, in 10 years when these buildings are built, they will have natural gas furnaces, and they weren't given a choice, and that they will pay for the hookup.

I don't see how that's consumer choice, and I would just say—it just seems reasonable to me that eventually—everyone I know wants a heat pump, and everyone I know wants to get off of fossil fuel natural gas because it is cheaper. So, as a business strategy, does it make sense for you to be putting in infrastructure that's going to be legacy or unwanted 10 years from now? And I'm not talking

about the cost between the affordability of gas or electric; I'm talking about what people want.

Mr. Paul De Berardis: That's exactly it. By allowing that natural gas hookup to each residential application, that's what's allowing the ability to do fuel switching down the road. If you abandon or don't allow or don't fund that natural gas infrastructure, you will not be giving consumers the choice. They will be tied to an all-electric heating system, solely, down the road.

Ms. Sandy Shaw: Thank you, Chair. I'm going to pass my time, if there's any left, to MPP Harden.

But my point is, and OEB's point is, that consumers have not been given a choice, whether they can pay this or not. There's no choice. They are being forced to pay this development infrastructure charge that should rightfully belong to Enbridge. They do not have that choice.

But with that, I'm going to pass my time to MPP Joel Harden. Thank you.

The Chair (Mr. Aris Babikian): MPP Harden, three minutes.

Mr. Joel Harden: Back to Dr. Peters for a moment, because I just want to make sure that my friends from the government are aware of the evidence that you're studied, sir. So, when you think about a country like Norway, is that an entirely urban jurisdiction, sir? I know that a lot of my colleagues over there were just talking about rural areas, about the efficacy of being able to install heat pumps in places like that. So, given that a country like Norway has embraced the electrification of home heating and cooling, would you describe that country as entirely urban or are there in fact rural parts within it?

Dr. John Peters: It's mostly rural, and it's mostly mountainous, yes, and still you can electrify your economy. You can also use geothermal, and you can use hydro, and you can use solar, all as a sort of integrated mix, and you can use waste energy in all of these cases.

Mr. Joel Harden: [*Inaudible*] that are cold climates that are embracing this approach to how we heat and cool homes. Is that correct?

Dr. John Peters: Sorry, Joel. You cut out there.

Mr. Joel Harden: Pardon me. So, despite the theatrics of my friends opposite, there are other cold climate jurisdictions that are embracing the electrification of heating and cooling homes despite challenges faced by rural parts of those countries. Is that correct?

Dr. John Peters: Yes, that's right.

Mr. Joel Harden: Okay. I just also want to note for the record—just so you know, Dr. Peters—I learned in debate, was very happy to learn, that my friend from the great riding of Glengarry–Prescott–Russell and my friend from the Bay of Quinte, the minister responsible, have both themselves embraced the electrification of their own homes, and I think that actually should influence how we determine and how we vote on this particular bill. I mean, that is an example of leading by example. And the Conservative government of Prince Edward Island, Dr. Peters, as I understand it, has encouraged 35% of the residents, the homeowners of that province, to embrace this. So what advice would you give this Conservative

government to make sure that they're not left behind, that they're in front of this?

1610

Dr. John Peters: Well, the first thing you do is you have to set targets, and you have to set the targets based on the best scientific advice, and you have to set the targets necessary to meet our climate commitments. That's the first thing.

The second thing is, you have to set up planning, and you have to set up the consultations necessary to begin to transition your system. If you can begin to do that, then you can begin to make these kinds of changes.

And third, then, as these contractors have mentioned as well as others have mentioned here in the discussion, is you actually have to begin to operationalize this: how it's going to play out in terms of your energy board regulations, how it's going to play out in terms of your energy system, how it's going to play in terms of your manufacturing, how it's going to play out in your construction. You begin to do that, and you can begin to make these kinds of shifts.

It's very hard to do this, but it's by no means impossible. If you don't do this, then you're left in this situation where it's going to be just the business-as-usual scenario. But as all the scientific evidence is showing, business as usual is not in any way feasible. We have to make that shift because our climate and our economies are going to suffer if we don't make that shift.

Mr. Joel Harden: Thank you, Dr. Peters.

Mr. John Yakabuski: Chair, I just want to say that I take it as a real compliment that Joel would consider anything I say as theatrical.

The Chair (Mr. Aris Babikian): May I ask that all the complimentary comments from both sides be left to the end of the meeting.

Let's continue the hearings. Now it's the turn of the independent member. MPP Schreiner.

Mr. Mike Schreiner: I will say that MPP Yakabuski did a fantastic job leading us in song yesterday, so I think we should compliment him for his theatrical abilities—just put it on the record.

I want to direct this next question to our friends from ResCon. I just want to make sure my notes are correct. One of you—I can't remember if it was Paul or Meredith—had said that if we would transition all 1.5 million new homes to electric heat pumps, it would require around 750 megawatts a year in power. That's your estimate? Because I know Enbridge said the same thing when they were here yesterday, so I just want to confirm that for the record.

Mr. Paul De Berardis: Yes, that's a conservative estimate assuming we're progressing towards that 1.5-million-home target.

Mr. Mike Schreiner: And you feel like that's a conservative estimate?

Mr. Paul De Berardis: Yes, because obviously it depends on the actual volume of homes that are actually constructed in that time period.

Mr. Mike Schreiner: Great. And that would be rural, urban and suburban, right?

Mr. Paul De Berardis: It doesn't matter. It's just basing it on home count.

Mr. Mike Schreiner: Okay. Perfect. Thank you. I appreciate that.

My next question for you is, I've just been looking in fascination at the US in particular. We know the European countries—

Mr. Graham McGregor: American-style politics.

Mr. Mike Schreiner: American-style politics, here we go. In the last two years, more builders for new homes have chosen heat pumps over gas hookups, and I'm just curious why you think that's happening in the US and not happening here.

Mr. Paul De Berardis: Sure. So, one is obviously climate. A majority of the states that are experiencing the robust home building are obviously some of the warmer southern states, so they're obviously not dealing with a similar cold climate to us. The reality is, here in Canada, we would actually need cold-climate heat pump technology. It's very different than a three-season heat pump, which is traditionally what would be used in some of those more moderate states that typically don't go down to below zero. And the cost difference between a cold-climate heat pump and a three-season heat pump is drastic; it's approximately a few thousand dollars, which is similar to the cost of an air conditioner, anywhere to \$12,000 to \$17,000 for a cold-climate air-source heat pump. So as soon as you are going to that more extreme heat pump that can operate in our temperatures, the cost of that piece of equipment magnifies, and also, the cost of the duct work and installation is also increased as opposed to a traditional forced-air heating system that would be connected to a natural gas furnace.

Mr. Mike Schreiner: My next question, then, would be, if that's the case, then why do you have a state like New York, which has a very similar climate to what we have in Ontario, and in some places, particularly upstate New York, would probably be colder than most of southwestern Ontario—they're banning new gas hookups for new homes and moving completely to heat pumps. So how is a state comparable to Ontario able to do that and Ontario would not be able to do it?

Mr. Paul De Berardis: Yes—happy to answer that. It really comes down to the actual suite mix or unit mix: high-rise versus low-rise.

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

Mr. Paul De Berardis: It's a lot easier to get onto district systems or work on geothermal systems or non-carbon-based systems in high-density urban environments, which was why, in the city of Toronto, for example, in a condo building, a geothermal system makes a lot of fiscal sense. On a single-family home, some of these geothermal systems are cost prohibitive. So it's really the suite mix of low-rise to high-rise, and different technologies are adaptable to different housing applications.

In New York, basically where they're looking to ban natural gas, it's on the high-density housing types. It doesn't apply uniformly across the state to all housing types—similar to how we do things.

Mr. Mike Schreiner: So they have a more, let's say, thoughtful regulatory framework that, I guess, takes into consideration different housing types and locations than what we're talking about with this bill and in Ontario.

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

We move to the government side. MPP Smith.

Mr. Dave Smith: I've got to make this quick comment, because I've heard a lot of comments about "Prince Edward Island, Prince Edward Island, Prince Edward Island" and the wonderful things they're doing in Prince Edward Island. My riding is bigger than Prince Edward Island geographically, so let's take that off the table.

Secondly, we're talking about 1.5 million homes being built in the province of Ontario. There are 72,000 homes right now in Prince Edward Island, so the scales just don't work. When we're talking about this, we cannot use Prince Edward Island as a comparator, because it's the size of my riding, and I'm not the province of Ontario.

The province of Ontario is massive. We're over a million square kilometres that we cover. So we've got to get this idea that Prince Edward Island is where we should be using as the example—it's not. It's not a fair comparison—absolutely not. I just wanted to put that on the record.

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

Mr. Brian Riddell: My question is for CHAR. I'd just like to know how the OEB decision impacted your growth plans for 2024.

Mr. Andrew White: Thanks for the question. Our growth plans were very much focused on production in Ontario, and part of the OEB decision is around investment in infrastructure. That infrastructure is what we need to use to move renewable natural gas to our clients, who happen to be more on the industrial side, versus the homeowner side. But we still use the same grid infrastructure, and any time there is that kind of uncertainty around the ability to make investments in the grid such that we could rely on it to move our product to these industrial users, it creates hesitancy around our projects, the ability to get funding for projects and to expand them and really do the good work that we're really trying to do.

Mr. Brian Riddell: Okay. Thank you very much.

I'll now pass it on to MPP—

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

Mr. Graham McGregor: My question is also for our friend from CHAR. And congrats; it's amazing what you've been able to accomplish on the business side but also on the climate side.

I appreciate you talking about the arc reactor technology—Dofasco, Stelco. We estimate that that's going to take two million cars' worth of emissions off the road. It's a bit shocking when you hear an NDP environment critic criticize that. I guess they've got an energy critic that criticizes nuclear power as well, which bewilders the mind.

Anyway, I've got a few questions for you. I'm going to try to keep them brief, just given the time that we have. Does our presenter from CHAR agree that Bill 165 helps

ensure access to all forms of energy to help ensure reliability and affordability?

Mr. Andrew White: Yes. I think it's important. Like I said, grid stability, availability and its ability to evolve to handle different fuels like renewable natural gas is important, and accessibility to it is important.

Mr. Graham McGregor: Great. Do you also agree that Ontario's world-class energy grid helps us to attract more investment into Ontario?

Mr. Andrew White: I would absolutely agree. I think a blend of energy is important. As I said in my comments, it takes a myriad of solutions, so be it the expansion of nuclear power, which is low-carbon, zero-carbon electricity generation, wind and solar, renewable natural gas—all of these things need to work, and that's really where our industrial clients are focused on and are excited about.

1620

Mr. Graham McGregor: Just for folks watching from home, our presenter here is the CEO and co-founder of a clean tech development and services company.

Do you agree that Ontario's grid is one of the cleanest energy grids in the world?

Mr. Andrew White: Moving away from coal was a huge accomplishment for the province and should be applauded. As we continue to transition to a nice mix of different energy sources—we're not as blessed as Quebec with abundant hydro, so we need a nice mix. I think the overall carbon emissions from the grid are pretty well balanced with the reliability needs for—again, speaking more from the industrial side, of course, but to make sure industry is happy here.

Mr. Graham McGregor: I appreciate that.

Do you think that Bill 165 will help us build more homes in Ontario while maintaining that status as one of the cleanest grids in the world?

Mr. Andrew White: As an expert from CHAR, and our view on renewable natural gas and the industrial needs—I'd probably defer that question to others. Anything I say would be more of a personal opinion than corporate, because we're not in the policy space. But certainly, we're supportive of access to a number of energy sources in the province.

Mr. Graham McGregor: Time check, Chair?

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

Mr. Graham McGregor: Could you give us a little bit more on the strategic advantages of us developing Ontario's RNG and our hydrogen production?

Mr. Andrew White: Absolutely. There's a whole host of industrial processes that need either high temperatures or high-energy types of applications, and renewable gas or hydrogen are great transitions as we evolve those industrial sectors. Using things like forestry residuals is great.

To relay some of the comments from other presenters here, when we look at things like district energy and district heating in place in Scandinavian countries, that's often done with biomass residuals, which is the same area that we're working in. We think it's a great way to create renewable energy. Our biomass residuals are 500 kilometres, 1,000 kilometres away from the industrial users

and, really, the big urban areas. Scandinavian countries are a little tighter in terms of that availability. So our ability to take that biomass, crack it apart into a gas, and then move that renewable gas to a place where it needs to be used is a lot more efficient—both economically and climate—than trying to trap, say, wood pellets 1,000 kilometres from the Nipigon forest.

Mr. Graham McGregor: In your own personal opinion and in the opinion of CHAR, should the committee be passing Bill 165?

Mr. Andrew White: Both personally and for CHAR—yes, we're supportive of the bill. We think it's important to maintain that grid reliability, grid structure. It's important for our business, but I think it's also really important for climate policy and reducing emissions and industrial decarbonization.

Mr. Graham McGregor: I couldn't agree more.

The Chair (Mr. Aris Babikian): That concludes our current panel testimony.

Thank you to CHAR Tech, John Peters and ResCon for coming and sharing your expert opinions with us and enlightening the committee. You are free to leave.

We will prepare for the next panel.

MR. KEN LOVE

SOUTH CENTRAL ONTARIO REGION
ECONOMIC DEVELOPMENT CORP.

MS. ELIZABETH CARSWELL

The Chair (Mr. Aris Babikian): Before I ask the next panel to start making their presentations, I would like to ask the committee for unanimous consent to allow one of our organizations to have a second person present. The South Central Ontario Region Economic Development Corp. has a second person sitting. Do I have unanimous consent? Okay.

We will start the next panel. The first person is Kenneth Love. After them, we have the South Central Ontario Region Economic Development Corp., and after them, we have Elizabeth Carswell. She will join us virtually.

I will call upon Mr. Kenneth Love to start the presentation. Please state your name for the record, and you have seven minutes.

Mr. Ken Love: Good afternoon. My name is Ken Love. I'm a Canadian citizen and Ontario resident. I live in Ottawa. I'm speaking for myself.

Bill 165, in its current form, is poor legislation. On December 21, 2023, the Ontario Energy Board released its decision on Enbridge's application for 2024 rates. By using this bill to overturn that decision, the government is reintroducing the risk of new gas infrastructure becoming stranded assets that must be paid for by a dwindling number of remaining gas customers.

1630

The government is also reintroducing what the tribunal called the split interest, or, in other words, the perverse incentive for developers to make the decision to install gas furnaces, despite the fact that in much of Ontario the overall

cost of heating with gas is more expensive than heating and cooling with electricity.

The OEB's December decision was made by a tribunal of three committee members. Here's how they explained the risk of stranded assets:

"The risk that arises from the energy transition results from gas customers leaving the gas system as they transition to electricity to meet energy needs previously met by natural gas. This departure gives rise to assets that are not fully depreciated but are no longer used and useful. This results in stranded asset costs that Enbridge Gas would seek to recover from the remaining gas customers. This in turn would increase rates for those gas customers, leading more customers to leave the gas system, potentially leading to a continuing financial decline for the utility, often referred to as the utility death spiral."

Enbridge had been proposing a 40-year depreciation for the gas system assets. Ontario has a goal of reducing GHG emissions by 30%. That's six years away. Canada has a law that the country must achieve net zero by 2050. That's 26 years away. The tribunal was entirely correct to find that there is clearly a risk of stranded assets with a 40-year recovery horizon.

Having decided that 40 years was unacceptable, the tribunal considered whether a shorter amortization period would be suitable. Aside from Enbridge, there were more than 30 intervenors that gave evidence, often from experts, to the tribunal. All who made submissions on the appropriate revenue horizon called for a shorter period than 40 years. Some called for zero years, meaning that a connecting customer would be responsible for the connection cost in its entirety up front. Others called for as many as 30 years, but none suggested more. Ultimately, the majority of the tribunal decided that a shorter amortization period would not be suitable, because any period longer than zero would strand assets. One of the tribunal members dissented on a zero-year revenue horizon. However, even she didn't believe that a 40-year horizon was acceptable. She would have ordered a 20-year amortization period.

Turning now to the split incentive issue, this occurs because developers have an interest in making new houses look less expensive. By amortizing the cost of the gas infrastructure, with homeowners making those payments to Enbridge over 40 years, a new house heated with gas looks less expensive than a new house heated with an electric heat pump and a backup electric coil resistance furnace, but the tribunal noted that this isn't the case. Accounting for both connection costs and energy costs, gas heating ends up more expensive than electricity. A short or zero-year revenue horizon would eliminate the split incentives between developers and those who purchase the new houses. The committee received expert testimony that it's less expensive; there are exhibits. But for those wondering how we can also know that, the Canadian Climate Institute has released a detailed report explaining how, in much of Ontario, heating and cooling with heat pumps is now less expensive than heating with gas. It has an online calculator with the title "How heat pumps pay off – Comparing heating and cooling options

across Canada." You can go there and choose from several different Canadian cities, put in what type of residence you live in and when it was built, and see what your least expensive heating and cooling option is. It shows that for a single house built in Toronto in 2023, the total annual cost of gas heating is \$2,060, but the total annual cost of a standard heat pump with an electric furnace as backup is only \$1,910, and that assumes that the new homeowner must still pay the gas service fee. If the new house wasn't connected to the gas line in the first place, the heat pump option would fall to \$1,629 per year.

To summarize, the tribunal found that the revenue horizon should be zero years, mainly because it eliminates the risk of stranded assets, but also because it eliminates the split incentive issue and incentivizes developers to choose the most cost-effective, energy-efficient choice, or at least to let new homeowners choose whether to connect to the gas line or go with only electricity from the start.

This also maximizes the contribution to achieving our decarbonization goals. For the five years up to and including 2021, which is our most recent national inventory report on GHGs, buildings have been the source of between 24% and 26% of Ontario's GHG emissions—

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

Mr. Ken Love: —with those omissions split almost evenly between service industry buildings and residential buildings. This is relatively low-hanging fruit for emissions reduction.

The tribunal's decision protects consumers by ensuring they don't pay for the stranded assets. It provides transparency about the true cost of heating and gives consumers more choice. It also helps to fight against climate change. Bill 165 would reverse these effects, cost consumers more, hide from them the information they need to make an informed choice and increase the burning of fossil fuels, when there is no good reason to do so.

For these reasons, I would ask that the committee recommend against allowing Bill 165 to proceed any further.

The Chair (Mr. Aris Babikian): Thank you. Our next presenter is the South Central Ontario Region Economic Development Corp. Please identify yourself, and you have seven minutes.

Ms. Amy Martin: Thank you, Mr. Chair, and thank you, committee, for allowing Kim Earls, our executive director, to join me, because I am the new chair of SCOR by about one month.

My name is Amy Martin, and I'm the mayor of Norfolk county and the newly elected chair of the South Central Ontario Region Economic Development Corp, which is a not-for-profit corporation that is owned by the counties of Middlesex, Oxford, Brant, Elgin and Norfolk county—five counties, 28 municipalities and 285 communities. I'd like to share a couple of facts with you about why we think we should be here today and why we should be taken seriously.

Collectively, our population is about a million year-round residents, 1.5 million if we add in a few outliers like Brantford, London and St. Thomas, and our projected

growth over the next 20 years is approximately 20% to 30%, with some of the fastest-growing communities, like Tillsonburg, Lucan, Woodstock and Paris. You should note that the size of the region is comparable to the GTHA when put together, with one tenth of the population, and we are home to one third of Ontario's rural population.

The region is home to diverse crop production, and we have grown strong agricultural and food production opportunities. Maybe most importantly, I think we are a two-hour drive from half of Ontario's population of nearly six million people, a three-hour drive to six of the US-Canadian border crossings to Michigan, Illinois, New York and Ohio, and a day's drive to 130 million North American consumers and tourists. We are primed for growth, both residential and economic and certainly industrial, and we have a position to share with you today. And SCOR has been lucky to provide deputations to the ministry before.

As Ontario continues to face a shortage of industrial land, the south-central Ontario region is certainly challenged with balancing competing pressures, prioritizing the needs of agricultural land, industrial land and residential land. Attracting new business investment is certainly a priority and an economic development priority as the municipalities in SCOR look to further develop the industry sector and create jobs for our community members. We want to expand our municipal tax base as well. That's a given.

However, available industrial lands are dwindling, and municipalities are currently having to turn away business due to a lack of suitable sites. To effectively work together, we're strong believers that we must partner to ensure that policies, procedures and practices are aligned to work towards our common goal of a prosperous province. Currently, investors seeking to establish businesses in the province or undertake a significant expansion face barriers that should be addressed. Through updating regulatory processes and thresholds, we hope to do that.

For example, in section 90(1) of the Ontario Energy Board Act, 1998, it states the need for a leave-to-construct application if the project is projected to cost more than the amount prescribed by the regulations, currently set at \$2 million. Any project that surpasses that threshold is required to undergo a lengthy process, which we estimate to be around 15 to 18 months, before starting any construction.

With inflation, many planned business investments require natural gas expansions that exceed this threshold. It acts as a barrier to investment in the province and, more specifically, in rural Ontario. We understand that checks and balances need to occur, and there is a very important review process that should occur, but we are asking that the LTC threshold be reviewed and updated and to be aligned with current construction costs and certainly to keep us competitive with other provinces.

1640

In SCOR alone, we've lost three significant investment opportunities because of the proposed delays caused by the leave to construct. One only stings a little bit, because

we lost it to another Canadian jurisdiction; we're still sad to lose it, but it was in Canada. The other two went to Ohio and Michigan. We can't really get into those details due to a non-disclosure, but I can share with you that they were multi-million-dollar investments in two different industries, and a large contributing factor to both of those was the timeline associated with that.

So on a high level, we're not asking the government to forgo any due diligence through raising the leave-to-construct threshold to \$10 million. We know that it can preserve its integrity and the intent, and we certainly support that. Rural areas, including Norfolk county, are still unable to access affordable energy to support residential and industrial growth, as well as other agricultural operations.

Maybe just to give the debate, again, some perspective, I just did a quick search. While in general we support all types of energy—we're not here to endorse one over the other; we think that there needs to be a variety of factors to create a climate that will have everyone prosper and thrive—PEI does fit into Ontario 190 times. I'm not trying to be a jerk, but I want to give the perspective of the size of SCOR and our region. As mayor of a municipality with the tagline of "Ontario's Garden," we're certainly supportive of other energy sources and green solutions, but right now, we need to create an environment that will allow industry to grow and thrive in rural Ontario to help offset our tax base.

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

We move now to Elizabeth Carswell. She is joining us virtually.

Ms. Elizabeth Carswell: Thank you. You've unmuted me. My name is Elizabeth Carswell. I hope you can hear me. I live in Sandford, which is part of the township of Uxbridge, Ontario, and I live in the Honourable Minister Peter Bethlenfalvy's riding.

I first learned of the December Ontario Energy Board decision when I saw the plan to overturn it in the news. I'm a homeowner. I've lived in Ontario all my life, and I'm even an intervenor in the Sandford Enbridge Gas expansion project, but I did not understand what this news was about.

My personal homeowner experience began in 1981, when we moved into a subdivision house in Bramalea. Like all subdivision homes at the time, it came with all the utilities hooked up. We did not question which utilities were installed or who paid the cost of the installation. We used what was provided by the builder.

The city of Brampton now has a helpful graphic which clarifies which utility is owned by the region. It does not mention gas specifically or suggest that there are choices. Homeowners do not know what they have or have not paid for. Individual residents, and even municipalities, may not have the background to make planning decisions about infrastructure investments. I'm here today because I think you are the people we have chosen to make these decisions. We need a decision that protects us from financial and climate risks.

I find it interesting that the 40-year duration was also mentioned in the Sandford gas expansion project as the period that a Sandford gas customer would pay for infrastructure installation. During the Sandford hearing, I naively asked what effect a revenue shortfall would have if not enough users stayed signed up for 40 years. I learned that—you can see the quote there: “Enbridge Gas is unable to predict what the actual impact on the customers’ rates will be due to the number of variables that could evolve.”

As mentioned by Mr. Mike Schreiner, even this government says that we should be net zero by 2050, and if we have any hope of being net zero, we cannot be heating our homes with fossil gas. So why is the government imposing a 40-year amortization schedule for gas furnaces, way beyond 2050? My opinion is, there’s no good answer to this question. The Ontario Energy Board considered the capital investment plans of Enbridge Gas and worried that gas customers transitioning to clean energy would leave behind costs to be paid by fewer and fewer customers, and I think we heard yesterday that was probably going to be the industrial customers. Even the dissenting opinion did not find that 40 years made sense.

I am here to ask you to keep the Ontario Energy Board decision and remove the financial risk for Ontario gas customers and, eventually, the risk for Ontario taxpayers.

Mr. Peter Tabuns said, “The evidence is that to keep heating costs down, you go to electric heat pumps.” He went on to explain that they really do work in our climate and will continue to improve.

He also said, “If you talk to most people, they look at their gas bill and they see ‘gas’.... They don’t know that part of those rates is paying the cost of expanding the system.”

Mr. Ted Hsu explained that Enbridge Gas is a regulated utility. He said, “We have to protect consumers not only from unfair gas charges, but from unnecessary investments, which they will have to pay for.”

He also explained that if the developer doesn’t have to pay any money up front for a natural gas connection, they end up installing natural gas every time. One technology is getting a subsidy which all of us pay for.

My question is, why are we still installing gas? One reason is that Enbridge has more than \$1 billion at stake in account fees. The monthly customer charge really adds up when you have 3.9 million customers. They can spend a lot to protect this revenue stream.

The Ontario Energy Board explains the customer charge: “This fixed charge includes meter reading, customer services, equipment maintenance and emergency response services. Ontario gas customers will still need all of these services even if there are fewer and fewer customers paying that customer charge.”

I’ll quote a member of the Uxbridge environmental advisory committee who said, “If we want change, we have to change.”

We all know what we have to change—and I think the executive secretary at COP28, Simon Stiell, said it best when he was quoted around the world as saying “fossil fuels and their planet-burning pollution.”

One April 5, the Globe and Mail had a story about the NOAA release of counts for methane and CO₂ in our atmosphere. Stanford University climate scientist Rob Jackson said, “We’re caught between a rock and a charred place.”

The first house I lived in had a coal furnace. The new oil furnace made the house more comfortable and with less effort. In 1981, our house had a gas furnace, but that was before the Internet and before climate change was in the news.

Today, we have geothermal in the house and the greenhouse, and we have an air-source heat pump in the workshop. Our greenhouse has the benefit of air conditioning because of the heat pump, which is unusual in a greenhouse. Today, it is possible to have comfortable, cost-effective heating that is also climate friendly.

I’m asking you to keep the Ontario Energy Board decision, get rid of the advantage for planet-burning fossil fuel, and meet the commitments we have made for 2050. The Ontario Energy Board, in their December decision, protects gas customers and, eventually, Ontario taxpayers from future unknown costs.

Enbridge Gas Inc. admits that we can expect a lot of change, and to quote them, “Enbridge Gas is unable to predict the actual impact on the customers’ rates.”

My opinion is that keeping the Ontario Energy Board decision is the safe way to avoid unknown future costs for the people of Ontario.

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

We’ll move now to the first round of questioning. We will start with the official opposition. MPP Tabuns.

Mr. Peter Tabuns: I appreciate the opportunity.

I want to thank all the presenters today for coming forward and putting the information in front of us.

Ms. Carswell, I don’t have a question for you at the moment, but I have to say that was a wonderful picture of me, and I have to say the members of the government were horrified; they didn’t recognize me. There’s not that much digital retouching in that one. So thank you.

Mr. Brian Riddell: We weren’t horrified.

Mr. Peter Tabuns: There is a lot of debate on that one.

I will come back to you.

Mr. John Yakabuski: I just want to know who your surgeon is, because I’m going to make an appointment.

Mr. Peter Tabuns: My surgeon—no, no. Digital work is all you need, Yak—a lot of digital work, but just digital work.

Mayor Martin, thank you very much for taking the time to come here today. I appreciate what you’re doing.

We’re very concerned about a variety of things, but one is—the big question before us is, who pays for this infrastructure? Is it the consumers, the customers of Enbridge, or is it another entity? In the past, the Ontario Energy Board has said shareholders have to pay, not the customers, not the consumers. As you would know—you’re a mayor, you deal with people—folks are having a tough time with affordability. When they get a bigger gas bill, they have trouble paying for other things. Do you think it

makes sense to have shareholders take on this cost rather than the customers who are already hard-pressed?

1650

Ms. Amy Martin: Thanks for the question. It's difficult to give you an answer from the SCOR region, but if I can just maybe put my own mayoral hat on, I would agree with you: People are strapped. So it immediately makes me think of development charges in our community and not necessarily adding that cost directly onto the ratepayer. But ultimately, it does, sadly. Ultimately, infrastructure investments, housing investments, if it's in an industrial community—it ultimately trickles down to the purchaser at the end of the product. So even if we find a way to evade that and say, for paying upfront for this reason and not downloading that cost to the community members, there's no regulation on what end product ends up being or the price of the home. But yes, whatever we can do to make life more affordable for our community members needs to be given consideration. I don't think I can give you a SCOR region answer.

Mr. Peter Tabuns: Okay. A follow-on question, Chair, again to the mayor: In presentations yesterday, we heard from a person who used to be on staff at the Ontario Energy Board. She brought to our attention the fact that Standard and Poor's, the credit rating agency, had looked at the whole system of regulation of energy costs in Ontario. They looked at the pillars of that regulation—open and transparent hearings, an independent regulator, a few other pillars—which they said gave them great confidence in giving a good credit rating to people who wanted to get money to invest in Ontario. However, they had a caveat: If in fact you went away from an independent regulator, that would change their opinion as to whether or not it was a good credit risk to put money into Ontario.

And you may or may not be aware—I don't know, because you didn't touch on this in your presentation—that, effectively, this bill sidelines the regulator and puts the power in the hands of the minister so that if the minister doesn't like what's brought forward, or the lobbyists who come to the minister don't like a decision, that gets overwritten.

Mr. Graham McGregor: Or the voters.

Mr. Peter Tabuns: Point of order?

Interjection.

Mr. Peter Tabuns: In any event—

Mr. Graham McGregor: You got this.

The Chair (Mr. Aris Babikian): MPP McGregor, please let MPP Tabuns continue his question.

Mr. Peter Tabuns: I think it's fairly straightforward: If you want an investment in Ontario, you want to be able to say that it's a good credit risk. And if you operate in an environment that doesn't have an independent regulator and where decisions are made on a political basis, on the basis of lobbying, that undermines the ability to attract investment capital into this province. Is that an issue that is of concern to you?

Ms. Amy Martin: I can't speak to anything that was raised yesterday. I'm not familiar with it. I apologize. I didn't get a chance to watch the committee meetings. So,

again, I can't speak to that directly. Obviously, we're all in the business of being as transparent as we possibly can, but we're before you today to suggest that there's a lot of merit in what we're seeing here as we advance towards the best possible solution and that we're not opposed to seeing a transitional plan. Further to that, we're asking for amendments. So I suppose I'd throw that back on you. That might be your job, to negotiate that a little bit differently in a bill.

Kim, is there anything you would want to add?

Mr. Peter Tabuns: Fair enough. I'll just say that I'm not asking you to go back and read the report from yesterday, but I think it makes sense if you have an energy regulator that they're independent and that you don't have political interference in their operation. And I should just say, this is not proposed as a temporary measure; this is a permanent change.

I had said yesterday to my colleagues—I'll get around to the question—I was here when the Liberals were in power, and the regulator was a glove puppet for the Minister of Energy. There was not an effective regulator in this province, and that's something I went after them on all the time. We actually have a regulator at the moment who seems to act like an independent regulator, taking instructions from legislation on how to behave.

The idea that we would go back to what the Liberals did is disturbing to me. Does it disturb you that the energy regulator would be side-swiped by a minister who effectively can just take over their powers?

Ms. Amy Martin: Well, again, I'm not familiar with the information. I haven't read it myself. I didn't watch the meeting yesterday, and that wasn't a part of my testimony here to you today, so I'd be speculating to give a position on that. I have said that we're in the business of being as transparent as we possibly can. But again, I would put that back to you. I'm not prepared to give a position on, hypothetically, something that I haven't read or been aware of on behalf of the entire south-central Ontario region.

Mr. Peter Tabuns: Fair enough. Thank you, Mayor.

Mr. Love, if I could go to your testimony. You talked about Ontario's goal of a 30% reduction in greenhouse gas emissions by 2030. Do you see any way that the bill that's before us can be consistent with a goal of reaching that reduction by 2030?

Mr. Ken Love: No.

Mr. Peter Tabuns: And would you enlarge on that, please, sir?

Mr. Ken Love: Were I to have given PowerPoint slides, I would have put up a pie chart of Ontario's GHG emissions. I like to use 2019, because it was the first time before COVID, but it has been consistent through that whole time: 25%, or 24% or 26%, comes from buildings. About—I could be wrong—35% comes from transport. Now, that's the feds. That's—

The Chair (Mr. Aris Babikian): Unfortunately, the time is up.

We move to the independent member. MPP Schreiner.

Mr. Mike Schreiner: Thank you to all three presenters for coming today. Ms. Carswell, I will say thank you for

the nice photo of me, as well. I thought I looked good in that photo, so thank you.

Mayor Martin, I want to start with you, if that's okay. You had said that you had some amendments that you're suggesting. Did I hear that correctly in one of the responses? And if so, what would be some of those amendments you're recommending?

Ms. Amy Martin: Thank you, and it's nice to see you and chat with you, as always.

Mr. Mike Schreiner: Likewise.

Ms. Amy Martin: Keeping in the amendment would be the suggestion for the leave to construct, add \$2 million to \$10 million specifically. I've billed that out because if you think about rural Ontario, we know the cost of laying pipe in the ground, and those construction costs and inflationary costs are rising daily. So the price of doing business in a rural community versus an urban centre is becoming a barrier for investment.

Mr. Mike Schreiner: Great. Okay. Thank you for that. I just wanted to make sure we had that on the record, so thank you.

I think I'll go to Mr. Love next. You had talked about—and I think this was a really important point—the expertise of the three-member panel of the OEB and the importance of that independent expertise. And you talked about the fact that a 40-year amortization schedule when the province needs to be net zero by 2050—I would argue we really need to be net zero before then, but we'll leave that to another day. But the 40-year amortization schedule would take us many years past that 2050.

And so, the experts—not only the member panel, but witnesses who came and presented to the panel and intervenors—all agreed. Some disagreed on going to zero, and even one of the panel members disagreed with that, but all of them agreed that a 40-year amortization schedule posed significant risk to the people of Ontario. Am I correct about that? And would you comment on the qualifications and expertise of the OEB members who made this independent decision?

Mr. Ken Love: Certainly. Look at the three tribunal members. The one gentleman, Emad Elsayed, has got a PhD in civil engineering. He worked 40 years in the energy sector. He was head of Ontario Power Generation's hydroelectric division. He has been a part-time commissioner for 11 years.

The one I personally like is Patrick Moran. He's a lawyer and was a member of the energy practice group at Ogilvy Renault, now Norton Rose. He represented industry stakeholders before the OEB. He was then counsel for the OEB, and he has been appointed a full-time commissioner since 2021. There's a reason we get our judges from lawyers, and in this case there's a reason why some of the tribunal members are experienced in presenting before them and in working for them.

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

1700

Mr. Ken Love: These guys heard from at least several experts. Of these, six had PhDs and two were full professors. All of them had decades of experience.

Mr. Mike Schreiner: I don't want to interrupt, but I know I'm almost out of time. I just want to put it on the record because there has been some questioning of the qualifications and credentials of both the intervenors and the OEB members. I think it's important to have on the record the level of expertise and qualifications of the panel that made this particular decision, so thank you.

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

We move to the government side. MPP Sarrazin.

Mr. Stéphane Sarrazin: It's a really interesting conversation here. One thing that I think we don't talk about often is our role as MPPs. I see four of us here, maybe more, that represent the rural part of Ontario.

When I was elected, when I went door-knocking, the first thing I heard—the main concern—was the cost of living. Believe it or not, the infrastructure and natural gas expansion was a big concern to some of my people in my riding. And prior to being an MPP in 2022, I was actually a mayor just like you. I was warden of the counties of Prescott and Russell, and I was on the Eastern Ontario Wardens' Caucus. All we heard was that small municipalities wanted to have natural gas expansion.

Once again, once I was elected as an MPP, I had the opportunity to become parliamentary assistant to the Minister of Energy, and I did, on his behalf, participate in a lot of delegations at ROMA, AMO. And once again, we had 30 delegations at a time, and it was all the same subject: "We'd like to be part of the next phase of natural gas expansion." For me, to talk about the phasing out of natural gas, it wouldn't be fair because I represent my people, and I'm here to be the voice of the people of my region in Toronto, here, at the government.

If I go by experience—I was a mayor, and when I was a mayor, we had seven villages. It was a small township, a population of 10,000. Three of these villages had natural gas, and they were the ones that experienced residential growth, commercial growth, while all the others didn't really grow, and all the others wanted to have natural gas. Of course, I can relate to—I think you said you were representing 28 municipalities. I'm not sure if we did meet before at a delegation—

Interjection.

Mr. Stéphane Sarrazin: Yes, we did, okay. So I'm assuming that most of these municipalities, they want natural gas expansion, to be able to have natural gas.

One thing I would say, often we hear about people not having choices, to deal with Enbridge. That's something I heard a lot here, over the last two—well, do they have the choice of dealing with Hydro One? Do they have the choice to use the water that is coming from a municipality, the sewers? It's all services where you don't have a choice, but what you want to do is give them the best services at the best price possible, and that's why the OEB is there.

Regardless of Bill 165, Enbridge or Hydro One—I was even on the board of directors of a local LDC, a little hydro. Every five years, we had to go to OEB and do what they call the distribution rate application. We submitted how much it was going to be, selling electricity. They do

the same thing with Enbridge for the gas. And one thing that struck me: Near my riding, there's a city called Cornwall. You're familiar with Cornwall. Cornwall is the only city that has an electricity distribution system which is not regulated at all—not by OEB.

Mr. Peter Tabuns: And connected to Quebec.

Mr. Stéphane Sarrazin: And connected to Quebec—and how funny, they've got the cheapest price in Ontario. That is kind of funny.

At the end of the day, my question is—for you, Mayor—I'm sure you want to tell us about how many small municipalities would like to have natural gas. Of course, you mentioned a significant investment you lost over the last few years.

Ms. Amy Martin: Thank you. I'll lead with the lost investment, because as we're growing and we're trying to meet the government's goal of building homes, we need to build out complete communities. We need to add the industrial capacity. We need to create jobs so that we're not retirement communities. In my community, we have higher than the provincial average of seniors living in our community. We have to offset that tax base, so we need to stay competitive, not only with our other provincial partners but with the States, based on those facts I gave you and how close we are. Not only do we need to stay competitive with the States; we're a great location to invest in because of our proximity to the States.

I would lead with that. Those are really tough pills to swallow in smaller municipalities and rural communities with urban centres. Again, in my community—and I apologize for going on about Norfolk, but I'm, again, a new chair here trying to learn all of these counties—Turkey Point is still working on getting connected right now to natural gas, and they want it. They want it so badly. If I could wave the magic wand, I would for them.

The same goes for a lot of our little hamlets. We are primed, based on the rural nature and our close proximity to one another, to the highways—Highway 3, Highway 24, the lake. But because these other provinces and our partners in the States have less regulations, they're picking up our business, they're picking up our jobs, and they're picking up the industrial and commercial tax base.

Mr. Stéphane Sarrazin: That's for sure. I can just relate to this.

One other thing I was going to ask you is, do you see, where you have small municipalities that do have natural gas, that they experience higher growth than other smaller municipalities?

Ms. Amy Martin: I'm going to maybe pass that one over to Kim. She would be able to—I would be speculating.

Ms. Kimberly Earls: Thank you. Yes, I would say that's definitely the case.

The Chair (Mr. Aris Babikian): Identify yourself.

Mr. Stéphane Sarrazin: Just your name.

Ms. Kimberly Earls: I'm so sorry. Kimberly Earls, and I'm the executive director of SCOR Economic Development Corp.

I would say that, yes, communities that have strong infrastructure, that have those pieces in places, whether that's natural gas, which we're speaking about today, and especially with that leave-to-construct timeline, it makes the difference between having the investment and having that growth potential or not having it.

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

Mr. Stéphane Sarrazin: Thank you. One last question maybe—I'm sorry if I'm taking all the time. But what we've heard over the last few days is how existing natural gas customers would pay for newer connections. I guess myself, having a heat pump and a natural gas furnace—I use natural gas all the time—and also being in a rural community where there's a lot of power outage, you can just connect the generator and be able to heat the house with that. But for Enbridge customers, they're not tied to dealing with Enbridge for all their life. They can decide in two years, “Okay, Enbridge is raising the price of electricity. Let's install a heat pump.” It's really easy if you have a furnace. It's the same furnace. You just put—

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

We move to the second round of questioning, and we will start with the official opposition. MPP Tabuns.

Mr. Peter Tabuns: Chair, thank you very much, and again through you: Ms. Carswell, thank you very much for being with us today—and, again, my deepest appreciation for featuring me in your slide show.

One of the things that you mentioned was the concern about stranded assets. I just want to review one or two, and I appreciate your comments about the potential impact on natural gas. I had noted this in a comment yesterday: StatsCan reports in 2017 something like 63% of Canadian households had a landline. By five years later, it was down around 43%. Technology moves and changes very quickly.

Mayor Martin, who is also here today, represents an area on the north shore of Lake Erie. I remember talking to a reporter from Port Colborne in 2001 about coal being phased out, and I said, “It's going to go.” She was totally shocked and could not believe that the coal plant at Nanticoke would be closed. It was impossible in her mind. But indeed it's gone, because the environmental impacts and the health impacts were pretty profound, and the plant that had been around for, I assume, a number of decades was gone within a decade and a half.

1710

And I'll just note as well the tobacco industry. Haldimand–Norfolk had a long history of tobacco growth. I remember, when I was elected here in 2007, meeting with some tobacco farmers who were just saying, “Our market is disappearing. It's gone. We've invested all this in the infrastructure, the storage sheds etc., and it's gone.”

So it's entirely possible, within the last two decades, for us to see a number of instances where the world has changed and where people have invested a huge amount in a particular technology and it evaporated, leaving those who had put in that money short-handed. People are going to have to ante up to deal with those problems.

You've raised the question of stranded assets. Could you talk a bit about your concern about customers paying for pipelines that will not serve anyone a decade and a half from now or two decades from now?

Ms. Elizabeth Carswell: Yes, of course. In fact, when I read about the distribution line coming to Sandford, where I live, my first reaction was, "I can't believe we're doing this in this day and age, when we have so many other available cost-effective, climate-friendly choices," and then I got into it a little bit more and became an intervenor and learned a lot more about what was happening.

My big worry still remains that the advertising that's happening in our local paper—every other week, the back page is advertising to customers in Sandford about signing up to Enbridge, and I'm afraid that they will do that and then they'll have a furnace that's going to last for about 20 years, and this will be starting in 2026. So they'll be using fossil fuels a long time after we had to stop using fossil fuels. This 40-years thing is in the NGEF projects—that's the natural gas expansion program—as well, and they are actually exempt in this Bill 165. So their 40 years stay there regardless of the decision that happens in the committee.

So yes, I'm very concerned about why we are installing anything new for fossil fuels. I think we know that what we have to do is spend money to maintain and prolong the life, and all those things were recommended by the Ontario Energy Board.

Mr. Peter Tabuns: Do I remember correctly that you actually have a heat pump for heating and cooling your home? Is that correct?

Ms. Elizabeth Carswell: Yes, it is. We have what you call geothermal, so that means it's ground sourced. That was since a long, long time ago. I think I've had it for more than 25 years. The new technology, the cold-climate air-source heat pumps, my husband got very interested in that, so we replaced what we had, which was wood heat. I mean, we still have the possibility to wood-heat, and we had baseboard electric in the workshop, so now we don't have to use the baseboard electric.

I don't know if you can see in my office behind me. I have baseboard heat installed in the wall there, but now we have also connected this hallway to the greenhouse with a cold-climate air-source heat pump in the ceiling. So we're saving a lot of money on electricity right now.

Mr. Peter Tabuns: I always like the idea that someone saves on electricity.

We heard today from the Industrial Gas Users Association that Ontario has had a long history, in their opinion, of lower prices because of effective regulation. Now, I have real questions about the OEB in the Liberal era, but I'll set that aside for the moment. They wanted retention of an independent regulator. If, in fact, the laws change so the regulator is effectively sidelined from any substantial decision, and energy decisions are made by lobbyists in Ontario, not by a board of experts, does that concern you about the future of energy prices?

Ms. Elizabeth Carswell: Absolutely. In the hearings that I've been involved with in Sandford, so far I haven't

loved any of the decisions that the Ontario Energy Board has made, but of course, I think the representatives and the staff, when they ask their questions, they are very well-informed questions, and all the decisions that I haven't liked are really based on law. So there's nothing the Ontario Energy Board can do about that.

As far as would I worry if we didn't have that, well, yes, I would, because Enbridge Gas is a monopoly. I have been really watching all the things that they've been advertising and one of the ones that—I mean, I could hardly even believe it. My husband thought I made it up. I read that one of their ideas is that we should have gas lamps, because it's more efficient and it saves us the hassle of changing light bulbs. I'm not making that up.

So, no, I don't want people like that, advertising with crazy ideas, to be unchecked.

Mr. Peter Tabuns: Okay. I think that's it. I don't think I have more than a few seconds anyway.

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

Mr. Mike Schreiner: Before I ask my first question, I just want to put on the record that MPP Sarrazin made an excellent and compelling case for bringing in more water power from Quebec, given the low electricity rates in Cornwall. I will certainly support that idea, and I would like it to be on the record today. I want to see more low-cost—

Interjection.

Mr. Mike Schreiner: No, no, I'm not.

This is the next thing I want to say. I also thought he made an excellent case for the importance of the OEB and the importance of an independent regulator, because organizations like Enbridge have a monopoly in our province. Hydro One has a monopoly in rural Ontario. If we're going to have monopolies, we need an independent regulator to basically make sure those monopolies don't take advantage of us, don't make decisions that are detrimental to the interests of the people of Ontario. So when you bring forward legislation that effectively ends the independence of the OEB, that's a serious, serious bill that we're considering here.

Ms. Carswell, you actually applied for intervenor status—if I'm not mistaken, given what you said—to oppose expansion of gas to where you live, or where you lived previously. Am I right about that?

Ms. Elizabeth Carswell: Yes, you're right. I live one street away from where the line would go. All my neighbours are being advertised to to hook up to the gas, yes. And I am an intervenor.

Mr. Mike Schreiner: Do you live in a rural area, suburban area, urban area?

Ms. Elizabeth Carswell: I live in a rural area. Like all the rest of my neighbours, I have my own water; I have my own sewer. I paid a lot for my well and for my hydro to reach my house.

If I wanted natural gas—and even at the reduced rates, they have also got an extra length charge. So the actual rural properties, and especially the farms, really can't take advantage of it.

Mr. Mike Schreiner: So, as a rural resident, you've actually determined that it's cheaper for you to not heat with gas.

Ms. Elizabeth Carswell: Right. If gas was on my street, I would not be paying that extra length charge, and I think that's true for quite a few of my neighbours as well.

Everybody has their own solutions. I actually went door to door in our neighbourhood and talked to 50 people at their front doors and left pamphlets for another 50 people. I met a man who had just installed a new propane furnace to replace his oil furnace—great choice—and his heat pump that's part of that installation comes on when it's minus 13. I looked up the weather records, and there are hardly any of those days—he's going to spend hardly any propane.

Mr. Mike Schreiner: So his heat pump and propane combination is probably going to save him lots of money, then, from what you're telling me.

Ms. Elizabeth Carswell: Absolutely.

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

Mr. Mike Schreiner: Interesting. I appreciate that.

Mayor Martin, I recognize that industrial users are probably going to take a longer time to decarbonize. We understand that. We understand that gas will probably be a part of that. Does it worry you at all that if we undermine the independence of the independent regulator and potentially strand those users with stranded assets, it could make them uncompetitive in the future, if they're having to pay the additional amounts that can no longer be spread across a larger rate base?

Ms. Amy Martin: Thank you for very kindly asking me the same question now for the third time.

Mr. Mike Schreiner: That wasn't me. I haven't asked you that one.

Ms. Amy Martin: You just added in that industrial factor.

Yes, that's a factor that should be considered. I guess I'd back it up, though. You're playing the long game, which we should and deserves consideration—

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

We move to MPP Riddell.

1720

Mr. Brian Riddell: Yes, so my question is for South Central Ontario Region Economic Development Corp. Last summer, our government announced that 28 project proposals were selected to receive approximately \$234 million in funding through phase 2 of the natural gas expansion program.

Since its launch in 2019, the NGEP has supported projects that are expected to connect 17,750 customers in 59 communities. One of those communities is North Dumfries township, which has 10,000 residents, which is part of my riding. Everyone I've talked to is quite excited to be able to hook up to gas.

But my question I would like to ask you: If the communities they represent are interested in connecting to reliable and affordable home heating, as our entire country

grapples with an affordability crisis driven by the carbon tax, what's your opinion?

Ms. Amy Martin: That one's you—if I may defer to Kim Earls.

Ms. Kimberly Earls: Thank you.

Mr. Brian Riddell: It's a long question.

Ms. Kimberly Earls: Yes. I'm sorry, could you repeat that?

Mr. Brian Riddell: The whole thing?

Ms. Kimberly Earls: No, just the last—the actual question.

Mr. Brian Riddell: I would like to ask, if communities they represent as a mayor—if people are interested in connecting to reliable and affordable home heating as the current situation in our country grapples with an affordability crisis driven by the carbon tax, shouldn't they be able to do that?

Ms. Kimberly Earls: Yes, absolutely. I mean, nobody wants to pay more if they don't have to, and I think that that provides an option.

From our perspective, if I may, it really is also an economic development corporation's base that we are—the changes to the leave to construct which are in the Bill 165, increasing that threshold, supports agricultural operations, especially grain farmers, those doing animal production, as well as ensures us a competitive base to be able to attract and retain jobs that people in our region can access to be able to afford homes and all the other things that we just want.

Mr. Brian Riddell: Thank you for your comment.

I will now pass it on to—

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

Mr. John Yakabuski: Thank you very much for joining us today. I'll go to Mayor Martin, and you can tell me if you're answering it or if she's going to answer.

We've heard a lot about this OEB and the regulator and this from the opposition, and I want to be clear, to begin with: It isn't the government that put us here today. It is the decision by the OEB, which changed the rule, so to speak, that's been in place for 38 years with respect to, well, everyone absorbing the cost of expansion in natural gas so that we could actually get it done, just like we did with our hydro system. Bell Canada did it. We do it in your hometowns when a school is built. The students going to the school, their families don't pay for that school; we collectively pay for those for the good of all.

So, this existed, and in 38 years, through various governments, no one ever decided to change it because they understood and knew that this was the best way to ensure that energy would be available for the greatest number of people and we could expand the system.

Now they're talking like somehow the OEB is being slighted here. The reality is, the OEB went outside of what is their purview and decided that they want to wade into government policy, and the minister is making sure that it's abundantly clear the government policy will be brought forward by government.

You're in government. They're a regulator. We're government. This system has worked and worked well for 38 years. Would you agree that Bill 165, because the minister's hand has been forced, is the right way and right thing for us to do at this time to ensure that we can connect most people to natural gas, if that's their choice?

Ms. Amy Martin: Especially with an amendment to leave to construct, yes, it's advancing all priorities at the same time.

In levels of government, we know that accountability comes around quite frequently, actually, with an election.

Mr. John Yakabuski: Exactly. Well, at least—not necessarily every four years but, generally speaking, every four years, and that is the opportunity, and in a minority situation, maybe even sooner. I really appreciate that, because you know that you're subject to those same rules as I am and have been for some time.

So, I think that's the crux of what we have here in Bill 165. We wouldn't be here with Bill 165 if the Ontario Energy Board had not decided that they want to be the policy-makers. And we're not questioning the credentials of people; we're questioning the bias—not you, but the members of the energy board—we're questioning their views and their bias. That is the job of the government, to enact energy policy, and that's what Bill 165 is all about.

So I appreciate your comments on it, Mayor Martin, and hopefully have people understand that if we start having regulators dictate energy policy in anything, then there's really no need for government anymore. We don't need the elected people because we don't have a job anymore. So we're going to make sure that government deals with government policy and regulators stick to their mandates.

Other than that, Chair, I have no more questions. How much time is left?

The Chair (Mr. Aris Babikian): You still have one minute and 30 seconds.

Mr. John Yakabuski: One minute and 30 seconds? Well, in that time, maybe I can go get some makeup on so I can get a picture on Elizabeth's screen next time, because I hate being outdone. I know he outdoes me in a lot of ways, but I hate being outdone in the picture parade by MPP Tabuns.

The Chair (Mr. Aris Babikian): But it's too late for this session. By the time you put the makeup, take the photo, send it to her, it will be tomorrow.

Mr. John Yakabuski: We'll try another time.

But thanks, everyone, for joining us today.

And you're doing a great job, Chair. I just wanted to say that.

The Chair (Mr. Aris Babikian): Thank you very much to all our three presenters: Kenneth Love, South Central Ontario Region Economic Development Corp. and Elizabeth Carswell. Thank you very much for sharing your input with us. You are free to leave.

We will prepare for the next panel.

1730

ONTARIO CHAMBER OF COMMERCE

FOR OUR GRANDCHILDREN

WESTERN ONTARIO WARDENS' CAUCUS

The Chair (Mr. Aris Babikian): Before we start our listening to our deputants and witnesses, I need unanimous consent from the committee because the Western Ontario Wardens' Caucus has two representatives. Committee, what do you say? Agreed? Okay.

We have the Ontario Chamber of Commerce, For Our Grandchildren and Western Ontario Wardens' Caucus.

We will start with the Ontario Chamber of Commerce. Please identify yourself with your name and your title. You have seven minutes.

Ms. Claudia Dessanti: Good evening. Claudia Dessanti. I'm the director of policy at the Ontario Chamber of Commerce. Good evening, Chair Babikian, Vice-Chair Schreiner and committee members. Thank you for the opportunity to appear before you today.

It's my pleasure to speak on behalf of the Ontario Chamber of Commerce. As the voice of Ontario businesses, our network includes close to 150 local boards of trade and chambers of commerce in communities across the province. We represent businesses of all sizes across all regions and all sectors.

Let me begin by saying that the OCC firmly supports the transition to net-zero. In our Climate Catalyst report and throughout our climate action series, we've pushed Ontario to be a leader in the green economy and meaningfully reduce emissions. We've done so by advocating for market-based policies and incentives that the evidence shows will most effectively help Canada reach its climate targets.

In every sector, from buildings and transportation to cement and steel, breakthrough technologies are being developed and implemented here in Ontario with incredible potential to advance the climate transition. To decarbonize successfully, every sector depends upon a balanced energy system, one that is reliable, affordable and sustainable. Fortunately, Ontario has one of the cleanest electricity systems in the world since phasing out coal thanks to a combination of other, cleaner resources that replaced coal, including nuclear, hydro, renewables and natural gas.

Over the next decade, Ontario will need to meet growing energy needs stemming from population growth, economic growth and the ongoing energy transition. Our 2024 budget submission highlights the need to invest in generation, transmission and distribution infrastructure, and every step of the way, Ontario needs to balance reliability, affordability and sustainability. That is one of the most important imperatives of our lifetime. But that delicate balance does not happen by accident. It's the result of careful planning and coordination between governments, utilities, communities and the Independent

Electricity System Operator and the OEB. Decisions must always be rooted in evidence.

As the Ontario chamber, our comments today focus on the significance of Bill 165 to the Ontario business community and economic prosperity. Over the past couple of months, we've heard concerns from members across different sectors about the impacts of the OEB's decision on housing affordability and economic development. In fact, we've heard this concern most loudly from local chambers of commerce and boards of trade across the province who represent some 60,000 businesses and are deeply concerned about housing affordability and access to energy in their communities.

Our 2024 Ontario Economic Report shows that confidence hit a record low this year and the main driver of that was affordability. The housing affordability crisis is among the top three concerns for businesses and their workers, who are facing a cost-of-living crisis driven by inflation and interest rate hikes.

The OEB's decision to eliminate the customer attachment revenue horizon from 40 years to zero would force new customers to pay for their gas connections up front and drive up housing cost. Now, in the midst of a housing affordability crisis, Ontarians simply cannot afford an additional burden.

In addition to this, we are concerned that the OEB's decisions appeared to be rooted in insufficient evidence. If the 1.5 million new homes proposed in the More Homes Built Faster Act were all electric, an additional 750 megawatts of electricity demand would be added annually to our grid. What does that mean for the reliability of our electricity system? The dissenting opinion issued by one of the three commissioners on the OEB panel states that there was no evidence presented supporting a zero-year horizon. It's not clear whether the IESO generators, transmitters and distributors are prepared to take on this significant new load in the next year if those customers all opt for electricity.

Even without the OEB decision, the IESO forecasted that Ontario will need a lot more electricity supply to meet demand over the next decades. Governments, the IESO, stakeholders are working in earnest to secure that supply, but decisions like the ones that the OEB made will greatly impact electricity demand and must be rooted in reality, recognizing what is possible and what it will cost.

Might I just add that MPP Tabuns asked a great question to the previous panel about the credit rating and confidence in the independent agency, and I will say that what we've heard from the business community is that the OEB's decision in this case in fact did undermine confidence in the regulator.

The government's forthcoming natural gas policy statement, as recommended by the Electrification and Energy Transition Panel, will provide further clarity to agencies and stakeholders on the role of natural gas. We look forward to continuing to work with the government on that direction from an evidence-based perspective.

Now, taking a step back, we really cannot afford to lose sight of how important reliable natural gas infrastructure

is to Ontario's economy. It's critical in ensuring that manufacturing processes are cost-effective and reliable. We should absolutely continue to electrify heavy industries, but there are industrial processes that cannot be electrified, that are able to lower their emissions by switching to natural gas from higher-emitting fuels. These include cement, fertilizers and even steel production, as many types of steel cannot be produced using electric arc furnaces. So we need to consider the fact that those industries rely on gas today, and the critical role that gas plays as part of their decarbonization strategies.

In conclusion, I would like to thank each of you for the opportunity to highlight the position of Ontario's business community on Bill 165, and we look forward to continuing to work with all levels of government to continue ensuring our energy system is reliable, affordable and sustainable. Thank you.

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

Now, we move to For Our Grandchildren. Please identify yourself.

Mr. Guy Hanchet: Yes, my name is Guy Hanchet. I am the president of For Our Grandchildren, a climate activist group that lives in MPP Smith's riding. It's nice to see all of you here. Some of you I know already. It's really wonderful. I was tempted to just stay out and do this on Zoom, but I'm so glad that I'm here in person.

Our organization advocates for climate policy changes at all levels of government, policies that can reduce emissions that are the cause of the climate change that we see all around us, burning our forests, drying our waterways, and leaving the soil too dry to grow the food we need.

We advocate on behalf of our grandchildren, as you might guess from our name, who will have to live in the world we are leaving them.

You know all about the OEB ruling in December, but it was only applicable to homes, as far as I can understand, not to new businesses, so I don't understand why we have so much discussion today about businesses. In any case, it says that methane gas installations to new homes should be paid up front by the developers, rather than paid off over 40 years by existing customers through higher rates.

Bill 165, whose official short title is Keeping Energy Costs Down Act, will actually do the opposite. It will increase the cost because if we don't put in separate infrastructure, if we put in only electricity to new developments, it will cost less. We only have to put in electrical lines and we don't have to put in gas lines.

In my case, homes that use cold-climate electric heat pumps will cost less to heat than those burning methane. I installed one last fall, not like Elizabeth who has had one for 20 years. I haven't got enough bills to know whether I've really saved money, but we now have air conditioning.

1740

And our daughter finally convinced my wife and me to replace our gas stove with an induction stove for two reasons: our health and our safety. She showed us the

evidence of the poisonous effects of the methane gas that leaks every time you turn a stove on, in addition to the health impacts that result from the burning of the gas inside our home. She also saw that we sometimes—we're getting on—left the stove on from time to time, with a big risk of explosion and fire. We even got a bonus: Electric induction stoves boil water faster than gas. My wife will never go back.

The OEB ruling makes no reference to climate impacts, only financial ones, and all the other presenters here—if the evidence of what I've seen today—talked about money. But I'm going to talk about the climate implications, which is where my heart is and where I understand the issues best.

You, the politicians who are charged with reviewing the OEB, ought to be considering factors beyond the limited mandate of the OEB. You should be introducing climate considerations into your review. You should be thinking about our grandchildren.

Thinking about this issue from a broader perspective can lead you to consider that the ongoing trend worldwide sees the cost of renewable energy going down. This trend is inevitable and it's not going to stop, but it points to some luck for us. It means that with the confluence of factors, they all point in the same direction. Economic factors alone indicate that we should do this to reduce GHG emissions. Saving money by using renewable energy is also the best way to save the world for our grandchildren.

And I would like to illustrate this with a small example of a small development—well, it's a big development for our city. But in Lakefield, where I live, there is a new development proposed called Lakefield South—and I'm sure that you know about it, Mr. Smith. When completed, it will have almost a thousand “front doors,” is the way people are referring to it, which almost doubles the population of Lakefield.

Selwyn township is very serious about doing its part to reduce emissions. When we passed our climate change action plan in 2016, we set the highest target for emissions reductions in the county. We have had a climate change coordinator on staff for about five years, and we are well ahead of schedule on corporate emissions.

But corporate emissions are only 4% of the total. Like all municipalities, Selwyn has limited authority to make substantial change. Housing is pretty much the only factor that small municipalities can use to influence total greenhouse gas emissions.

The Lakefield South developer is open to the suggestion of making his new development as sustainable as possible, but only if he can sell houses. The main thrust of the attraction for the developer to do it this way would be that people would want to move to his new development because of its sustainable nature. The township and local citizens are working with the developer to influence him in that direction, but he will be that much harder to convince if the gas infrastructure is paid for by someone else—paid for by the subsidy, which is effectively what Bill 165 represents.

And in case you think it can't be done, my daughter looked up a couple of places in Ontario where this has already happened, where people have built new communities without connections to gas, some with the support of Enbridge Sustain:

—Sean Mason Homes in Barrie and Bracebridge, Ontario;

—Ottawa Community Housing has some developments like that, Mr. Harden;

—EVE Park in London; and

—Mattamy Homes in Springwater.

We should make this choice easier for other developers by not subsidizing yesterday's energy source, as Bill 165 would do. Reversing the OEB ruling would result in building methane gas infrastructure that, as you've heard many times, we'll still be paying for in 40 years. That is 2064. But 2064 is 14 years beyond the time when the world has agreed to achieve net-zero fossil-fuel burning.

The choice to heat our homes and cook with electricity instead of methane gas is better for our pocketbook, better for the health of everyone who lives in our homes, better for the climate, better for our grandchildren. Who stands to gain by letting the OEB decision stand? Gas customers who exist, the pocketbooks of new homeowners, the health of new homeowners and the environment.

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

Mr. Guy Hanchet: Who stands to gain from a reversal? Enbridge.

It is a mistake to overturn the OEB ruling. Please reconsider your decision, and instead, allow for a solution that is less expensive for homeowners, healthier for families and that also avoids contributing to the build-up of the greenhouse gases that drive the climate change that is setting the world on fire.

The Chair (Mr. Aris Babikian): Now we move to Western Ontario Wardens' Caucus. Please identify yourself.

Mr. Glen McNeil: Thank you very much, Chair Babikian, Vice-Chair Schreiner and to all members. Glen McNeil is my name. I'm very fortunate to be joined today by our secretary of the Western Ontario Wardens' Caucus, Meighan Wark, who's also the CAO of Huron county, and our executive director, Kate Burns Gallagher, is joining us virtually.

The first thing I would like to do is to thank you very much for this opportunity on behalf of Western Ontario Wardens' Caucus and myself as chair, and I would like to offer my heartfelt gratitude for the privilege to address the Standing Committee on the Interior today concerning Bill 165, the Keeping Energy Costs Down Act of 2024.

Western Ontario Wardens' Caucus is a not-for-profit organization that represents 15 upper-tier and single-tier municipalities in rural western Ontario. This encompasses 300 communities, 250,000 businesses, and we represent 1.5 million residents in rural western Ontario. Our mission is to enhance the prosperity and overall well-being of rural and small urban communities throughout our region.

In the past decade, rural western Ontario has witnessed and has seen significant and remarkable growth, placing

tremendous pressure on expanding the gas pipeline network. Regrettably, this surge in demand has led to significant setbacks, with numerous municipalities losing vital investment opportunities due to delays in extending natural gas to development sites.

Under current regulations, any entity intending to construct hydrocarbon transmission facilities in Ontario must navigate an arduous application process through the Ontario Energy Board, and if their projected cost exceeds \$2 million—and this is a threshold that has been frozen since 1998. The cost of the infrastructure, we all realize, has risen considerably in that time.

We acknowledge the province of Ontario's efforts in modernizing the leave-to-construct process in 2022 for electricity transmission projects. Building upon this momentum, the Keeping Energy Costs Down Act and the proposed amendments to the Ontario Energy Board Act of 1998 offer a glimmer of hope by empowering the government to prescribe conditions to expedite energy infrastructure projects, both hydrocarbon and electricity lines, through the leave-to-construct process. While the proposed increase to the leave-to-construct threshold from \$2 million to \$10 million for hydrocarbon aligns Ontario energy more closely with other Canadian jurisdictions, the Western Ontario Wardens' Caucus advocates for a bolder step, setting the threshold at \$20 million. This move is essential to ensure Ontario remains competitive on the national stage. In British Columbia, the thresholds are \$15 million for electricity and \$20 million for natural gas.

Mr. John Yakabuski: And we beat them.

Mr. Glen McNeil: Well spoken, sir.

Our stance is not merely theoretical; it is rooted in practicality and necessity. Outdated regulations have led to the leave to construct applying indiscriminately, hampering progress and stifling economic growth. Today, the reality is stark: Virtually all gas pipeline projects exceed the archaic \$2-million threshold, rendering it inconsequential.

Modernizing these regulations isn't just about easing bureaucratic hurdles; it's about fostering an environment conducive to economic vitality and job creation. The implications are profound. From facilitating new industries to spurring transit projects, from fostering community expansion to bolstering residential and business connections, the ripple effects are boundless.

Rural western Ontario stands testament to the tangible losses incurred due to these regulatory bottlenecks. If we could consider the county of Brant, where an EV battery manufacturer's \$1-billion investment did not materialize, or the municipality of Chatham-Kent, where a new distillery and agricultural processing plants, collectively valued at \$365 million, moved to other jurisdictions due to inadequate natural gas infrastructure.

1750

In summation, the Western Ontario Wardens' Caucus wholeheartedly endorses the province of Ontario's endeavours to modernize the leave-to-construct process. By doing so, we pave the way for a future where our rural communities are not disadvantaged but thrive.

The Western Ontario Wardens' Caucus extends our sincere appreciation for the opportunity to comment on the proposed policy changes, and we look forward to working with the provincial government and the municipal counterparts to advance this important policy modernization.

On behalf of the Western Ontario Wardens' Caucus and its 1.5 million constituents, thank you in advance for your collaboration and your attention to this matter.

The Chair (Mr. Aris Babikian): Thank you very much, Mr. McNeil.

We'll move to the first round of questioning. We will start with the official opposition. MPP Tabuns.

Mr. Peter Tabuns: My thanks to all the presenters today for taking the time to come here and taking the time to put together the presentations you have. I have questions for all of you, but I'm going to start with the chamber of commerce.

You've read the bill; you're the director of policy—my heart goes out to you for all of that. One of the concerns I have with this bill—and I'll quote from the summary, "The bill provides that the exercise of powers under the sections" referred to below "are not subject to any duties of procedural fairness that would otherwise apply under the Statutory Powers Procedure Act or otherwise in law." I used to be a community legal worker, and I had to deal with the Statutory Powers Procedure Act—open decisions, sharing of information, transparent process. The idea that you would suspend that in decision-making is disturbing to me. Is it of consequence to you?

Ms. Claudia Dessanti: Thank you for the question, MPP.

The integrity and transparency are critical to us, as well. That is why we were very concerned with the OEB's decision in this case. It seems to have been made without sufficient evidence, and there was an urgency to reversing that decision. The housing affordability crisis is upon us right now, and Bill 165 reverses that decision.

I'll let legal experts speak to the specific language in the bill, but from our perspective, what we've heard from the business community is that the consequences and risks of the OEB's decision were large and fast upon us, and it undermines the confidence of investment.

Mr. Peter Tabuns: The Industrial Gas Users Association was here, and they spoke about the situation. They felt that there were two potential unintended consequences from this bill. One was that the change in the way decision-making was going to take place—and that's that, effectively, the independent regulator could be sidelined and decisions made out of the minister's office based on political considerations or the impact of lobbyists—would mean that current industrial gas users, the industry we depend on in this province, could be stuck with bills subsidizing other new gas users, which would undermine the competitiveness of those who are already the core of our industrial fleet in this province. Is that a concern for the chamber of commerce?

Ms. Claudia Dessanti: I'm not here to speculate on what the bill could lead to, as potential consequences.

What I know for a fact is that the consequence of the OEB's decision as written would be to increase the housing costs in the province, and that's something that affects, yes, residents and workers, and therefore businesses as well.

I'll just say that maintaining the independence and integrity of the OEB is very important to us. We've advocated for many years for governance reforms to the OEB, many of which were undertaken, that have strengthened the independence and transparency of the process, and we stand by the importance of that.

Our concern is that the way in which this decision was made did not show the integrity that we expect of the agency. It was not based on the evidence of whether it was feasible or the impacts from a cost or resource adequacy perspective. There was no coordination with the IESO. So we're very concerned about what that tells you, not only for housing affordability today, but for the decision-making process at the OEB more broadly.

Mr. Peter Tabuns: Are you not concerned about the changes that will dramatically undermine the independence of the regulator?

Ms. Claudia Dessanti: I would disagree with "dramatically undermine the integrity." I think there's an important role—

Mr. Peter Tabuns: The independence.

Ms. Claudia Dessanti: The independence. I'm sorry.

There's an important role for government, as a democratically elected government, to play when it comes to something as important as natural gas policy in the province. That clarity has long been missing in Ontario, and that government role should be based on evidence as well. But there is a role for a democratically elected government to set policy direction to agencies and then for them to make decisions with the clarity that we are lacking right now.

Mr. Peter Tabuns: Okay, thank you.

Mr. Hanchet—through you, Chair—your organization spends a lot of time working on the whole question of climate impacts on this province and the larger world. What are your concerns if we don't meet net zero? Or what are your concerns if we don't meet the reduction in emissions targets that have been set by the province?

Mr. Guy Hanchet: Well, my concerns are that we will just continue to accumulate carbon dioxide in the atmosphere, which was at about 311 when I was born and it's now at over 425 parts per million, and this will just go on.

When I speak to the people in our Selwyn township, I keep talking about our little township. There's only so much we can do. And the same thing is true of our little province. There's only so much that it can do, but we have to do our part to try and protect the world from the devastation that is already evident, which will affect our grandchildren.

Mr. Peter Tabuns: And do you have concerns that, if this bill goes ahead, it will be far more difficult for Ontario to meet its climate targets?

Mr. Guy Hanchet: Well, the example that I gave of the developer in Selwyn—it kind of illustrates that, yes, he will be much more likely to choose to put in gas infrastructure for the next 40 years than he would if he had to pay for it himself.

Mr. Peter Tabuns: And would you say that your neighbours generally like the idea that they'll pay higher gas bills to subsidize Enbridge?

Mr. Guy Hanchet: Nobody wants to pay more for anything. I heard that a couple of times here today.

But we don't have to use gas at all. They can use electricity. We can build these developments with no gas connections at all and have only electricity, and we can work on building up the infrastructure of the electrical network. We can build up the infrastructure that supports the electrical network rather than using the same money to build up bigger methane gas infrastructure.

Mr. Peter Tabuns: Okay, thank you.

For the western wardens' caucus: Enbridge, in the hearings, suggested that the revenue horizon for investments be 30 years. The dissenting member of the OEB commission said 20-year horizon and this government is saying 40 years. As you know, those are all going to have different implications. Is there a particular time horizon that your organization supports?

Mr. Glen McNeil: Thank you very much for the question. Through you, Mr. Chair: I would first like to commend the government for looking at raising the threshold to \$10 million. We feel that \$20 million would be more appropriate, and in the process of when it can be done, we would welcome that because it will promote growth in Ontario and we would like that within our province. So, whatever time frame that it is possible to expedite that would be beneficial to all residents of Ontario.

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

We move to the government's side. MPP Smith, it's your turn.

Mr. Dave Smith: Thanks, Chair. I appreciate that.

Guy, thanks for making the trip up to Toronto. I want to point out, because I'm sure I'm going to hear this in my office from some people that—with your advocacy on conservation and green energy, someone is going to come into my office and say, "Why was Guy there? Why didn't he do it by Zoom?" and what I'll point out is that you do have an electric car, so there's no greenhouse gas emissions on that. So, kudos to you for it. I appreciate that.

I found it interesting when you were talking about the Lakefield South development. I recognize that we're really talking about something that's going to affect all of Ontario, but having someone from my riding and talking about one of the challenges that we specifically have in the area is good, and I'm going to take that advantage right now, while I have you here. You mentioned that the developer is most likely going to put in natural gas.

Mr. Guy Hanchet: I didn't say that. I said he's open to the idea.

Mr. Dave Smith: Yes, he's—what I wanted to point out on that is, at the model home, they've actually put in a heat pump. They put it in back in the fall to see what it would cost as a comparison, because that model home has been there for a couple of years now. They were able to actually take a look at what the operating costs would be, and the reason that they've done that is because, as they build towards the potential development of the Lakefield South development, they actually do want to put in, where appropriate, the heat pumps. They're not going to be able to put it in to all of the buildings because there are some apartment complexes that are part of it as well, but they very much are taking a look at it. I think that they're one of the very responsible developers looking at that type of thing.

1800

As you know, the Lakefield South development is a little bit controversial in Selwyn. It's about 970 residences when you combine apartments and houses and so on. Are you suggesting that, if he was to go down this path of an all-electric heating system there, you would support the development of Lakefield South?

Mr. Guy Hanchet: I support the development of Lakefield South anyway. I just think it should be built as sustainably as possible, and I know that some of the councillors in Selwyn would like the same thing. We see it as inevitable. The population is growing, people need a place to live, and we think that we can convince the Triple T people that this would be a selling point for them—say, “Come and live in our place. It's the best. It's got zero carbon footprint.”

Mr. Dave Smith: That is what they're looking at with the building. One of the challenges that they face with it, and it's the same type of a challenge most developers face, is the time from start to finish of one of the subdivisions takes a significant period of time. They don't have site plan approval for it yet, so they can make adjustments to how they do things because they have not received site plan approval. They can make those adjustments to how they're going to build the homes on it.

Is it fair and reasonable for developers who have been in a position where they started that process nine to 12 years ago, they're at the final stage and they would have to go back and redo it if they didn't have access to natural gas? Is that fair to those developers? Should we be looking at something that would be a grandfathering, so to speak, of those developments that are at the final stages now and that this would have a significant effect on?

Mr. Guy Hanchet: It's interesting that you use the word “grandfather” because that's where I'm coming from. I'm a grandfather, and I want to protect the world for our grandchildren. If somebody has gone down the road of planning a development based on having natural gas there, that's quite understandable, but that's yesterday's technology. That's yesterday's technology that is what has poisoned the world as far as it's gone. We need to turn it around, and our township is, I think—some of the councillors, anyway, are willing to support the Triple T

people in going this way, but if they have to say, “It's going to cost you an extra \$5,000 because you have to pay for your own gas infrastructure”—sorry, I got that backwards, but I think you know what I mean.

Mr. Dave Smith: I appreciate the comments.

I'm going to pass it back over to my colleague MPP Yakabuski.

Mr. John Yakabuski: How much time have we got left there, Chair?

The Chair (Mr. Aris Babikian): Around three minutes.

Mr. John Yakabuski: Three minutes—not too bad.

First of all, I want to thank everybody for joining us today. Guy, I appreciate your passion and how you feel about where the world should be going. We have 12 grandchildren, by the way, and I'm deeply concerned about the world they're going to inherit from us, I can tell you that. Not necessarily for the same reasons you are, but I have my concerns, for sure.

I do want to address the chamber and the wardens' caucus, as well as Mayor Martin, because you represent significant numbers of people, both as members in the chamber and your population of 1.5 million—some of them might be cross-connected.

This is our job as government. We're making sure that we're doing the things that the people are asking for, and they want that development. You know that. They want to be able to see prosperity continue in southwestern Ontario. As you've said, you lost some very important foundational businesses and industries because of the lack of access to natural gas.

Everybody looks to—maybe not in my lifetime. I don't know how soon I'm leaving. But we all look to a time when we're not going to be operating on fossil fuels. But the world isn't there yet. The world needs fossil fuels to function, all across it. Our job is to make sure we're doing that as effectively and as responsibly as possible. In the meantime, we've got to make sure that we create the jobs, we build the prosperity, we create the conditions for that prosperity.

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

Mr. John Yakabuski: So I'm just going to ask you: In general, Bill 165 helps us get there? Yes or no?

Mr. Glen McNeil: Yes.

Ms. Claudia Dessanti: Yes. It's one piece of work that needs to be done. Again, it comes back to the balance between affordability, sustainability and reliability. It's a difficult balance to strike, but it's an important one. I'm sure when you knock on doors, the number one challenge you hear is the affordability crisis. We can't lose sight of that.

Mr. John Yakabuski: If you want to expand on that, Mayor, go ahead.

Mr. Glen McNeil: Well, I would suggest that Ontario is a powerhouse for Canada, and anything that we can do to promote growth, development, commerce is good for everyone. And Canada looks to us to do that.

Mr. John Yakabuski: Thank you so much for appearing, and thank you for your testimony.

The Chair (Mr. Aris Babikian): We'll move to the second round of questioning. No?

Mr. Peter Tabuns: Thank you, Chair. Unless my colleagues have further questions, I want to thank the participants today. They've been pretty thorough.

I think we've canvassed most of the issues that we need to canvass. I don't have further questions.

The Chair (Mr. Aris Babikian): Any other member from the official opposition? No?

Interjections.

The Chair (Mr. Aris Babikian): Thank you very much. So we are okay? Any questions?

Mr. Graham McGregor: Point of order: I would just like to say that this Chair is fantastic. It's a pleasure to work with him each and every day. The residents of Scarborough–Agincourt are lucky to have him, and so are the committee members.

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

First of all, thank you very much to all three presenters for coming and sharing your ideas, opinions and expertise. Regardless of which angle you come from, it is always beneficial to the committee members.

As a reminder, the deadline for written submissions is today at 7 p.m., and the deadline for filing amendments to the bill is Thursday, April 11, at 5 p.m.

Before I adjourn the meeting, first of all, on a personal note, I would like to thank the committee members for their co-operation. It was a privilege and an honour to preside over these two days of hearings. It was fun. I learned so much. Thank you very much. That's the personal point.

The committee is now adjourned until 9 a.m. on Tuesday, April 16, 2024.

The committee adjourned at 1810.

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