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**Official Report  
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**Wednesday 15 September 2004**

**Journal  
des débats  
(Hansard)**

**Mercredi 15 septembre 2004**

**Standing committee on  
social policy**

Electricity Restructuring  
Act, 2004

**Comité permanent de  
la politique sociale**

Loi de 2004 sur la restructuration  
du secteur de l'électricité

Chair: Jeff Leal  
Clerk: Anne Stokes

Président : Jeff Leal  
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
SOCIAL POLICY**

**COMITÉ PERMANENT DE  
LA POLITIQUE SOCIALE**

Wednesday 15 September 2004

Mercredi 15 septembre 2004

*The committee met at 1008 in room 151.*

**The Chair (Mr Jeff Leal):** I'd like to bring the standing committee on social policy to order this morning. Marilyn Churley, please.

**Ms Marilyn Churley (Toronto-Danforth):** I'd just like to take a moment before we begin the proceedings to pay tribute to a long-standing researcher in our caucus, Fred Gloger. He died suddenly while on holiday last week, at the age of 43. I particularly want to pay tribute to him in this committee in regard to this bill because all my copious notes are from Fred Gloger. He prepared diligently and into the wee hours, I understand, so that in his absence the members carrying this bill through would be well prepared.

I think it's safe to say that behind every successful politician there's a great researcher. I know the legislative departments here know how bright and thorough Fred Gloger was and what an incredible loss he is, not only to our caucus but, in many ways, to all of Ontario, because of his many years of public service. He was an incredibly bright, quirky, funny, smart man who will be very sadly missed by our caucus. We're just reeling from the loss at the moment. I just wanted everybody to know that as I make my points here today in this committee, Fred Gloger's thinking is responsible for most of those thoughts.

**Mr Ted McMeekin (Ancaster-Dundas-Flamborough-Aldershot):** Thank you, Marilyn, for that sharing. Fred was one who understood that public service was not an option; it was an obligation. He fulfilled that, I think, every single day that those of us who were privileged, even in passing, to know him. I appreciate your words and offer condolences to you and all your caucus colleagues and, of course, Fred's family as well.

I wonder, Mr Chairman, if it would be appropriate—and perhaps Ms Churley could advise us on this—to send a note to the family expressing our appreciation for Fred's work over the years and the fact that we recognize, as Marilyn has suggested, that he is certainly here in spirit today.

We share your grief and pain, and also your admiration for Fred's life and the commitment and the great work he has brought to this place for all these many years.

**The Chair:** Mr McMeekin, I was going to suggest to the clerk that we take the comments that have been expressed by Ms Churley and you, Mr McMeekin, to

make sure they get to Fred's family. I'd certainly offer the opportunity for Mr O'Toole.

**Mr John O'Toole (Durham):** Just to be on the record, certainly our caucus would support the general comment of the appreciation of all the researchers. More specifically, the tragedy of someone's death is always worthy of note and expressing sympathy to the family and thanking them for the years of service.

**The Chair:** Thank you very much, Mr O'Toole.

ELECTRICITY  
RESTRUCTURING ACT, 2004

LOI DE 2004 SUR LA RESTRUCTURATION  
DU SECTEUR DE L'ÉLECTRICITÉ

Consideration of Bill 100, An Act to amend the Electricity Act, 1998 and the Ontario Energy Board Act, 1998 and to make consequential amendments to other Acts / Projet de loi 100, Loi modifiant la Loi de 1998 sur l'électricité, la Loi de 1998 sur la Commission de l'énergie de l'Ontario et apportant des modifications corrélatives à d'autres lois.

**The Chair:** The committee will now begin clause-by-clause consideration of Bill 100, the Electricity Restructuring Act, 2004, in the province of Ontario. Are there any comments, questions or amendments and, if so, to which sections?

**Ms Kathleen O. Wynne (Don Valley West):** Mr Chair, you're going to call out the section that we're dealing with?

**The Chair:** The clerk has just instructed me. We have a package of collated amendments.

**Ms Churley:** And you're number one.

**Ms Wynne:** Exactly.

**Mr McMeekin:** It's a question of incorporating all of the parties' amendments.

**The Chair:** That's correct.

**Mr O'Toole:** Mr Chair, just for clarification or a point of order: I'm just wondering, having read the bundle here and having looked at the covering page—there were some amendments or amendments to the amendments that were tabled that were late. They did not meet the scheduled date, which was the 10th. Are they in order and under what authority were they in order?

These refer to the memo from Anne Stokes, September 14. The copy of the amendments that I have myself were on government motions 7, 19, 21, 22, 23, 46, 47,

48, 49 and 88. I think they've been incorporated into our bundle. That's my understanding, at least, from my quick review this morning.

**The Chair:** Mr O'Toole, I've consulted with the clerk and he indicates to me that the amendments that were submitted past the deadline are in order.

**The Clerk Pro Tem (Mr Doug Arnott):** The committee had set itself a deadline of Friday for receipt of amendments for administrative purposes in order to have collated sets distributed to members in advance for their review. The wording of the subcommittee report, as adopted by the committee, was that amendments should be filed by that deadline on Friday. The word "should" indicates that amendments could be received after that date and, indeed, even today.

**Mr McMeekin:** Mr Chairman, just another house-keeping item—we received some wonderful support material, by the way, and the Ontario legislative library summary of recommendations that we received was quite a hefty and a very good summary, by the way, of the—because I was going through some of my own summary notes, and they were captured. I just want to ensure for the record that this summary in fact will be part of our report which will be ultimately submitted. I think there are submissions and recommendations of some 147 different participants. Can I have some clarification on that?

**The Chair:** Mr Clerk, would it be appropriate to have the information from the legislative library incorporated in?

**The Clerk Pro Tem:** The summary of testimony would be part of the committee's record, as an exhibit of the committee.

**Mr McMeekin:** Part of the official record. Great. Thanks.

**Mr O'Toole:** I also want to just clearly put on the record thanks to Anne Marzalik as well as Kevin Dwyer and Anne Stokes for the great response to the questions that were raised by committee members during the hearings—because they were very important. They were dealing with such things as nuclear waste, smart meters, the report on the success of the CANDUs in China, as well as health issues in Port Hope.

There has been a lot of research here. It's a very important public policy discussion. As we said earlier in our comments, I think that without research, you could not adequately address the significant issues we're dealing with.

**Ms Wynne:** I'd like to move that clause 1(a) of the Electricity Act, 1998, as set out in section 1 of schedule A to the bill, be struck out and the following substituted:

"(a) to ensure the adequacy, safety, sustainability and reliability of electricity supply in Ontario through responsible planning and management of electricity resources, supply and demand."

What this does is it responds to comments from many presenters who emphasized the importance of incorporating sustainability as a key objective in Ontario's electricity system. We heard that, and so we've added the

goals of safety and sustainability to the overall purposes. I think that is very much consistent with what folks told us they were looking for.

**The Chair:** Discussion?

**Mr McMeekin:** Did you say that there was a sequential package of the resolutions?

**The Chair:** Yes. Do you not have it?

**Mr McMeekin:** I don't have one.

**The Chair:** Sorry.

**Ms Wynne:** I just want to add the comment that we really believe that sustainability is a broad term. It includes environmental, social and economic sustainability. That's why that word has been used as one of the objects here—because we think it's the broad, overarching term that needs to be in place.

**Ms Churley:** Just looking at these amendments, I just wanted to ask a question, because I've been parachuted into this role rather quickly here. If this particular amendment passes, it will not in fact cancel out my amendment, will it? Mine deals with the same subject matter, but it deals with clauses 1(b) and (d) of section 1, schedule A, to the bill.

**Ms Wynne:** You can still put yours.

**Ms Churley:** It's just that I've been blindsided on a few occasions and told—I always like to check—"Well, this particular amendment cancels yours out."

**The Chair:** Any further discussions? All in favour of that amendment? Carried.

Ms Churley, now we go to you.

**Ms Churley:** I move that clauses 1(b) and (d) of the Electricity Act, 1998, as made by section 1 of schedule A to the bill, be struck out and the following substituted:

"(b) to promote the following in the following order of priority, and in a manner consistent with the policies of the government of Ontario,

(i) energy conservation, efficiency and load management,

(ii) the use of renewable energy resources; and

(iii) the use of clean energy resources."

#### 1020

I will speak briefly to this motion. The amendment to the purpose clause of the act would make it clear that promotion of conservation and renewables must have priority over other ways of meeting Ontario's energy needs. Indeed, it does go further than the previous Liberal government amendment in its description, because although it is true that sustainability can encompass many facets, I think the reality is that it's important in a bill to spell out very clearly what sustainability means and what the priorities are. Certainly from many of the deputants—and I did sit in on some of the hearings—it was made very clear that it was important to make sure those were listed as major priorities and would therefore set the tone for the restructuring of the whole electricity sector. I hope you'll support that.

**The Chair:** Discussion?

**Ms Wynne:** I just want to be clear about why we won't be supporting this amendment. I think the main thing is that we're concerned about all of these things.

The very language in this bill around the conservation bureau and the initiatives we've already taken demonstrate that, for the first time in Ontario for a number of years, conservation is on the radar screen; we are moving toward renewable energy resources. We're concerned about all of these things, and I think the idea that they would be in some sort of order of importance is a problem for us. It ties the hands of the government and the bodies we set up in terms of dealing with all of them equally and simultaneously.

The other issue is around some of the definitions: clean energy, for example. Those of us who have sat in on these hearings know that clean energy has been defined in a whole bunch of ways. It's not a precise term.

For those reasons, we're not going to be supporting this amendment. We believe the bill addresses these issues and that our initiatives going forward will address these issues.

**Mr McMeekin:** I really struggled with this one, because I agree with my esteemed colleague opposite that a number of groups—in fact, by my calculation, about 40% of the 146 or so groups who spoke to us did mention in one incarnation or another the various aspects here. In fairness, I think it's appropriate to point out that different sections of the act do indeed put some very pragmatic wheels under all the components that are listed. So while there is no disagreement with respect to the issues mentioned—in fact, pretty positive agreement, at least on my part and I suspect from colleagues on this side of the table—there is a very practical problem with the resolution, in my opinion, when the preamble is “to promote the following in the following order of priority.” One of the difficulties that I think even our friends have—and we have many who promote alternate energy—came out over and over again in the hearings when we talked about—what's the term?—alternate energy credits—

**Ms Wynne:** Advanced.

**Mr McMeekin:** —advanced renewable tariffs, and there were some other European terms, is the simple reality—and Ms Wynne shared her concern—that this would tie our hands in being able to deal with things on an equitable basis. I'm worried it also would tie our hands in terms of being able to deal with things on an inequitable basis in this respect: The issue of efficiency being first would, I think, become a kind of standard knee-jerk argument from those who don't want to advance alternate energy. It would take precedence because it's to be inflicted in order of precedence in a way that would preclude us ever getting to (ii) and (iii). I just want to indicate that. I think it's pretty clear that there is going to need to be a government commitment to alternate energy. There may need to be some provisions put in place: renewable tariffs or whatever. As I understand it, there are even some conferences coming up that will be exploring that specific concept.

So we need to do a lot more work on that, but I sure as heck wouldn't want to tie the hands of those of us who believe passionately in the alternate energy side and who know, upon a full examination of the bill, that this is

reflected in other ways than by going down this route and actually making what some might assume to be excellence become the enemy of the good. That's why I intend not to support this particular resolution. To my alternate energy friends out there and to the many who made presentations, I want that rationale to be part of the record.

**Mr O'Toole:** I think, at the begin of this, it's important for us to stake out our policy interests and priorities. I think if you look at the explanatory note, I'd almost deem this motion to be redundant, actually. If you look at the first page, the explanatory note covers almost all the elements.

Furthermore, if you look at the schedule A we're dealing with, it does encapsulate conservation, efficiency and load management—all of them—in 1(a) through (j). I don't have a problem in supporting it. I'm surprised the government wouldn't show some form of acquiescence or willingness to reach out.

So I'll be supporting it, and I'll also be asking for a recorded vote, because it's that willingness to signal early on that we need to establish that we all have the same goals. We want conservation, we want load management, we want efficiencies, renewable resources and use of clean energy technology. All of those are encapsulated both in the explanatory note as well as in the section we're dealing with.

It's kind of redundant in a way; it just orders them somewhat differently. If that's a priority, then I'm surprised the government isn't prepared to accept this amendment. Again, I'm asking for a recorded vote.

**Ms Churley:** Having listening carefully to the, in some cases, contortions government members are making as to why they don't want to support this amendment, I feel compelled to speak again.

You will notice, if you read the NDP amendments, that we make it clear that energy conservation is our first line of defence against future blackouts. In fact, we all know from the committee hearings as well that it's pretty blatantly clear now that we're running out of fossil fuels, combined with the cost of building new power plants and having that as one of the major priorities, and the costs down the road and all the other reasons the committee heard from many of the deputants.

I hope that people did read Power for the Future by the Pembina Institute—very good research. Certainly the NDP drew quite a lot from that report, as well as from some of the other excellent documents that came before us. The arguments made by the Pembina Institute and by others are just so compelling in terms of the need now to put conservation and efficiency as the first line of defence.

I want to say very clearly that I believe if we don't do that and set the table with that being the main goal, then it won't happen to the extent we need it to happen. Unfortunately, sometimes it takes a crisis like in California—after their big blackout and prices going through the roof—to really move on this. So I think it has been made very clear that we need to set the table, that this is

the priority. Of course, other things have to be done as well, but we're not doing nearly enough, and I feel that this bill is not doing enough in terms of the need to move much further than this bill if these amendments on conservation and efficiency aren't accepted.

**Ms Wynne:** I'm not going to belabour this, but I think we need to be clear, in terms of staking out positions early on, that what we are trying to do with this legislation is set in place a framework to deal with all the issues that Ms Churley is raising. I think it's a significant piece of legislation from that perspective, and we don't want to do anything that's going to tie the hands of the bodies that we're putting in place to deal with all those issues, and that's why I won't be supporting this amendment. But that does not take away from all of our concerns, as Mr O'Toole said, about the issues of keeping the lights on and keeping people safe and healthy in this province. I think that's a concern that's shared on all sides of the House.

1030

**Mr McMeekin:** I appreciated the words of Mr O'Toole; I don't always appreciate Mr O'Toole's words. But in this case—at least if I understood what he was saying—he indicated that he thought this resolution, given other reflections in the bill, was redundant. I think he said that. I think he then said he was going to support it anyway, but that's another issue.

**Mr O'Toole:** It hasn't been ruled out of order.

**Mr McMeekin:** That may be something you want to do. I understand the reason to emphasize it. Again, I just didn't like the sequential priority setting. If it had been worded differently, maybe it would have been doable.

**Ms Churley:** Just one more comment before we move on, because we have a lot of amendments and we'll have other opportunities, believe me, to discuss this important issue: I would say the purpose of this amendment is to some extent to tie the hands of the authorities in charge so they will be forced, far more than the rest of the bill allows without these amendments, to focus on conservation and efficiency. I make no apologies for that. We need to, at this stage, tie the hands of certain authorities so the focus will be more on conservation and efficiency instead of new nuclear and clean coal and all kinds of other things. Obviously some of these things have to be looked at—although not nuclear or coal. That's why it's there: to force us, collectively, and the authorities to have no choice but to do far more than we are doing to promote conservation and efficiency.

**Mr Khalil Ramal (London-Fanshawe):** First I want to thank Ms Churley for her honesty, talking about tying the hands of authority, particularly the government's. We are facing a problem at the present time, and hopefully we will eliminate that problem in the future by implementing Bill 100, which can deal with the issue of support for the people of this province. I just want to be on the record as saying that we are in support of energy conservation, renewable energy and clean energy, but as my colleague mentioned at the beginning, it's no priority. We are against it not because we are against this concept

but because it's tying the hands of the government in order to implement the whole thing. That's why I want to be on the record as telling you that we are in support of clean and renewable and efficiency and delivering a good service for the people of this province, but we are against, as my colleague mentioned at the beginning, tying our hands in order to achieve what we are going to do.

**The Chair:** Any further discussion?

**Ms Churley:** Recorded vote.

**Ayes**

Churley, O'Toole.

**Nays**

Craitor, McMeekin, Ramal, Wynne.

**The Chair:** The amendment is lost.

Mr O'Toole, you're up next.

**Mr O'Toole:** I move an amendment to section 1 of schedule A of the bill, clause 1(f) of the Electricity Act, 1998.

I move that clause 1(f) of the Electricity Act, 1998, as set out in section 1 of schedule A of the bill, be struck out and the following substituted:

“(f) to protect the interests of consumers with respect to prices and the adequacy, reliability, safety and quality of electricity service.”

**The Chair:** Discussion?

**Ms Wynne:** The only comment I want to make is that as one of our proposed amendments we've already added “safety” to the purposes section. For that reason, I won't be supporting the amendment.

**Mr McMeekin:** The whole bill is about adequacy, reliability and safety, as my colleague has indicated. What is actually meant by “quality of electricity service,” I'm not sure. I need to ask Mr O'Toole: When he talks about protecting consumers with respect to prices, is that in the context of consumers paying the real cost of production or is it in the context of some kind of capping provision or arbitrary intervention perhaps not contemplated in the bill, in the market? Where is he coming from there? While we all want to be on the side of the angels to protect consumers against anything that's going to cost them money, I think there's a broad-based recognition through all the presentations that the cost of energy needs to be reflected as a true cost rather than some artificially arrived-at cost that builds on a stranded debt of some \$38 billion-plus. Even when the cap was put in place, it was discovered down the road that it had added another \$1.4 billion in cost to the stranded debt.

I thought there was an emerging general recognition that we didn't want to redo that, so some clarity on what is meant by protecting prices—and I think that's true. I think the general concept of protecting consumers is in fact enhanced in the act and covered off some. As one who speaks to redundancy, I wonder if there are any

further comments on that particular aspect of the amendment.

**Mr O'Toole:** I would say that really, and Ms Wynne has pointed it out, what I think is responsible and also respectful, is the fact that they must have read our amendments, which I give them credit for. The point I'm making is that we have added the word "safety," which was omitted in the act initially and has been corrected by their amendment, their afterthought.

The issue we'll be driving here is that there is a regulated price—this is a regulated market—and the price is yet to be determined. The public is waiting to see the real price of electricity despite the broken election promise. During the election, the government promised to maintain the price freeze while the market stabilized on the supply side. Right after the election they increased the price of electricity to consumers without any warning. It's in that regard that I believe that a price for the residential consumer is going to be set, or at least they've set a new number. I'm not sure what the new number will be; I'm sure they will increase that price again—the 4.8 cents and the 5.3 cents that you've changed from 4.6 cents per kilowatt hour.

I don't believe that we have the final answer on price yet. In fact, the only thing I see is higher prices for consumers. I think this is going to be our driving message: that residential consumers, who consume about 30% of the electricity in Ontario, are price takers. It's an essential product, an essential commodity that they use to heat their homes, cook their food and stay healthy. Whether they're on a ventilator at home or whatever, there are certain restrictions here with persons' abilities to conserve.

We're for conservation. I'm not sure that smart meters, as I currently understand it, are the tools. Price certainly is a signal that needs to be part of that equation. We'll be stressing price.

I would ask for your support on this, because we have taken the time to read the bill and inject into this one clause, (f), the word "safety." The rest of it is already there. I won't say any more. I ask for your support, and I ask for a recorded vote.

**Ms Churley:** I have just one comment on this particular amendment, because we got into the whole pricing issue. We must remind ourselves here that after the Minister of Energy stood up in the House and put out a press release about getting the government out of setting the rates for electricity—he's taking the politics out of it. We have to remember that the government is no longer bound by that, to turn the rate-setting powers over from cabinet to the OEB. The bill provides that rates will continue to be "set by regulation"—I'm quoting here—until a "day prescribed by the regulations." This applies to low-volume and designated consumers. So in fact, despite what the minister said at the day, we don't know; it seems indefinite to me. "Could it be until after the next election?" a cynic might ask. But that is the reality: that the government, through this bill, will still be able to and will continue to set the prices.

1040

**The Chair:** Ms Wynne, please, and then Mr Ramal.

**Ms Wynne:** I've made my point about this amendment, which is that we've already put safety into the purposes section, and I think that deals with the issue that Mr O'Toole has raised.

But he raised some issues that go beyond the amendment, and I think it's important for us to be on the record saying that our plan includes a stable annual rate plan. Mr O'Toole's party, Mr O'Toole's government, put small consumers on the volatile spot market. So I think it behooves us to say that we're trying to move away from that. We're trying to make this a more stable situation for citizens in Ontario.

The other issue is that we're regulating the price of OPG's baseload assets. So I think that it's important to bear that in mind as we go forward, and I think we should move on.

**The Chair:** Mr Ramal?

**Mr Ramal:** That's OK. She raised my issue.

**Mr O'Toole:** Hopefully in conclusion, I would put a question to the government, to be clear to the people of Ontario: If we are to expect price increases, please give us notice. The consumer today has no tools to respond to price, outside of shutting down the fridge or the stove or the furnace. If you are going to upload or download on to the consumer the price of smart meters, which are in the range of \$400 to \$800, plus the local distribution rate increase, plus the electron rate increase, plus the cost of OPA—the new layer of bureaucracy—consumers of Ontario need some certainty. Right now, they're price takers, and you as a government have done nothing but increase the price. I'll be harping on this all during it, because my first instinct and first interest—and it should be yours as well as government members'—is to protect the consumer at some price threshold, whether it's 800 kilowatts or 1,000 kilowatts. I think the price thresholds are wrong for the residential consumer.

For the spot market and the persons in the larger consumer market, they need to operate in a marketplace where there are no government subsidies. Government subsidies, to me, are wrong, in terms of the larger consumers, but it is an economic tool which I'll be making. It has been made to this committee before. The large consumers of Ontario are part of the economy of Ontario, and government policy will interfere with the regular market's conditions.

I can tell you, there's a lot of space left in this bill that leaves the consumer on the hook for higher costs for electricity on an essential commodity in their homes.

So Ms Wynne can say as she wishes. I leave you with the question: What are your expectations for price increases for consumers on the residential side? What does the future hold for them? Higher prices. There's no other choice that I can see.

**Mr McMeekin:** I'm pleased that Mr O'Toole seems to get it, that it's going to mean higher prices. Their party was one that spoke for some time about the cost of power being reflected as a truer cost rather than some artificially fixed price.

I find it passing strange that we'd get some kind of lecture about consistency with promises when I can recall a three-month period having to do with the last leadership race, a period where his party and his leader held, in a three-month period, 11 different positions on pricing and what was going to happen with the independent market.

When Mr O'Toole asks for advance notice to the people of Ontario, the people of Ontario can rest assured that this government gets it, that we're committed to conservation, which the previous government, with all due respect, did very little on. We're committed passionately to enhancing the supply of electricity throughout the province of Ontario. There was virtually no supply increase under the reign of the previous government. We're prepared to do that collaboratively and in partnership with people who we think—hope—know what they're doing and exercise some government discretion to intervene in those instances where perhaps we feel they're going astray. We're maintaining that check and balance. So the people of Ontario can rest assured that this government is moving ahead. We're rejecting the two previous approaches in favour of something that we're convinced will work. Interestingly, notwithstanding the perspective, of the 146 or 147 who presented, about 90% were in concurrence with the general thrust and the reference to the hybrid model that we're advancing. So we on this side of the House have no apologies to make. We're trying to correct the mess that had been left, which all the stakeholders in Ontario bear as owners of this system, and to move forward in a prudent, responsible way to ensure that we have adequate energy supply at a good cost, ultimately when the supply is enhanced. That's the government's priority, with a good, healthy dose of conservation thrown in as well.

**Ms Wynne:** Mr McMeekin has said much of what I wanted to say, but I think the main point here is that we are trying to put stability into the sector. That's exactly what our plan is intended to do. From what Mr O'Toole said, I don't know whether his concern is for individuals or for business—I think I heard him talk about business and stable prices for business. We heard from a lot of people in these hearings. We didn't hear from anybody who generally thought sit was a bad idea to try to sort out the mess we've been left with. I think that Judith Andrew from the Canadian Federation of Independent Business said, "We appreciate that the government is following through on their commitment to provide small business with predictable and stable electricity prices." That's what we're trying to do. That's what this framework is being put in place to do. I think we heard that from environmentalists, from businesspeople and from individuals. People prefaced their comments about Bill 100 by saying, "We know the sector's in a mess. We know we need stability. You're moving in the right direction." That was what we heard across the board, and that is what we're trying to do. We as the government have to take responsibility for doing that, and we can't afford to be posturing at this point. We have to sort out this mess for the citizens of this province, and that's what we're trying to do with this bill.

**Mr O'Toole:** I don't want to get into a quarrel here. I think we're really establishing a framework of our own party's policies, and in the public interest.

I want to refute what Mr McMeekin said: that there was no new supply. That is absolutely false. Look at the Bruce nuclear generating station. Look at the creation of new generation at Lennox—we completed the dual fuel system there. Sarnia, the 500 megawatts of gas; as well, the Toronto wind generator was not built or commissioned during your term; the EnerStar program, the tax rebate—all of these programs were initiated by our government—

*An emergency alarm sounded.*

**Mr O'Toole:** I won't prolong the discussion—the differences in subtleties here—except to say that when we interfered on price, when we opened the market and there was a short supply and the price went up, it was a very controversial area. In fact, all MPPs of the day—

*An emergency alarm sounded.*

*Interjection.*

**Mr O'Toole:** Yes, I think this has been planned by the government to interfere with the continuity of my comments.

I only want to say that all parties advocated on behalf of their consumers, mostly residential and people on fixed incomes, that something had to be done about price, which we did, and which was, by the way, supported by the then Liberal opposition, respectfully. I believe, going forward, as you find the price going up and up, because there are a lot of cost pressures in the system—there's \$40 billion of new cost. Where is that money coming from? It's going to come from the consumers. By and large it's going to come from the regulated side; that is, the consumer side.

I just want to be on record that we have refuted Mr McMeekin's idea that there has been no new generation, also that the price freeze was supported by them and then unfrozen by them. So there will be a lot of discussion in this area. I just ask for your support on a recorded vote.

**1050**

**The Chair:** Any further discussion? Shall the amendment carry?

**Ayes**

O'Toole.

**Nays**

Craitor, McMeekin, Ramal, Wynne.

**The Chair:** Ms Churley, you didn't cast a vote.

**Ms Churley:** Can I abstain? It's allowed, I believe.

**The Chair:** It's lost.

Item 4: Mr O'Toole, please.

**Mr O'Toole:** I move that clause 1(g) of the Electricity Act, 1998, as set out in section 1 of schedule A to the bill, be struck out and the following substituted:

“(g) to promote investment and economic efficiency in the generation, transmission, distribution and sale of electricity.”

Basically, our goal here is to encourage private sector investment in Ontario’s electricity sector as a means of providing economic efficiencies. Quite clearly, if you look at even the more recent comments by the minister—and all the public discussions is the issue of the imminent investment of some \$40 billion to rebuild the electricity generation and transmission sector of the economy over the next 10 to 20 years. So it’s just strengthening that language in clause (g) by adding a couple of words.

**The Chair:** Discussion?

**Ms Wynne:** The only comment I wanted to make is that I won’t be supporting the addition of the word “investment.” Our priorities, and they’re already there, are adequacy and reliability. Those are the qualities we’re looking for in this sector. The objects of the OPA are “to conduct independent planning for electricity generation, demand management, conservation and transmission,” and develop an integrated power system for the province. So we won’t be supporting this amendment.

**Ms Churley:** Can I just ask a question? I’m not really clear, Mr O’Toole, what you’re getting at in terms of promoting “investment and economic efficiency.” What is lacking around this area that you feel this needs to be—

**Mr O’Toole:** Well, the certainty of investment is made clear by the minister. He says in almost every speech that it could be as much as \$40 billion to rebuild the sector. If that’s going to be done through the auspices of the OPA—as we know, one of the frailties of the OPA is its creditworthiness. All the contracting it does for building any of the new assets—the generation, transmission or distribution assets—is going to be held as public debt in some form of book, and it’s the whole issue of creditworthiness that really comes into it. I want the minister to be clear, because he’s had two RFPs out. One is for 300 megawatts of renewable, primarily wind, which we support, all of which would be done by a mixture of private-public money. The second RFP is for 2,500 megawatts, which is out. He needs to be clear that this really is private sector, whether it’s public sector pensions or broader sector pensions or other investment strategies.

As well, I think that’s really the key word here, to be clear with you.

**Ms Churley:** Privatization?

**Mr O’Toole:** No, it’s not privatization; it’s all people’s money, whether it’s invested through the government as future taxes or as a tax policy to give tax credits.

Just recently, there has been announced a review of the renewal of the Bruce A station, and the minister has appointed a person, I think last week, to review their business plan for refurbishment of Bruce A. Whose money is it going to be? In the case of Bruce, it’s a mixture of public sector money as well as private sector investment. The key word here is “investment.” Be clear and honest with the people of Ontario. Are you encour-

aging investment funds? These are people’s own retirement funds, their own investment options, including public sector and private sector pensions. Let’s be honest with the people: We need investment. Are you going to do it through raising the rates or through raising the taxes, which you’ve done in both cases now?

That’s really it. I’m putting it to you as a question. Let’s be clear and let’s be honest with the people of Ontario. What do you mean by the term—or the lack of clarity on investment? OPA is going to be going out and contracting, on what authority, without the taxpayers of Ontario backing it, because it’s not creditworthy in its own right? It’s not a crown corporation. That clarifies it, I think.

**Ms Wynne:** This issue of creditworthiness came up, and the response back on the investment issue is that we’re looking for a balanced sector and a hybrid market.

I just want to read from Dominion Bond Rating Service, August 17, 2004: The rating for the Ontario Power Authority is “A (high)....”

“The OPA’s creditworthiness is supported by: (1) the draft legislation (‘Bill 100’), which provides the OPA with a strong ability to meet its obligations, including contract payments....”

I guess the question would be which part of A, high, Mr O’Toole objects to.

**Mr O’Toole:** If that’s a question to me, Chair, I see—

**Ms Wynne:** I can provide the committee with this information.

**Mr O’Toole:** I appreciate that, Ms Wynne. That’s very thoughtful, as it has not been provided to date. It was asked for during the preliminary presentation by the minister.

In that section, if you read the section on OPA, it has the ability to pass on rates—that’s what it has—to collect the money it’s going to spend or finance it going forward. If you read that section carefully, all of that has to be approved by the minister, and as such becomes part of the government’s general debt.

What I’m suggesting is that if there is, as you’ve suggested—and I commend you for that—a mixture, a balance, as you call it, of investment, I support that. But I want to be clear. I want clarity and transparency in the fact that 60% or 75% of all investment—the capital required to refurbish all of the assets—will be a mixed portfolio of private and public money and will not all be borne in the rates. If you’re going to pay these future mortgage payments for the new capital in rates, electricity is going to become unaffordable for those persons living with disabilities in their homes or persons on fixed incomes. It can’t show up in all of the rates; it just can’t. There is a threshold of tolerance, and that’s the elasticity of rates. It’s price-inelastic today. In other words, I need 800 kilowatt hours a month, regardless of the price, just to keep the ventilators and the other equipment operating in my home. Do you understand? I have problems with the threshold. The 800 kilowatts is too low.

I’m one who doesn’t have air conditioning in my home, but I was at a meeting at the school board and they want all the schools to be air conditioned, even though

they're closed in mid- to late June. Maybe that's a standard of living we've come to expect and afford, but investment here, to be clear, is all about being clear with the people of Ontario about where the money comes from: out of the rates or out of risk takers in the marketplace? I ask for your support on this.

**Mr McMeekin:** I've said before and I'll say again, for what it's worth, that my constituents aren't lining up at my door saying, "Please, Mr MPP, go out and have the government borrow another \$10 billion and put it on my tax bill." That's not what I hear them saying, which is why I'm keen to see the hybrid model move forward, that independent investment that tries to put in place a series of conditions that are helpful to those who are prepared to take some of that risk.

1100

But there's a difference between risk-taking and risk management. I think this government is trying to manage the risk and trying at the same time to walk that line, which so often, because of the policy sector area, becomes very difficult to walk. We were talking about consumer protection and potential price caps a moment ago and now we're talking about some definition of what's meant by investment, unbridled or otherwise.

So I think in the last 10 minutes we've seen a perfect outward and visible sign of why we need to walk the balance. Mr O'Toole was talking about price, consumer protection and about creating a healthy investment climate at the same time. That's exactly what we're trying to do, John. My taxpayers aren't lining up and saying, "Hey, no, no. Don't let any investors get involved in taking some risk to create some generation. I want to pay for that myself." That's not what my taxpayers are saying—nor yours, I suspect.

**The Chair:** Any further question?

Mr O'Toole, do you want a recorded vote on this one?

**Mr O'Toole:** Yes.

Just a little comment to bring more clarity to the point I'm trying to make. If, for instance, Stelco, in its restructuring, was able to be a combined-cycle cogeneration facility and become efficient, it would need a licence to put its excess electrons on to the grid. They may be contracting for a certain price for those electrons as part of their business plan, as part of the revenue side.

That's what I mean by private-public partnerships. These are strategic investments to maintain communities like Hamilton and other communities like Sarnia, the petrochemical industry; they need certainty in price in their business plan and they also need to be in a contract position with—probably the government of Ontario underwrites; that's the taxpayer at the end of the day. So that's what I mean by investment. There are all sorts of new ways to a large, consumer-specific—

*An emergency alarm sounded.*

**The Chair:** I'll now put the question. All in favour of the amendment?

**Ayes**

O'Toole.

**Nays**

Churley, Craitor, McMeekin, Ramal, Wynne.

**The Chair:** It's lost.

Ms Wynne, please.

**Ms Wynne:** Thank you. I move that clause 1(g) of the Electricity Act, 1998, as set out in section 1 of schedule A to the bill, be struck out and the following substituted:

"(g) to promote economic efficiency and sustainability in the generation, transmission, distribution and sale of electricity."

What we've done with this amendment, Mr Chair, is add the promotion of sustainability to the overall purposes of the act. Again, this is very consistent with what we heard from stakeholders, who wanted to be sure we included the idea of sustainability, including environmental, social, economic sustainability, in the overall purposes.

**The Chair:** Discussion?

**Mr O'Toole:** Just quickly; we won't dwell on each of these, otherwise we would be here till next October.

"Sustainability" is a nice, floating kind of word. Perhaps Ms Wynne could bring some clarity to "sustainability" from two perspectives. One is from the broader, general overview of the system, all its technical components, and the other part is the consumer side. Maybe she could bring some certainty to that. Then I'll support it, probably.

**Ms Wynne:** I think you've raised a good point. The reason we said "sustainability" and didn't qualify that word was that we need to be sure that whatever we put in place is sustainable, ie, can continue, is not going to self-destruct or burn out a particular sector. So we're not going to ruin the environment or make it impossible for people to have the lights turn on.

We need sustainability in terms of the economics of this sector; we need sustainability in terms of the environmental impacts. That's what we're trying to put in place: a balanced, responsible and sustainable electricity sector. That's what we're trying to do.

**Ms Churley:** Again, I would like to see "sustainability" more broadly defined. But I just wanted to ask a question around what you mean by "economic efficiency" in the context of what you just said.

**Ms Wynne:** I think what "economic efficiency" means is that we don't spend money where it shouldn't be spent, that we don't waste money and that we don't build up debt where we shouldn't be building up debt. I think it's all the cleanup of the financial burdens that have been in place in the last number of years. That's what we have to cut through, and, in order to do that, we're going to have to be efficient in the way we manage. You know, when I think of efficiency in terms of my own life, efficiency means that I learn to conserve, that I learn to be efficient and to steward the power that I have in my own home and that we have in the province. That efficiency is about making sure that what we have lasts.

**Ms Churley:** I asked that question because, of course, economic efficiency, like sustainability, can mean a lot of

things. To me, it would suggest something very different from what you said, possibly, and that is, how does one determine what is economic efficiency in the context of sustainability, for instance, when, in bringing in clean power sources and helping conservation and efficiency, there are a lot of upfront costs that some might argue are economically inefficient? You're spending a lot—if I may continue and explain—up front, which of course is one of the problems now, because people don't want to lay out that amount of money even though, over time, you save money; it comes back. That's one thing that would not be considered economically efficient by some.

The other thing I would read into this is that it's a very good opportunity to make the case that we shouldn't be moving forward with new nuclear plants. Talk about economic inefficiencies—that we all know from the past—and the cost associated with the stranded debt that consumers will be paying for for a long time. Now the government is looking at building more nuclear plants, and I'm not even talking about the multi-billions to deal with the very hazardous waste that comes from nuclear plants. This suggests to me that, right off the bat, we'd be ruling nuclear plants out. There might be other reasons the government wants to make why that is a good idea to go forward, but, man, it is not economically efficient.

That's why I think that is such a loose term that could be misused in many ways. I will certainly use it, if it passes, to make a very good case why we shouldn't be moving forward with new nuclear plants.

**Ms Wynne:** I think, Mr Chair, if I might, if we go down the road for this clause-by-clause process in terms of a semantic debate—and we can do that—we could have a similar debate, for example, about clean energy. I think I raised the issue earlier. “Clean energy” has been defined in many ways in these hearings, including clean coal, and nuclear has been described as clean. It just depends on your perspective, in many cases, how these terms are defined.

I've given you what we mean by economic efficiency and sustainability. The fundamental point here is that as government we have to balance all of these things. We have to balance the economic efficiencies with the sustainability issues. We have to talk about some of the points Mr O'Toole is raising in terms of the prices. All of the things listed here have to be balanced, and we're trying to put forward the most rational plan to do that.

**Mr Ramal:** Just a comment about what Ms Churley said. I just want to echo what my colleague said also about economic efficiency and the whole project. What we mean by “economic” means, if we have to invest, we have to invest, but we have to manage what we spend and we have to make sure that money goes in the right direction, not like what happened in the past.

You mentioned the nuclear stations and facilities in this province. We listened to many speakers and researchers on this matter. It doesn't mean I'm supporting it or against, but they said to us that for a plant constructed about 25 years ago, there is a time to refurbish. If we do it efficiently, it will cost every Ontarian about \$5

per month, which I think is very efficient. It doesn't mean, as I said, I'm supporting that. But in the past, all this money was wasted by mismanagement. When we opened the OPG and the Hydro One file, we saw a lot of money being wasted left and right on the people who supported or were in favour of the past governments. So that's what we're talking about: efficiency.

**1110**

As I said, it doesn't mean you spend a billion dollars, which means you're going to get sustainable hydro. We're talking about spending whatever needs to be spent, on one condition: it be sustainable, renewable hydro. That's what we mean by this point.

**The Chair:** Any further discussion? I will now call the question.

In favour of the amendment? Three. Opposed? Two.

Mr McMeekin, you're abstaining?

**Mr McMeekin:** Yes.

**The Chair:** Carried.

**Mr O'Toole:** Duly noted.

**The Chair:** Duly noted.

Mr O'Toole, you're up on the next one.

**Mr O'Toole:** I move that section 1 of the Electricity Act, 1998, as set out in section 1 of schedule A to the bill, be amended by striking out “and” at the end of clause (i), by adding “and” at the end of clause (j) and by adding the following clause:

“(k) to provide a balance between the need for a stable and reliable electricity sector and the protection of public health and the environment.”

All we're really doing here is expanding the intentions of sections (i) and (j) by making sure that we stress the importance of the balance between reliability in the electricity sector and public health and the environment. As has just been said in the last discussion on sustainability, the choices the government makes should come down on which side? The balance I'm speaking of is on the supply or on the environment. Ms Churley might say that we shut down all the coal and all the nuclear immediately and freeze to death and starve to death in the dark. So I see it as a balance of—there is a relationship between economic well-being, which includes our health and welfare, and electricity as an essential commodity. That's all this is doing: stressing the difficult choices the government—the now government—will have to make on this whole balance of price and supply and supply and environment.

**Mr Ramal:** It's not clear to me. What do you mean, “a balance between the need for electricity and the health of the people”? Are you in favour of keeping coal generation going, and the main thing is you also have to maintain hydroelectricity going to the people? Is this what you mean? I don't know what—

**Mr O'Toole:** I see the two as interrelated. In fact, our quality of life, whether it's air-conditioning, or persons in hospitals or long-term care needing adequate comfort, adequately preserved and prepared food on the one side—that's the quality of life. Now, if you go full out on the supply of electricity and decide that you're going to

close all the nuclear plants along with all the coal plants, we'll freeze to death, starving in the dark.

You've got a balance here of stable, reliable supply and its relationship with quality of life. Which comes first? I believe the answer is eminently clear that stable, reliable supply comes first, not at the expense of but always considering the pressures of the environment, emissions, etc. Whether they're short-term emissions, ie coal, or long-term emissions, ie nuclear, all generation of electricity creates waste—all of it, every single source.

**Mr Ramal:** I guess—

**The Chair:** Mr Ramal, we'll have you in a second. Ms Churley and then Mr Ramal.

**Ms Churley:** In view of time constraints here, I'm not going to take the bait Mr O'Toole dangled in front of me to have a long discussion about the NDP policy on energy. But just for the record, certainly we don't promote that everything be shut down and people freeze in the dark.

*Interjection.*

**Ms Churley:** Yes. I won't go into all the details here. I'm sure Mr Hampton has done that frequently on committee and will again. However, I will not be supporting this amendment because, as I said before, I believe this planet is in serious trouble and when we start talking about that kind of balance, what it means ultimately is that the pressure in fact will not be there to do the kinds of things we have to do to protect the environment and to wean ourselves off nuclear, coal and indeed, over time, fossil fuels, as they continue to disappear.

**Mr O'Toole:** Get rid of it all.

**Ms Churley:** Well, that's what's going to happen over time. So now is the time—our generation. It is now the time for us to be thinking about your children, your grandchildren and their children, because we're not going to be here. They're going to have to be here dealing with it. I know, I sound like I'm lecturing, but this, to me, is the really critical point. We as legislators are responsible for the future of this planet. Therefore, in my view, when we talk about balance, we should be talking about doing everything we possibly can, in fact, to tip that balance to, as Ms Wynne calls it, sustainability. Your amendment would not do that.

**Mr McMeekin:** Was that sustainability or disdainability?

**Ms Churley:** No, I thought I used the word in a broad sense here. But I just want reiterate that, obviously, everything has to be done in a responsible way so people don't freeze in the dark, and nobody's advocating that. We need to be bringing forward a bill that tips the scale so that we're doing more, bringing in more renewables and phasing out all of the sources that are causing so much damage to our environment.

**Ms Wynne:** Just a quick comment: That's why we brought in safety and sustainability in a previous amendment. Safety includes the concept of public health. Public health specifically has implications for other ministries, and other ministries have responsibility for public health, but safety includes that concept. A system that is not safe

is not sustainable, which is why we've brought in sustainability as well. I really think that the concepts are covered off, so we won't be supporting the amendment.

**Mr Ramal:** I just want to go back to Mr O'Toole's comments about having a choice between air conditioners and fridges and a set way of life, or shutting off all the generation we have in Ontario. But the issue is not that. We are looking for both. But we want, as my colleague said, safety, cleaner energy and sustainable energy. That's my point. That's it.

**The Chair:** Any further discussion? I'll now put the question. Mr O'Toole, do you want a recorded vote on this? OK. All in favour of the amendment? Opposed? It's lost.

Ms Churley, you're up next.

**Ms Churley:** I move that section 1 of the Electricity Act, 1998, as made by section 1, schedule A to the bill, be amended by striking out "and" after clause (i) and by adding the following clauses:

"(k) to protect public safety and the environment, and to protect economic and environmental sustainability in the generation, transmission and distribution of electricity;

"(l) to ensure the access of low-income consumers to the electricity supply and conservation programs; and

"(m) to ensure that low-income consumers are fully protected from higher electricity bills."

This is self-explanatory. It just, once again, adds additional references to environmental protection—you'll note the word "sustainability" is used in this case—and the protection of low-income consumers to the purpose clause of this act. This is something that I think many have expressed concern about, that no matter what happens with this bill, at the end of the day, rates are going to go up significantly, it appears, over time. We need to have it made very clear in the purpose clause that low-income residents will be protected.

**The Chair:** Discussion? Ms Wynne?

**Ms Wynne:** I just want to be clear that it is our concern that all consumers have access to supply and conservation, and we certainly share the concern around low-income folks. In fact, the ministry has entered into a partnership with the Social Housing Services Corp for a pilot project to develop centralized energy management service in 20 nonprofit buildings in Ontario. There are other places where these initiatives are going to be in place. Already, the local distribution companies have been given \$225 million, and part of their mandate is to develop conservation initiatives that will help people find ways to conserve. So we've not only said, in principle, that that's what we're going to do; we've already put money behind those initiatives. We've already started down that road.

**1120**

This bill is not the place where we're going to deal with that level of specificity. Those programs will be put in place in other ways. This is enabling legislation to set up a framework for the whole sector. It's not that we disagree with the sentiment here. In fact, the issue about self-sufficiency—I think this amendment has changed

since the first version I saw. It's not that we disagree with the sentiment here; it's just that it's going to be in other places and other ways that we've already started to deal with some of the issues Ms Churley has raised.

**Mr O'Toole:** In many respects I would like to support the NDP motion, because it's an important stressing of a price issue, which we will be speaking on in pretty well every amendment. I think, in that context, I am supportive.

I'm somewhat surprised by the government. This was said by the now Premier, Dalton McGuinty: "First of all, we have to maintain rate relief for consumers. I have had the terrible responsibility to raise horror stories in the Legislature, people who have been put ... in a desperate position because they simply can't afford to pay their hydro. So we've got to maintain rate relief for our ratepayers." That was on November 13, 2002. How quickly one changes their mind when they face reality.

It really has to be stressed here that I will be supporting this because it is talking to the very premise of our position, which is the residential side is the smallest consumer group of all the electrons in Ontario. They are really the only ones who don't have a power voice; that is, they can't block-purchase, they can't have forward contracts, they can't have what I'd call demand-management agreements. They are price takers. In that respect, I'd like to support Ms Churley's intent here. I'd expect the government to stand behind their Premier—their Premier, not mine. I say this seeking some sign of conciliatory approach to this discussion today.

**Ms Churley:** I'd like to say that the reason why this amendment is before us is, it ties in with the reasons I gave for the other amendments earlier, and that is, our amendments are making it clear—almost every one of them—that conservation is our first line of defence against further blackouts and high costs and going down that further road of building new nuclear plants and not being able to shut down coal plants and all of those things.

Once again, I want to make it clear that if we don't have those kinds of clauses in the bill, making it very clear that that is the priority, it's not going to happen to the extent we need it to happen. This bill, as it is now worded, will not make it happen. So once again, the reason why we included "to ensure the access of low-income consumers to the electricity supply and conservation programs" is because not enough is being done. Pilot programs are all very well, but again, we need the incentives and the sense of urgency to go beyond pilot programs and work with the municipalities and the low-income social housing providers and everybody else out there to get it moving so the system is sustainable far more quickly. This small pilot project is not going to get us there in terms of the sense of urgency we have before us, especially with the government talking about building new nuclear plants and perhaps having to put the phase-out of coal off to a future date.

The (m) portion of my amendment, "to ensure that low-income consumers are fully protected from higher electricity bills," is critical.

I was at the announcement when the Liberals announced that they were putting money in to help low-income people pay for higher rates. It's \$1 in low-income assistance for every \$20 of extra hydro costs. That's just not good enough. When those bills go up, people who are on fixed or very low incomes are not going to—\$1 out of every \$20 isn't going to do it.

So, again, this amendment is being put forward to ensure that there is more of a commitment to conservation and energy efficiency, and that low-income people have access to that, and that there is more assistance for low-income people to help them pay for rate increases.

**Mr Ramal:** For what you described for 1(k) of the act, 1998—as my colleague Ms Wynne said at the beginning, we are guaranteeing the people of this province sustainability and protections. As you said about low income—we have no definitions of what you mean by "low income." We don't have a threshold of what's meant by "low income."

**Ms Churley:** I can provide that.

**Mr Ramal:** Yes. As we said, we are, as a government—we didn't propose laws and bills just for the sake of political gains. We want to support the people. Whatever we said, we'll put money behind it to support them.

The whole thing is not clear to us. That's why I'm not going to support it.

**Ms Wynne:** I think the issue that Mr Ramal has raised is a critical one, in terms of the definitions. There is no definition of "low income" in this legislation. That is a debate in and of itself.

I think what I said before was that we're trying to provide stability, adequacy, reliability, safety and sustainability for all consumers. That has to be the goal of the government: to provide for all consumers.

Having said that, the issues you've raised around low-income consumers are why we're putting other programs in place to help those folks. There's no disagreement that there's a segment of the population which is going to need support, in terms of conservation measures. There are going to need to be mechanisms in place. That's why the local distribution companies have been given \$225 million. That's why there's a program in Comsoc to deal with some of the housing issues.

So, I don't think there's any fundamental disagreement. It's just that in this legislation, there isn't a definition of "low income." We're going down a dangerous path by introducing an amendment when there's no definition of what we're talking about.

So, we're trying to deal with it with programs in other places. We're committed to that. We've already started.

In this legislation, we're trying to put price stability and predictability in place for everyone in this province.

**Ms Churley:** I'm flabbergasted at that response about no definition, for instance, of "low-income consumers." It belies Ms Wynne's previous argument when I asked for a definition of "sustainability." I was told by Ms Wynne that they didn't want to put definitions of "sus-

tainability” in this bill because it was unnecessary—but it could mean a number of things.

*Interjection.*

**Ms Churley:** Yes, you did.

**Ms Wynne:** No. I said the word “sustainability” encompasses many things. I didn’t say we didn’t want to put in a definition.

**Ms Churley:** Yes, and so does “low-income consumers.”

So, if it’s OK because it meets the government’s needs to put in “sustainability” without definitions and ask us to support that, and then when I make the same argument around low-income consumers and I’m told, “Oh no, it’s not defined; therefore, we can’t have it in,” there is a contradiction there. I think that we can’t have it both ways. Well, obviously, the government has the majority, and they can. I wanted to point out that inconsistency. If that’s the way we’re going to approach each and every—

**Mr O’Toole:** They’re bullying us.

**Ms Churley:** Just for the record, I’m laughing because Mr O’Toole said they’re bullying us. I don’t feel bullied; I just want to say that.

Just getting back on track here, I think that you can’t have it both ways. I would want to go back and re-examine what you meant by “sustainability” and put in exact definitions of that.

I think it’s pretty clear what we mean by “low-income consumers.” The programs that are in place—the one I mentioned—the meagre low-income assistance plan the government announced with such fanfare, defined I guess what low-income people are. So I’m very disappointed that this has not been accepted and I don’t accept the reasons given.

1130

**The Chair:** Further discussion?

**Ms Churley:** I’d like a recorded vote.

**The Chair:** I’ll call for the question.

**Ayes**

Churley, O’Toole.

**Nays**

Ramal, Wynne.

**The Chair:** Abstentions: Mr McMeekin and Mr Craitor. By parliamentary convention, the Chair votes against the amendment. According to parliamentary convention, the Chair generally supports the general thrust of a government bill, and that’s my reason for not supporting the amendment this time.

Number 8, please.

**Ms Churley:** I move that section 1 of the Electricity Act, 1998, as made by section 1 of schedule A to the bill, be amended by striking out “and” after clause (i) and by adding the following clauses:

“(k) to ensure that Ontario is self-sufficient in electricity supply; and

“(l) to preserve the public ownership of the electricity system assets owned by the government of Ontario for future generations.”

I think this comes to the core or the nub of the New Democratic position on public versus private ownership. This is a very important amendment to us in that it adds the preservation of public ownership of existing electricity assets to the purpose clause.

**Mr Ramal:** I want to mention here, just to be on the record, that Bill 100 is not about selling the assets of the government—exactly what the previous government did in the past: selling most of the assets to private investors. The issue is to open a balance between having new investment come in to help us build generation in this province and to have sustainable electricity. That’s what we’re trying to do. That’s exactly what my colleague, Mr McMeekin, said a few minutes ago.

Talking about my constituents also, whether they want to ask me to borrow another \$10 billion to refurbish the facilities we have or to establish more facilities to supply the demand for hydro in this province. Therefore, we’re looking for another investment from the people of this province to help us to maintain and produce more energy to have sustainability and efficiency in this province. Therefore, I’m against what you said.

**Ms Wynne:** I think the bottom line is that there’s nothing in this bill that promotes the selling off of assets, so it’s a little bit beside the point in terms of Bill 100. We’ve put sustainability into the purposes, which I think deals with your self-sufficiency issue. In terms of public ownership of currently owned assets, there is nothing in this bill that suggests we would be selling.

**Mr McMeekin:** Heritage assets.

**Ms Wynne:** As my colleague says, we’re calling them heritage assets, we’re valuing them, we’re using them and we’re not selling them off. So I think this amendment actually misses the point of what we’re trying to do.

**Mr O’Toole:** I think this is an important amendment which I want to be on the record as not supporting.

**Ms Churley:** I didn’t think so.

**Mr O’Toole:** It has never been the policy or the case in Ontario, to my knowledge, right from the beginning when they built the Niagara Falls project, Adam Beck. We’ve always interchanged with other jurisdictions. In fact, the initiative by the government is to pursue interchange agreements with other jurisdictions, like Quebec and Manitoba, for sustainable energy. So in my view, it does not give the government flexibility. In fact, it should have included a copy of Howard Hampton’s book, *Public Power*, to really understand public ownership.

I think the agreements at Bruce are fine agreements, where the power workers themselves are heavily engaged in making sure the operation is both efficient and successful. So I won’t be supporting this motion, as it is completely unrealistic in the current terms of the interconnected grid in the North American market. If we have extra electrons, we should be selling them. If we have extra, there should be thresholds there. We do now. We’re interconnected up to about 4,000 megawatts of

electricity between ourselves and the United States through interconnect grid capacity.

**Ms Churley:** Just briefly again—I won't take the bait here—I just want to say that Ms Wynne said there's nothing in the bill that suggests the government is looking at selling off existing assets, and as far as I can see, I agree with that. However, this bill, if passed—and one can assume—

**Mr O'Toole:** It is selling off assets.

**Ms Churley:** Existing assets.

The reality is, that doesn't mean that it can't change its mind down the road, and of course governments tend to do that from time to time. Governments sometimes break promises through a series of events that could not be foreseen or whatever, or a change in government happens—

**Mr McMeekin:** Circumstances change.

**Ms Churley:** Circumstances change.

This is speaking very directly to the fact that, should the bill pass, as we expect it will, this is part of the bill for future governments, and for this existing government, should circumstances change. That's why it's there, and I think it's really important that it be passed for that reason.

**The Chair:** Further discussion?

**Ms Churley:** Recorded, please.

#### Ayes

Churley.

#### Nays

Craitor, McMeekin, O'Toole, Ramal, Wynne.

**The Chair:** It's lost.

Mr O'Toole, you're next, I believe.

**Mr O'Toole:** I move that the definition of "alternative energy source" in subsection 2(1) of the Electricity Act, 1998, as set out in subsection 2(1) of schedule A to the bill, be struck out and the following substituted:

"'alternative energy source' means a source of energy,

"(a) that is prescribed by the regulations or that satisfies criteria prescribed by the regulations and that can be used to generate electricity through a process that is cleaner than certain other generation technologies in use in Ontario before June 1, 2004, or

"(b) that uses clean coal technologies that meet criteria set out in the regulations;"

With your indulgence, a small explanation: I think we need some certainty and confidence. This has been a contentious issue within the bill, and now we're moving to the second section. Under the purposes section, you would understand that there would be clarifications by each of the parties into some of the purposes of the act itself.

In this section, we're moving into the specific alternative energy sources. In my view, it would be irresponsible and not in keeping with current research to not

examine all technologies in the context. But it also allows a lot of leverage or latitude, if you will, on the part of the minister, through regulations, to prescribe certain sources of energy as alternatives. That's really what's covered here.

Actually, renewable energy sources are already covered under a separate definition, I might add. Leaving the discretion of regulation makes all of the public input we've heard on this very important and very controversial topic of—well, all sources of energy generally have some consequence to them. I think it makes all of the public input that we've heard, from the people who have taken the trouble to give their input, meaningless unless we bring some clarity and some certainty into what you mean by "alternative energy source."

**Ms Wynne:** I want to address the second part of this amendment, the clean coal technology. We heard a lot of presentations about the possibility of clean coal. I think what we have to accept from having listened to the presentations is that there isn't a commercial technology for reducing carbon dioxide. If we accept that there probably are processes and scrubbers to deal with the nitrogen oxides and the sulphur dioxides—the NO<sub>x</sub> and the SO<sub>x</sub>—we didn't hear anything that was convincing about the carbon dioxide and mercury, and there are other toxic emissions.

#### 1140

We remain committed to phasing out coal. We're committed to cleaner air in this province. The health concerns of children with asthma are paramount, and we're not going to budge on that. That is our commitment. So it's impossible to accept this amendment.

**Ms Churley:** I'd like to speak briefly to (a) and (b) of this amendment. First of all, on the quick and easy one, the clean coal, there has been quite a lot of research and work done on so-called clean coal. I don't know if the Pembina Institute talked about this specifically, but it's certainly in this report I mentioned. They did in fact find one way to burn coal that is not burned traditionally and they go into the technology of how that is defined as cleaner. But the point they make, and I would echo Ms Wynne on this, is that the problem is that the—I've got the report in front of me. It says that this particular process—coal—is only 25% lower than that of conventional coal-fired facilities in terms of the pollutants that come out. So even with the one technology that seems to be able to burn cleanly, there's still the problem of the greenhouse gases. Just in that alone, having that there—and perhaps you would agree to strike that out.

I have problems as well with (a), and that is talking about definitions again. I would say first of all, however, the government perhaps should—and didn't—look at the committee report from the alternative energy committee that was struck by the previous government. That, in fact, was a good working committee between all three parties and came out with a whole series of recommendations that we mostly agreed on in terms of alternative energy. Overall, it's a very good report.

There were a few recommendations in that report that I did not support, and I made that clear. There was no

consensus. One in particular was the burning of garbage to create electricity, to create heat, whatever, which was considered to be one of the newer technologies, and now people talk about gasification and those sorts of things. I did not support that particular form of alternative energy, and never would and never will. I know that one of your leadership contenders, Mr Tory, speaks repeatedly about that, and he did as a mayoralty candidate as well.

So that is my problem with that. I believe to some extent that's where you're going and there are a number of reasons why I don't support it, even if you could prove that the technology is advanced to the point where there are very low emissions. There are a lot of other issues around how we deal with our garbage and the need, just like with electricity and the burning of fossil fuels, to find other more environmentally sound ways to deal with our garbage, but to make us conserve our resources better as well.

I know I'm going into a whole new area here, but in case you come back with the argument that the gasification process and other processes are a lot cleaner and should be used, there are other reasons why we should not go that route in terms of how we deal with our garbage. So I can't support this amendment.

**Mr Ramal:** I also cannot support this amendment, for many reasons. The most important one is because we are, as a government, committed to improving the quality of our air to protect the people of this province.

Also, we listened to many presentations from many researchers during our committee travel across the province. None of those gave us enough evidence or enough scientific information to have clean coal generation in place. We listened to a lot of researchers, and they talked about cleaning it through the water system, which creates another problem regarding all the species in the water around us. So I think it's not a good idea. That's why I'm not supporting that.

**Mr O'Toole:** I certainly have listened and am somewhat disappointed by the lack of confidence in research and science to pursue cleaner and alternative technologies objectively, if this is the signal you're sending.

The other part is that the question that remains is not baseload generation. We don't need polluting sources of generation, pumping it for a baseload. We basically have made a decision that baseload will be made up of nuclear and water—I think that's what you will continue with—and, to some extent, you'll use some peaking capacity from natural gas. I'm thinking, as you move forward and you leave room for research into new technologies, whether it's coal bed methane or other applications of clean technologies that could be under the term "gasification" or other forms—plasma, etc—the problem is lack of clarity with the public.

You're just not being honest. When you are leaving "alternative energy sources" to be defined in regulations, I don't know what the regulations are. I can say that you could make an argument that alternative energies basically could be nuclear. It could be a whole series of options, and I don't know that there won't be a raging

argument about all of them. If I were to say to you that the price of natural gas futures is going to be double, that's a whole argument. If you're going to put all your money into peaking power being gas plants, well, get ready, because that's going to be more difficult.

I think you're cutting yourself off here, but you're not being honest with the people. I don't know what you mean by "alternative energy sources." I sat on these committees. Everyone has asked, "What do you mean that you're going to define 'alternative energy sources' in regulations?" It may be that you exempt yourself from some of the improvements in existing coal facilities, and say, "We have improved this into a higher burn, more pulverized coal or some other form."

But if I look at the overall evidence in the airshed we're talking about, specifically in Thunder Bay, Atikokan and those plants in that part of Ontario, it's been said by most of the experts that they don't form part of this airshed that has been contributing to respiratory problems that the medical officers of health and association of doctors have made clear or at least attribute to their death.

I just want certainty in regulation. I'm trying to get it, and obviously you're not prepared to do that, to be forthright with the people of Ontario. It's my job to point that out.

**The Chair:** Any further discussion?

**Mr Ramal:** Just to be on the record about what my colleague Ms Wynne said a few minutes ago about technology: We're not opposed to technology. If technology comes forward that supplies us with enough evidence that coal generation can be environmentally friendly, we'll be with it. We'd start to phase that in by 2007, all the way up. If it's proven to us that technology is environmentally friendly, we're with it. We're not hypocritical people. We want to serve the people and also lower emissions in the air, the smog which we saw yesterday and today.

**Ms Wynne:** Just quickly, I think it's important to say that the OMA—I don't know which doctors Mr O'Toole is talking about—applauds our decision to get out of coal. I think their decision and their opinion would be based on the science around coal emissions. So we're not going to support this.

**Mr O'Toole:** Just one remark, if I may: We had committed as well—the Lakeview plant that will be closing down next year was done when we were government. You understand that, so don't attempt too extreme credit. In fact, you supported that; you supported our strategy of current coal technology elimination by 2015, but you came through with an election commitment of 2007. Most of the experts say that, without very expensive solutions, 2007 is unaffordable and unrealistic. I think we've made that point.

Mr Ramal should read clause (b). It says, "that uses clean technologies that meet criteria set out in the regulations." So it isn't an open door. It allows you to set regulations that meet and measure thresholds, whether it's particulate matter, whether it's mercury, whatever it

is you're measuring, to these criteria. If it meets it, it does not eliminate that possibility in the future. I think that's all I'm asking for: to side with science. You still have control of the regulations for emissions through the Ministry of the Environment, and it gives you that option—it doesn't exclude you from breaking another promise 2007—231 promises; I have no problem that you'll break all of them. I understand that people expect that from you. They expect you to do the opposite of what you say. I think Mr Ramal was closer.

**The Chair:** Thank you very much. Any further discussion?

I will now put the question. Shall this amendment carry? All in favour? Opposed? It's lost.

1150

**Mr O'Toole:** I move that the definition of "renewable energy source" in subsection 2(1) of the Electricity Act, 1998, as set out in subsection 2(10) of schedule A to the bill, be struck out and the following substituted:

"renewable energy source" means an energy source that is certified with the 'EcoLogo' standard of Environment Canada."

If you're looking in your bill, you'll see that section is looking for some uniformity. Environment Canada has already set out in great detail and at great expense the EcoLogo certification process, which already has certified criteria for environmentally friendly, renewable electricity. Why should Ontario spend its time and money developing independent criteria? I think we need to have harmonization. This is a very small technical thing. The federal government has a say in the environment, as they should, because the transmissions cross borders. I think we need to adhere to the Environment Canada EcoLogo symbol.

**Ms Wynne:** The only point I want to make is that EcoLogo is a federal standard; it's ensconced in a federal regulation. Our decision is that we want to keep those important definitions in our own purview. We may come up with a better definition. So we're going to keep that within the purview of the Ontario government.

**The Chair:** No more discussion?

All in favour of the amendment? Opposed? It is defeated.

I would now ask if schedule A, section 1, as amended, carry.

**Ms Churley:** Recorded vote.

**The Chair:** Absolutely. All in favour?

#### Ayes

Craitor, Fonseca, McMeekin, Ramal, Wynne.

#### Nays

Churley, O'Toole.

**The Chair:** Schedule A, section 1, as amended, has carried.

It's about five minutes to 12. If we conclude our clause-by-clause tomorrow afternoon by 2:30, we have the opportunity to take a tour of the Independent Electricity Market Operator's control system in Clarkson. What we would do is that the tour would begin at approximately 3:30 tomorrow afternoon. Assuming the committee finishes its work, we would depart at 2:30 tomorrow afternoon and then we would come back here when we conclude the tour. This tour was suggested as part of the committee's opportunity to see various aspects of the electricity operation in the province of Ontario. I know members did take the opportunity to visit Darlington after we concluded our deliberations in Orono. So I put that out to members of the committee to seek some guidance.

**Mr O'Toole:** I'm very anxious to visit the Clarkson station. I would say that, given the progress we've made to date, it could be a little after 2:30 tomorrow, but I'm very interested. Couldn't we do it some other time?

**The Chair:** We may have to arrange for another time, Mr O'Toole.

**Mr O'Toole:** Yes. I'm happy to do due diligence on this bill.

**The Chair:** I think the key issue, if committee concurs, is that we should take this tour. We may have to arrange it. Ms Churley, did you have a—

**Ms Churley:** No.

**Ms Wynne:** I certainly would like to make that visit. If we can move through the amendments today and tomorrow, it would be great to do it tomorrow, but otherwise we'd do it at another time. Is that possible?

**The Chair:** That's fine. I appreciate the committee's observations and support on that.

We'll come back at 1 o'clock.

*The committee recessed from 1155 to 1307.*

**The Chair:** We'll bring the standing committee on social policy back to order.

Next, we'll deal with section 2. Mr Clerk, could you just give an explanation there?

**The Clerk Pro Tem:** At page 11 of the collated package of amendments, members will find a proposed amendment to add a new section, section 2.1, to the bill that is not itself an amendment to section 2, which should be dealt with first, before the committee moves on to the amendment on page 11.

**The Chair:** OK. I now call section 2.

Those in favour of section 2?

**Ms Wynne:** He's moving the whole section because there are no amendments.

**The Chair:** No amendments. Yes.

All in favour? Opposed? It's carried.

Ms Wynne, please.

**Ms Wynne:** I move that schedule A to the bill be amended by adding the following section:

"2.1 Part I of the act is amended by adding the following section:

"Minister's advisory committee

“3.1(1) The minister shall establish an advisory committee to provide advice to the minister on such matters relating to electricity as the minister may specify.

“Appointment

“(2) The minister shall appoint the members of the advisory committee.”

The way the bill is written now, there could conceivably be three advisory committees—there certainly could be two—and what this amendment does is create a single advisory committee. We heard from a number of stakeholders that it would be cumbersome to have a number of advisory committees. So what we’re proposing is that there be one advisory committee that would advise the minister on the whole electricity sector. This actually streamlines and simplifies that process. The other issue would be finding enough people with the expertise to be part of two or three advisory committees. We’re proposing one with this amendment.

**The Chair:** Further discussion?

**Mr O’Toole:** Yes, I have some questions. The first is technical: Is it in order? Second, given that it is in order to move this, what would the composition be? I’m more interested in making sure that consumer advocates are part of that process.

**Ms Wynne:** I believe the amendment is in order. As far as I know, we haven’t been told that it’s not. Second, as you can see, the minister would appoint the members of the advisory committee. The bill doesn’t specify what the makeup would be.

**Mr O’Toole:** Well, there are other sections in the bill that deal with the minister’s power to appoint, and there are amendments with respect to that. I’m interested in making sure that appointments to committees are reviewed by the agencies, boards and commissions committee—the statutory committee. As you would have said in opposition, they are political appointments, and as such, they lean to their appointer.

**Ms Churley:** I would support appointments by the minister being subject to the committee that looks at appointments. I didn’t sit in on much of the committee hearings, and I wonder if you could tell me, if you can remember, which groups were concerned about all the different advisory groups.

**Ms Wynne:** I’ll get that for you. I don’t have it at the top of my mind, but I’ll get that for you.

I just wanted to address the issue of timing. We need to get these bodies set up, and going through a lengthy standing committee process isn’t going to work. We need to get these advisers in place.

**Ms Churley:** I wonder if we could stand down voting on this while you get the information. Quite frankly, I’m saying that I don’t know enough about this area of the bill to know all the implications of what we’re doing—getting rid of some advisory committees or consolidating them all into one. I must say that on the surface it makes sense to me, but I’m a bit concerned about the implications. Either that or I could abstain from voting; I guess that would serve the purpose as well. Maybe it would be easier on everybody, wouldn’t it?

**Ms Wynne:** I’ll leave that up to you. I will get the information for you, in terms of who has suggested this. I think there’s a common sense aspect that setting up a number of advisory committees to deal with the electricity sector would probably be redundant. That’s why we’re putting forward this amendment.

**The Chair:** It would take unanimous consent to stand something down.

**Ms Churley:** I might be OK, but I just want to let you know why I’m expressing some interest and concern on this. New Democrats believe—in fact, we don’t like the body you’re setting up to look at conservation. We believe that should be—what is it you call it?

**Ms Wynne:** The conservation bureau.

**Ms Churley:** We believe it’s a mixture of what we proposed and some of your own ideas and things, but we’re not satisfied with that, and I believe I have an amendment on that. It’s within that context that I’m asking, because I want to make sure there is good representation if there’s just one committee advising the government. I come back to my initial statement that our overriding interest is more conservation and efficiency, and that it’s our preference that there be a real focus on that. With the conservation bureau as it’s being proposed here and not knowing who’s going to be on this advisory committee, I’m concerned about whether it’s in my interest to support just one within the context of what you’re proposing for the conservation bureau. That’s why I’m concerned about it. I might therefore want to see a special advisory committee on conservation and efficiency if I don’t feel comfortable with this bill as it’s now proposed.

**Ms Wynne:** I guess my response is that you’re probably not going to get the level of specificity you want and exactly who’s going to be included on the advisory committee, but I take your point that what you want is a broad cross-section of people and you don’t want people who are self-interested.

**Ms Churley:** Yes, and I want to make sure there’s a solid representation from the experts in the conservation and renewable energy and efficiency side, so that the balance is not tipped the other way.

**Ms Wynne:** I guess the evidence that we are interested in that voice being heard is the fact that we’ve created in the legislation the conservation bureau. I know there are some issues around that that you are bringing to the table, and we’ll have that discussion later, but I think it’s clear from the legislation and from the environmental groups that have talked to us that we’re moving toward conservation initiatives. That’s part of what we’re doing. So it’s highly unlikely we wouldn’t have people who are concerned with those issues as part of our advisory committees.

**Mr O’Toole:** It’s good to have this, because it’s added and it’s new. The two advisory committees you’re referring to are the one for the IESO, as well as the conservation bureau. Is that correct? They’re the two advisory committees that are established in sections 13 and 25.

As such, there are some comments with respect to the independence of the conservation bureau and the role of the Ontario Energy Board. A systems operator has a mandate that is somewhat in conflict with the conservation bureau. That's the issue here that I see. Without having had time to preassess this amendment, I would like some kind of terms of reference, at least, that clarify that this isn't just another committee, if we're going to have one that's on the IESO side as well as the conservation bureau side; some sense of the terms of reference of this advisory committee, given that these two things are somewhat in conflict, in some people's view. They want the conservation bureau to be more independent and more complete and the role of the Ontario Energy Board strengthened to address conservation as opposed to just price. We heard that input actually; a lot of it. The IESO role is to basically make sure the system is capable, I guess. Just the terms of reference would be neat. You must have that.

**Ms Wynne:** I don't have the terms of reference of the advisory committee. I think Mr O'Toole knows that.

It only stands to reason that a minister and the bodies that are being set up need to have people with expertise, people who understand the sector to advise them and give them their best thoughts on where they're going and the decisions they're making. I think this is an eminently reasonable body to set up. I take the point from Ms Churley that she wants to be assured that what we're looking for is a broad base of expertise brought to the table. I think that's absolutely fair, and that's the intention.

**Mr McMeekin:** I appreciate Ms Churley's generic comment about wanting to know a little bit more and her specific reference to which groups may have made representation. I had forgotten this, but our very esteemed researcher drew to my attention that that was incorporated into their notes around the presentations. On page 9 of the summary, as well as on page 18, there are some nine different groups that made representations. Some of them said, "You shouldn't have anybody with a vested interest on the committee." Others said, "You should only have people with a vested interest on the committee." Others were a little bit more balanced and said—just a quick scan of the comments—that it should be a broad range of consumers, alternate energy people and what have you.

1320

Obviously, at some point the minister is going to have to make some decision. Knowing the minister as well as I do, I suspect he's going to want to ensure that there is a broad range, but people who aren't so specifically inclined to one thing that they'll be unabashed advocates only of that at the expense of the kind of consumer protection we all want to see there as well.

I think that's why there's the move to have the minister do that, and I think there's some wisdom in that. I wouldn't normally argue this, but in this case, with respect, I think what we're hearing from a number of people is that they want to see the government take some clear leadership and outline some direction here. I don't

think there's any better way to ensure that happens than to have the minister directly accountable for the people whom, in this case, he appoints to that committee. Based on the history that the advisory committee will forge in the years ahead, he will have to wear whatever that committee comes up with. I think that's political accountability of the first order.

**The Chair:** Any further discussion?

**Mr O'Toole:** Just one thing. If I go through and look forward on to the establishment under the IESO, 13.1 on page 8 of the bill gives the minister the power there. Are we saying, going forward, that you're going to delete those sections?

The other one, of course, is on page 16. It's section 25.11, which is the conservation bureau advisory committee.

Are those going to be deleted, or are we going to have an additional advisory committee?

**Ms Wynne:** Could you just repeat the last part of what you said? I apologize.

**Mr O'Toole:** Are you planning to delete the other existing advisory committees in section 13 and section 25.11?

**Ms Wynne:** We're suggesting that there would be one advisory committee, yes.

**Mr O'Toole:** Why don't we incorporate that into the amendment? We could amend that by specifically—maybe it's done.

**Ms Wynne:** I think I'd prefer to go through the amendments as they've been written, one at a time.

Further to the discussion about why one and not two, I just think what we're looking for is a broad range of people with expertise to come to some consensus on the issues they're advising the minister on, rather than having two bodies that might actually bring opposing views. We want to build a consensus wherever we can.

I think we'll go through the amendments one at a time, if that's OK.

**Ms Churley:** Thank you for the explanation. As I said earlier, we believe the proposed conservation bureau should be more of an independent organization. Given that it's not—and we'll see if my amendment passes a little later—I'm concerned because of the existing proposed structure. Therefore, I'm not going to support this amendment for that reason. It is a little awkward—sometimes this happens, in terms of where amendments are placed. Should my amendment pass, it would almost make this one moot, because they then wouldn't be reporting to the Ontario Power Authority; they would be independent. But under this, they will be.

**Mr McMeekin:** If your amendment were passed.

**Ms Churley:** Exactly; later on. But I'm guessing that it won't, for some reason. I should say that the New Democratic Party doesn't like this structure as proposed, and therefore I have some real concerns about accepting this motion as it is without my amendment being passed.

**The Chair:** Any further discussion?

All in favour of the amendment? Opposed? The amendment is carried.

Item 12, Ms Churley, is yours.

**Ms Churley:** I move that clause 5(1)(g) of the Electricity Act, 1998, as made by subsection 4(1) of schedule A to the bill, be struck out and the following substituted:

“(e) to terminate the IESO-controlled markets in accordance with the regulations.”

The reason we put forward this very important amendment is because of our—

**The Chair:** Ms Churley, if I could just interrupt for a moment, I just looked at my schedule here. There are no amendments to schedule A, section 3. I’d propose that we deal with that first and then—

**Ms Churley:** And then we’ll come back. OK.

**The Chair:** All in favour of schedule A, section 3? Opposed? That’s carried.

**Ms Churley:** Do I need to read this out all over again?

**The Chair:** Yes. Sorry; I apologize. Go ahead.

**Ms Churley:** I move that clause 5(1)(g) of the Electricity Act, 1998, as made by subsection 4(1) of schedule A to the bill, be struck out and the following substituted:

“(e) to terminate the IESO-controlled markets in accordance with the regulations”

You all know our concerns about the spot market. The Liberals used to share those same concerns when in opposition. What this amendment would do would add the termination of the spot market as an object of the new Independent Electricity System Operator. The spot market adds uncertainty and drives up price, and we’ve seen already that it has failed to induce new private sector investment in generation. As I said, before the election the Liberals said that the market was dead—as Mel Lastman said, “D-e-d, dead”; you probably would have spelled it d-e-a-d—and that they would not bring it back. Now, of course, while in government, it has been brought back. This is a complicated area to get into—and I’m relying heavily on Fred’s notes for this piece—but when you look at what’s involved in the spot market, the remaining generation, after a whole bunch of the other things that happen, will be subject to an odd mixture of the spot market and fixed-price contracts. There’s just a lot of concern about keeping that in there. I’m not going to go into all of the explanations, but we would just like to see that struck. The evidence is there. You saw it when in opposition. We continue to see it that way and would like to just eliminate it.

**Ms Wynne:** I think we’ve made some of these arguments before. This amendment is not consistent with our vision of a balanced hybrid market. That’s why I won’t be supporting it. There’s no argument that there’s complexity here. But that’s what we’re trying to do, and this is not consistent.

**The Chair:** Further discussion? I’ll now put the question. All in favour of the amendment?

#### Ayes

Churley.

#### Nays

Craitor, Fonseca, McMeekin, Ramal, Wynne.

**The Chair:** It is lost.

Continue, Ms Churley.

**Ms Churley:** I move that subsection 5(1) of the Electricity Act, 1998, as made by subsection 4(1) of schedule A to the bill, be amended by striking out “and” after clause (f), by adding “and” after clause (g) and by adding the following clause:

“(h) to operate the IESO-controlled grid in a manner that ensures protection of the environment and public safety.”

This, once again, adds the additional environmental and public safety clause to the objects of the IESO. My explanation would be the same as previous ones: that where possible, when possible, over and over again we need to be reiterating these additional environmental and public safety clauses to the bill.

**The Chair:** Discussion?

**Ms Wynne:** We’ve already proposed safety and sustainability in the purposes section, and I think it covers this.

**The Chair:** Further discussion?

All in favour of the amendment? Opposed? That was defeated; it’s lost.

**The Chair:** Since there are no amendments to schedule A, section 4, I would ask: All in favour of schedule A, section 4? Opposed? It’s carried.

There are no amendments to schedule A, section 5. I would ask: All in favour of section 5? Opposed? It’s carried.

We will now go to schedule A, section 6.

#### 1330

**Mr O’Toole:** I move that clause 7(2)(b) of the Electricity Act, 1998, as set out in section 6 of schedule A to the bill, be struck out and the following substituted:

“(b) 10 additional individuals who are appointed by the Lieutenant Governor in Council and ratified by the standing committee on government agencies.”

If I may, I think I mentioned earlier these advisory committees being reviewed by an appropriate legislative committee and that all appointments to the board of the IESO be done in an open and accountable fashion, subject to review by the legislative committee on government agencies. The government has the mandate here, through the minister’s appointment process, to bring forward a list of names. It’s just a mechanism to ensure that even though you have gone to some extent in the bill to restrict membership to persons who may have a real or perceived conflict—I don’t think there would be any problem with having it reviewed, unless they’re just political appointments.

**Ms Churley:** I support, and I assume we all would, the standing committee on government agencies ratifying the 10 additional individuals. How does that relate back to the previous Liberal amendment that was passed?

**Mr O’Toole:** Those were advisory committees.

**Ms Churley:** OK, so this is?

**Mr O’Toole:** This is the actual IESO.

**Ms Churley:** I see.

**Mr O’Toole:** The same amendment will apply to the appointment of the directors—

**Ms Churley:** I understand now. I certainly do support that.

**Ms Wynne:** We're in a situation right now where we're trying to climb out of years of mismanagement in this sector and we need to move expeditiously. The problem with the process Mr O'Toole is suggesting is that those appointments are dependent on the House schedule. Quite frankly, we need to move more quickly than that to get this sector moving and to get these bodies in place. That's why I won't be supporting this amendment.

**Ms Churley:** The Legislature is, of course, coming back very soon. I actually believe it's in the government's interest to have such important appointments as those reviewed by a committee. The government keeps stating all the years of mismanagement before and that they're trying to use this as an opportunity to clean it up. It's all the more important, especially because they're political appointments, that a committee, albeit with a majority of Liberals—at least that committee, with other party representatives, should have a chance to look at those and ask some to come forward, if we deem it necessary, and at least have our questions and concerns dealt with. I don't think that's too much to ask. I also believe it's in the public interest to have such important appointments reviewed by the whole Legislature.

**Mr O'Toole:** I don't like to belabour these things, but we've had a surprise amendment here with these advisory committees and we don't have the terms of reference, we don't know who they are, what ridings they ran in or whatever—because they will be political appointments. Now we have the actual governing council, if you will, or the board of directors. What we're suggesting is that there be some appropriate oversight to this process.

Ms Wynne said we haven't got enough time. Well, in drafting the legislation, you gave the minister so much power in regulation and appointments to all these diligent officials. To say now that you don't have time, after the years of waste, much of which started under the Peterson government, you might recall—when I was a regional councillor they delayed the Pickering and the Darlington stations and the debt of Ontario Hydro then doubled basically because of inaction.

What I am suggesting here, and I mean this in a non-partisan way, is some mechanism to review the appointments of the minister. You're going to appoint a whole bunch of people here. They're going to appoint 10 members plus a CEO plus a board of directors and 10 other individuals appointed by the minister for this committee—IESO—as well as other governing agencies under the OPA and the others. You'll be appointing the CEO and chair of all the major committees—the energy board, the OPA, the IMO, all of them—and the oversight and the consultants. It might be appropriate here to have some public opportunity to review the appropriateness of Manley when he did his review of Pickering. Of course, he was a Deputy Prime Minister and he had to have a job because he got bumped out of the leadership thing. I understand that. He had no chance of winning; Paul Martin knew that. So Dalton got him a job.

Is that what we're going to end up with here? A bunch of these kind of appointments? I don't question their ability. It's a question of their objectivity. I'd hate to think that your commitment to transparency and accountability are being forged into the backroom. Well, it's just another broken promise, so I'm not surprised.

**Ms Wynne:** I think the assumption that there won't be any transparency to the process is not an accurate one. Although we won't go through the long process that Mr O'Toole is suggesting, the terms of reference for the committee will be posted and they will be in draft. There will be the opportunity for consultation on them and there will be suggested membership included in that posting. So there will be an opportunity to know who is going to be serving, but we can't make this process dependent on the House schedule and the standing committee schedule because it will be too long before we start to unravel the mess that we're in.

**Mr McMeekin:** You know, Mr Chairman, we don't need any lectures from the other side about broken promises and about governance. We, who inherited the number of situations we're in, with people of goodwill now having to walk through the rubble and pick up all the pieces and trying as desperately as we can, despite the incredible encumbrance that we've been shackled with on several fronts—energy not being the least of these—certainly don't deserve any lecture. One should drop to their knees begging for forgiveness perhaps from time to time before pointing fingers at those who are trying to clean up the mess.

**The Chair:** Further discussion? All in favour?

**Ms Churley:** Recorded vote on this, please.

#### Ayes

Churley, O'Toole.

#### Nays

Craitor, Fonseca, McMeekin, Ramal, Wynne.

**The Chair:** The amendment is lost.

Number 15, Ms Wynne.

**Ms Wynne:** I move that subsection 7(4) of the Electricity Act, 1998, as set out in section 6 of schedule A to the bill, be struck out and the following substituted:

“Restriction on persons who may be directors

“(4) No person who is a member of a class of persons prescribed by the regulations may hold office as a director of the IESO.”

Bill 100 currently lays out the restrictions on people who can serve as independent directors. What this amendment provides is that that enumeration be done in regulation. We've had advice that the exclusions regarding independent directors as they're currently drafted may be too broad and in fact we may not be able to find people who actually qualify. So because of those severe constraints, we need to basically go back to the drawing board and redraft what those exclusions should be. We'll

put those into regulations, based on the input we've gotten from people in the sector.

**Mr O'Toole:** I understand the minister and/or the government have power to appoint and bring forward these people. There was every attempt here—as I said earlier, the independence of the directors was quite graphically—it's not just subsection (4). Anybody involved in the market, either on the generation or the legal side or wherever, could be one of the directors. I wondered as well, when I read that section, who in the heck are they going to get? They all make super incomes, so who are you going to get that's going to give up these huge jobs with some other consulting firm to come on board here for some stipend? Now, by regulation, you're going to be able to describe who can be appointed.

**1340**

I know that there are many retired deputy ministers that live in my own riding. Some of them were ministers of energy; some of them were ministers of natural resources. I don't want to question their entitlement to their pension or anything like that. They're very knowledgeable people and very skilled people. But do we have any idea of what they'd be making? We're giving you a blank cheque here in this whole section.

You're going to describe, by regulation, who may hold office in the IESO, which clearly exempts almost the whole subsection 4, which says, "No person may hold office as a director ... if he or she is a director, officer, employee or agent of,

"(a) a generator, distributor, transmitter....

"(b) a person who sells....

"(c) a market participant;

"(d) an industry association that represents a person...."

Almost all of these people are members of associations today, whether it's the IPSO or 50 or so different organizations. So now you've got the blank cheque. Well, I need to look back on our previous amendment, which you defeated—Ms Churley and I voted for it—for any kind of oversight at all by the public. The public is just going to be ignored and abused here. Do you realize what you're doing, the new members here especially? I know you have the majority, and I know it will pass. I know you'll ram it through. You'll bully us to the end. But it's "by regulation." Well, what are the regulations, then? You have no answer to that. You'll table it later on. How can I support it?

**Ms Wynne:** I think what I said was that the exclusions we set up were severe, and we want to be sure that we can get people who have the experience they need to be able to do the job. The regulations are not private, Mr O'Toole. You will know what the exclusions will be, and I think that you can see from our initial go at it that we're trying to be very careful. We will continue to be very careful, but we have to have people on these bodies who are able to do the job, who have enough expertise to do the job. So that's why we're going to go back to the drawing board and make sure we get it right.

**Mr McMeekin:** I'm not a big, big fan of governance by regulation. I note that there are times when you need

to move in that direction. We've done it very seldom on this side of the House. I know, with previous governments, it seemed to be the order of the day. Ninety percent of everything that happened in the previous government was done without any public input at all. You didn't listen to 144 people about energy policy, and certainly didn't speak at all to regulations.

This one, though, has come about as a direct result, I think Ms Wynne would attest, of some of the input that we heard from people and some of the fears that that generated, that people with a clear potential economic interest would—in fact, they said quite clearly that people who would stand to benefit from this wanted to be included in the group.

The government has said, I think it would be fair to say, that we want to make sure in advance that we don't let that kind of situation creep in. So that's why we're trying to be somewhat prescriptive in declaring that, prior to putting the regulation in place. We want people there who can come to the table with straight eyes and clean hands and don't stand to benefit directly from decisions. We want to have people there who bring expertise to the table, who can assist the minister, the government and, ultimately, the people of Ontario to ensure that their best interests are taken care of, and not somebody else's best interest.

**The Chair:** Ms Churley, yes, you're next.

**Ms Churley:** As you can see, I've been replaced by my esteemed colleague, Rosario Marchese.

**Ms Wynne:** You're irreplaceable.

**Ms Churley:** I know I'm irreplaceable. He will be taking over from here.

**Mr O'Toole:** You were on television.

**Ms Churley:** He just finished.

I do want to say that I will not be supporting this. Although I understand the implications of being so restrictive that you can't get experts, I fundamentally and on principle don't support having this aspect of such an important piece of legislation being done by regulation. It may turn out that I accept your regulations on this, or it may not. But I would have much preferred to have the existing draft legislation amended so that some of the problem areas could be fixed but not the whole thing thrown out. Therefore, I can't support it and would like a recorded vote.

**The Chair:** Any further discussion? Just let my colleague the clerk—he needs to be—

**Ms Churley:** Sworn in?

*Interjections.*

**Mr Rosario Marchese (Trinity-Spadina):** Can I ask for unanimous consent to do that?

**The Chair:** We'll deal with this amendment first.

**Ayes**

Craitor, Fonseca, McMeekin, Ramal, Wynne.

**Nays**

Churley, O'Toole.

**The Chair:** That's carried.

Just before we deal with Mr Marchese, shall schedule A, section 6, as amended, carry?

**Mr O'Toole:** Mr Chair, on a general note—I'm speaking in a general sense to the section of the bill—I want to put on the record the Ontario government's election document called More Democracy in Ontario. That document clearly says:

"Accountable agencies and appointments

"We will lift the veil of secrecy on government agencies and appointments."

It goes on to say in this three-page document:

"We will empower a legislative committee to question the heads of these government-owned agencies on an annual basis.

"In addition to appointing qualified individuals to fill these roles, we will publicly disclose the annual payments...."

Is this yet another charade before the people of Ontario? You've now completely altered the intentions of section 7 of this bill and section 8(2) of the Electricity Act, the appointment of the IESO. I haven't looked ahead, but I expect you're going to do the same thing on the OPA, the energy board. What you've done is exempted them from orders in council; you've exempted them from any source of scrutiny. We have no idea of the terms of reference or their mandate. Much of this, in my view—I refer this to the clerk—conceivably could be out of order with the intent and the sentiment of the bill itself.

I make this statement because this has to be on the record. This is your election document, which talks about the "veil of secrecy" and all this stuff. This is an absolute affront to everything you brought to the people of Ontario.

Ms Wynne has made reference to the point that there's going to be a great haste and a great hurry here. At the moment, there are only three draft regulations on the energy minister's Web site, which I've been following with some rigour because I know the importance of this public policy area and I understand how we've got to work quickly and effectively.

I support the intent of Bill 100, in a general way. They haven't acknowledged one of my amendments, even to this oversight that I'm requesting. I can't support this section, and it seems we've run afoul of any attempt to find harmony.

**Ms Wynne:** I'm just trying to follow Mr O'Toole's meandering here. Has he gone back to the previous—which section is he addressing, Mr Chair?

**The Chair:** We haven't voted on schedule A, section 6, as amended, yet.

**Mr O'Toole:** We haven't voted on it yet, Ms Wynne. You've got to pay closer attention.

**Ms Wynne:** I was trying to pay attention, Mr O'Toole. It is a challenge. I find it a challenge.

**The Chair:** Mr O'Toole was making general comments on schedule A, section 6.

**Ms Wynne:** OK. Thank you very much, Mr Chair.

**Mr Marchese:** I know I missed a lot, and I'm going to be speaking to the comments I just heard from Mr O'Toole. We did have some people coming before our hearings who talked about this, and I must admit I share the view that if we're going to make appointments, it would be, for the purposes of transparency and scrutiny, very philosophically and politically good to submit members who would otherwise be appointed to a committee process.

**1350**

We all understand that the government has a majority and that they would obviously be able to nominate their appointments. So the government doesn't have anything to fear with respect to whom they would eventually appoint. But the motion the PC member made—the previous motion on section 7—I think was a very useful one that I believe we should have been supporting. I think it's a mistake for the members to have defeated that amendment, and I suspect they may continue to do so with other appointment processes that are coming up. I know the PCs have another motion, but I wanted to speak to that and say that they're making a mistake and we'll speak to it again as we come to it.

**Ms Wynne:** If I could just clarify: I believe, in what Mr O'Toole said, that he implied we were striking out all of section 7. I think that's what he was saying. It's only subsection 7(4) that was amended by the previous amendment. So all the other sections still apply. It was simply the restrictions on membership that are being moved to regulation. I just wanted to be clear about that.

**The Chair:** Any further discussion?

Shall schedule A, section 6, as amended, carry? Opposed? It's carried.

**Mr Marchese:** Could I move unanimous consent to allow me to vote on these matters? I understand I was replaced and I—

**The Chair:** You're not properly subbed in.

**Mr Marchese:** Exactly.

**Mr O'Toole:** Just for clarification, who is the permanent member of the committee? I thought it was Michael Prue, or is that the other committee I'm on?

**Mr Marchese:** I am, but since I was replaced—

**Mr O'Toole:** It's Ms Churley. She's properly subbed. Was she subbed?

**The Chair:** She was.

**Mr O'Toole:** OK, I've got it.

**The Chair:** All in favour? Carried. There you go, Mr Marchese.

**Mr Marchese:** Thank you.

**Mr O'Toole:** I was supposed to be on, but—

**Mr Marchese:** You were duly represented.

**Mr O'Toole:** I know I was, by Cam Jackson.

**The Chair:** Mr O'Toole?

**Mr O'Toole:** Pardon me.

**The Chair:** We won't worry about what shows you're on.

**Mr O'Toole:** This is a much more important show, actually, at this time.

I move that subsection 8(2) of the Electricity Act, 1998, as set out in subsection 7(2) of schedule A to the bill, be amended by striking out “appointed by the minister” and substituting “appointed by the Lieutenant Governor in Council and ratified by the standing committee on government agencies.”

Clearly, this is just restating what I said before. The attempt here is to circumvent any sense of public scrutiny. I gather I’m probably going to see another government motion exempting any scrutiny of the minister’s ability to appoint his cronies. I think that pretty well sums it up. The purpose of this amendment is to add transparency and accountability.

I’m holding the government accountable to their Government That Works for You document issued prior to the election: “Accountable agencies and appointments.” It goes on to say:

“Ontario Power Generation controls assets valued at over \$16 billion. The LCBO receives over \$2 billion in ... revenue. The Ontario Realty Corp....

“We will end the lack of transparency and accountability these organizations enjoyed under the Harris/Eves government....

“We will empower a legislative committee to question the heads of these government-owned agencies on an annual basis.

“In addition to appointing qualified individuals ... we will publicly disclose the annual payments—not just per diem rates....”

They go on to say—Mr McMeekin is nodding “yes.” He may be whipped into voting no—I understand that—but for the record, he’s nodding that he agrees. And yet he’s going to vote against. The sentiment here is for accountability and transparency.

*Interjection.*

**Mr O’Toole:** This is your opportunity to step forward on that limb of hope and vote the way you feel and think.

**Mr McMeekin:** We won’t appoint anybody to go on yachts at public expense. Those aren’t the kind of cronies we want to—

**The Chair:** Discussion, please.

**Ms Wynne:** As Mr O’Toole said, we’ve been over this ground. I think we made the argument about needing to move expeditiously, because we are climbing out of a mess in this sector and we’ve got to get these bodies in place. So I won’t be supporting this amendment.

**The Chair:** Any further discussion?

**Mr Marchese:** I just want to make the same argument as I did just a few minutes ago. I don’t think that moving expeditiously is a reason not to provide as much transparency as possible. I think it’s important for members here of a committee to be able to ask questions of appointments to this sector or any body that they’re applying for. It would give us the opportunity to question them and then the opportunity to defend why they should be there, as we do with so many other appointments. I think that kind of public scrutiny and transparency is good for everyone. So to appeal to a sense of urgency, ie, “We’ve got to move on,” as a way of saying we don’t have the time to be able to engage in some other process

I don’t think is a good argument. I think it’s weak and indefensible.

**The Chair:** Further discussions?

I will now call the question.

**Mr O’Toole:** Recorded vote.

**Ayes**

Marchese, O’Toole.

**Nays**

Craitor, Fonseca, McMeekin, Wynne.

**The Chair:** It’s lost.

I will now ask, shall schedule A, section 7, carry? All in favour? Opposed? It’s carried.

There are no amendments to schedule A, section 8. Shall it carry? All in favour? Opposed? It’s carried.

We could move, then, schedule A, sections 9 and 10, since there are no amendments. All in favour of those two? Opposed? They’re carried.

Schedule A, section 10: If there are no amendments we’ll move that. All in favour? Opposed? Carried.

We’ll now go to Mr O’Toole.

**Mr O’Toole:** I have a proposed amendment here, moved by myself.

I move that section 12 of the Electricity Act, 1998, as set out in section 11 of schedule A to the bill, be amended by adding the following subsection:

“Same

“(2) Despite subsection (1), no delegation of powers or duties shall be made to a person who is ineligible to hold office as a director of the IESO by reason of subsection 7(4) or to a body that is an entity referred to in that subsection.”

I bring this forward, fully aware that they negated subsection 7(4) previously, so it may indeed be out of order now.

*Interjection.*

**Mr O’Toole:** It’s not? That’s good. Under the act there are several restrictions on board memberships to ensure that no person of undue influence is able to influence the operation of the IESO. Should the board delegate any of its duties or responsibilities to another body or individual, selection should be held to the same criteria.

We’ve gone through with this hasty amendment earlier on, in section 2, I think it was, the advisory committee. So you’re going to have this organization, the Independent Electricity System Operator, and there are going to be some political appointments, making who knows what, doing who knows what, costing—all the money that comes in is from the one person, you and I, primarily the consumer and their household. Now we’ve got these advisory groups as well.

**1400**

What we’re trying to do here is to make sure that the responsibilities—that there’s some consistency for this

review of those appointments. You voted down my previous amendments, which I've said is contradictory to your public election document. So I'm beginning to become somewhat hardened to the reality that you're going to vote against most of our amendments. That's really discouraging. I thought we were going to make power here for the people, not just for the Liberal government.

**Ms Wynne:** Just a quick point: Our concern here is that we need to draw on expertise from a wide range of experts and people who have experience in this sector. If there are too many restrictions on these groups and committees, then we're not going to be able to do that. I think we've made that point previously.

**The Chair:** Further discussion? I shall now put the question.

**Mr O'Toole:** Recorded vote.

**The Chair:** All those in favour of the amendment?

#### Ayes

Marchese, O'Toole.

#### Nays

Craitor, Fonseca, McMeekin, Wynne.

**The Chair:** It's lost.

**Mr O'Toole:** I believe that Mr Craitor had his hand up on the positive side.

**Mr Kim Craitor (Niagara Falls):** I was scratching my nose.

**Mr O'Toole:** I retain hope for Mr McMeekin and Mr Craitor. They're still listening; I can tell.

**The Chair:** We'll move on.

Shall schedule A, section 11, carry? All in favour? Opposed? It's carried.

There are no amendments to schedule A, section 12. All in favour of schedule A, section 12? Opposed? It's carried.

Schedule A, section 13.

**Ms Wynne:** I move that section 13 of schedule A to the bill be struck out and the following substituted:

"13. The act is amended by adding the following sections:

"Staff and assistance

"13.1 Subject to the bylaws of the IESO, a panel established by the board of directors may use the services of,

"(a) the IESO's employees, with the consent of the IESO; and

"(b) persons other than the IESO's employees who have technical or professional expertise that is considered necessary.

"Stakeholder input

"13.2 The IESO shall establish one or more processes by which consumers, distributors, generators, transmitters and other persons who have an interest in the

electricity industry may provide advice and recommendations for consideration by the IESO."

This amendment requires a panel to obtain consent of the employer, ie, the IESO, before they may access assistance from staff. It also creates an obligation for the IESO to consult with stakeholders in the course of its work. It's an important amendment. I think we need to acknowledge that it should be there.

**Mr Marchese:** Let me just ask a question. Why is it that we found there is a need to do that—ie, before someone does something as an employee, that they would need approval by the IESO? Why have you found a need to do that? Is there something that happened in the past that would oblige us to put this in the bill? Is there a reason, then, that—

**Ms Wynne:** I believe that it mirrors other sections. Have we got ministry staff who can elaborate on that? Would that be all right, Mr Marchese?

**Mr Marchese:** Yes, of course. I'm just trying to understand. I understand the idea; I'm wondering why we're doing it. Presumably it's because we might have experienced a problem before where somebody did something without the approval of the board and therefore possibly got them into trouble. I'm assuming that's part of the reason.

**Ms Wynne:** Can we just give them a minute and they'll respond?

**Mr Marchese:** Sure.

**The Chair:** When the ministry staff respond to that question, I'd just ask that you identify yourself for Hansard, please.

**Mr O'Toole:** While they're preparing their response: I would like to think that on this section I am somewhat appreciative of why they're moving it. It goes back to the issue of the number of experts and the new organizations they've got and the clarity of what the role of the new IMO is and what the role of the conservation bureau is. Many of the experts will be moved within the Ministry of Energy or some of these agencies that exist today.

The IMO have some terrific people. I've had the privilege to read some of their Web sites and the content. They actually do all the technical work. So if the person is a rate expert, they're going to have to be consulted without upsetting the apple cart. I support the need to consult these experts.

I also support the shareholder input. You've mentioned consumer groups. I'm in favour of that because, at the end of the day, there will be all kinds of seniors groups and other advocacy groups that have to be consulted. Otherwise, they aren't going to be able to understand the reasons for the changes. So this is a good thing.

But it goes back to the original amendment, number 11. When you've got these advisory groups and you've got subgroup advisory to the IESO, as well as the others, there's not much clarification in this. There are some drafting issues here that I have some problems with. I don't have a problem if you're legislatively allowing yourself to consult broadly and making sure there's not undue conflict of interest.

I understand there's limited expertise etc, but at some point in time—this is the only time I've seen the consumer being legislatively engaged in this process. At the end of the day, these are the people who really—whether they're large consumers or small consumers, their need of a product that's not like any other product—you can't operate your steel plant or your car plant without it, and you can't operate your home without it. And price is a big determinant on who uses how much when.

So you're going to have a lot of very complex engagement. I think you could have been better with your other amendment to allow the minister to consult under some terms with advisory groups, as necessary. Bingo.

**Mr Marchese:** If I can, Kathleen, I'm going to ask the same question connected to 13.2. "The IESO shall establish one or more processes by which consumers, distributors, generators" and so on, "for consideration" and so on. Why do we need in the bill such an enabling kind of clause? Don't they have the power to do that anyway? Why do you need an enabling clause rather than their own ability to do that when they want? I mean, they can do that. Just again, as a question, why is it that you would need it?

**Ms Wynne:** I'm going to ask staff to address that issue but, as Mr McMeekin is saying in my ear here, we were asked many times over for these bodies to have input by stakeholders who came and spoke to us. So we're making it clear that we need these groups to be able to talk to as many people as possible. But I want you to hear the technical argument for that, OK?

**Ms Rosalyn Lawrence:** Hi. My name is Rosalyn Lawrence. I'm the director of consumer and regulatory affairs at the Ministry of Energy. If I've ordered them correctly, I'm responding to two separate questions. Mr Marchese, I believe you asked about the amendment that added the consent-of-the-employer section. That was put in to parallel what is currently in the act right now with respect to the market surveillance panels, access to staff of the IMO. That requires the consent of the employer. That has been taken over to the OEB with the transfer of the market surveillance panel to the OEB. So this is intended to mirror that.

**Mr Marchese:** I understand what you're saying in terms of what it's intended to mirror. I'm just asking for an explanation as to why it is needed, because my assumption is, it's possible some employee may have done something in the past without the approval of the board and that got that individual into trouble, possibly—or the board. This is a protection for the board, presumably, so that if an employee is to do something, they have to check in first with the authority, so to speak? Is that it?

**Ms Lawrence:** I think it's a very basic management construct that the panel's access to staff doesn't impede their day-to-day responsibilities, that that's managed and those can be re-delegated if it does.

**Mr Marchese:** What this does, however—now that you have it in law like this, an employee could not presumably do or say anything without the approval of the board, effectively possibly shutting them down or silencing them. Is that possible?

1410

**Ms Lawrence:** I wouldn't say it's possible. I think the legislation or the amendment is drafted in the same permissive language, which entitles the panel to the expertise of staff and other persons. It is about the management of their time.

**Mr Marchese:** Thank you. I was just curious.

**Mr O'Toole:** I appreciate your explanation, I genuinely do, because I felt that that existed, as you describe the market surveillance, in the IMO role. There's a lot of overlap between these various—whether it's the energy board ruling and needing clarification on rules, or we may need to consult the person who wrote the rules. So this just clarifies who can tell whom what under some kind of statutory authority and, as you say, management's prerogative to say, "Look, I'll answer this" or Dave Goulding will answer it, or whoever. Is that right? So it exists already?

**Ms Lawrence:** Yes, it does.

**Mr O'Toole:** So it's lifted from—

**Ms Lawrence:** From the Market Surveillance Panel provisions.

**Mr O'Toole:** —the Harris-Eves era of good government, right? You could maybe exempt the words "good government"; that's up to you.

Just one thing: This is important and I think Mr McMeekin should be listening to this.

**Mr McMeekin:** I'm coming over to get a closer look.

**Mr O'Toole:** A closer look; good idea.

The point I'm making here is that I am a strong believer in whistle-blower legislation. In fact, in the last term I was in the midst of drafting it. How would this work? This is hypothetical, I suppose. Many of the regulators, the people writing the rules, must just be scratching their heads themselves. If you saw inherent conflict or contradictions as a staff person and decided to, as it were, blow the whistle, would this have any encumbrance on that at all? I expect that any good government will bring forward whistle-blower protection in the future. I would be supportive of that, by the way.

**Mr Steve McCann:** My name is Steve McCann, counsel in the Ministry of Energy. I think the only thing that 13.1 is dealing with is that where a panel is established by the board of directors of the IESO, then it's required to get the IESO's permission to use the IESO's employees because, as Rosalyn indicated, they have other duties and they'd be caught in an awkward situation if they were reporting to two masters, so to speak. I don't think this really deals with the issue of what they can say or can't say about their professional duties. That's a different—

**Mr O'Toole:** Right. Under the current rules they'd probably be terminated. OK, that clarifies it. Thank you.

**Mr Marchese:** Just as a final comment—I thank the staff—as I read it, it appears to be designed to make sure they exercise complete control. So you appoint a panel to do something and we, the government, are worried; we don't want this panel to get out there and have legs on its own entirely, possibly. It might ask the advice and/or

assistance or work from an employee, which would be good, and it probably has been able to do it in the past anyway. But I think what this clause does is to be able to say, "OK, panel, we appointed you. You can go out and do the work, and you can work with and consult and employ our employees, but we want you to check with us first, before you do it." It's just an element of exercising a great deal of oversight and control, which says to me that there somehow are doubts, suspicion about the work a panel might be doing, and "We'd better check in on them before something goes out."

I just thought I'd put it out for the purposes of Hansard and anybody who might be watching.

**Ms Wynne:** I think what I heard ministry staff say is that you can flip it around and it's the permissive piece that actually allows that process to happen, allows those conversations to happen. I think you can look at it from the other angle.

**The Chair:** Further discussion?

I will now put the question. Shall this amendment carry? All in favour? Opposed? It is carried.

Shall schedule A, section 13, as amended, carry? All in favour? Opposed? It's carried.

If we could now move schedule A, sections 14 to 19, inclusive, since there are no amendments to those sections. All in favour? Opposed? They're carried.

We will now move to schedule A, section 20.

**Ms Wynne:** I move that subsection 19(1) of the Electricity Act, 1998, as set out in section 20 of schedule A to the bill, be struck out and the following substituted:

"Review of requirements and fees

"19(1) The IESO shall, at least 60 days before the beginning of each fiscal year, submit its proposed expenditure and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year to the board for review, but shall not do so until after the minister approves or is deemed to approve the IESO's proposed business plan for the fiscal year under section 19.1."

What this does is to require the IESO to obtain the minister's approval of their business plan before making an application to the OEB for the proposed fees and revenue requirements. It also allows for public hearings before the board on the IESO's proposed budget. We need to have this flexibility in order for the plan to be put in place. The minister still has ultimate authority but the OPA and the IESO have to go to the minister before going to the OEB.

**Mr Marchese:** I'm assuming, Kathleen, that there's similar concern about the IESO submitting its expenditures and revenue requirements, that there are concerns about what they might do, so we have to make sure the minister reviews and approves before they do it. Are we worried about something?

**Ms Wynne:** I think what we're saying, Mr Marchese, is that there needs to be ministerial oversight. I think that's a responsible position to take, the minister being the elected official whose responsibility this is.

**Mr Marchese:** I understand oversight. Are we worried about anything?

**Ms Wynne:** We're just providing for oversight.

**Mr Marchese:** And prevention.

**Mr Ramal:** Prevention.

**Mr Marchese:** In case.

**Ms Wynne:** Much of the legislation that's in place in this province is to do with prevention of problems, Mr Marchese.

**Mr Marchese:** Prevention is beautiful.

**Mr O'Toole:** This is the slippery slope one here. In fact, the IESO and the OPA are all kind of new bureaucracies that are going to have operational costs and, as such, the revenue source is going to be in the fees. So what I see here is more fees, and I see that the minister has finally realized that the operational costs for these new organizations are going to be picked up and paid for by the users, which is really tax. I wish they'd use the word "tax" instead of like they did with the health premium. Is it a premium or a tax? This is a signal to the consumers of Ontario that you're going to pay higher fees, and all this amendment does is to clarify when the approval by the minister is done. It won't be done before the IESO business plan is approved, which means their budget and whether or not they'll have an operating shortfall. I can't support this because it signals higher costs for electricity, and in many cases unnecessarily so. Another government agency; another whack on the taxpayer. You use that term all the time. I just copied it from you, actually, Rosario.

**Mr Marchese:** I just wanted to make a point. It's interesting that John is interested in the consumer and higher fees. It's fascinating how, when we were in opposition, we used to say to Stockwell, "Look, once you're privatizing through retail, the sale of Hydro One and more privatization of the generation of power, rates are going to go up"—we said that—the Liberals helped us out. Every now and then they would say it too.

**Mr O'Toole:** We had the highest rates ever when you were in government.

**Mr Marchese:** Let's talk about that when we have time.

**The Chair:** Mr Marchese, you have the floor. Continue.

**Mr Marchese:** In relation to his remarks: So we said that once you allow the retail sector to come in, they're going to be there and they're going to gouge. They're there to make money, right? The poor consumers don't know anything about whom they're buying from or what they're buying. Most consumers don't have a clue, and they're going to get whacked. We said they would get whacked.

Stockwell, the minister at the time, would laugh at us and laugh at Howard. "No, rates are not going to go up." Do you remember that, John?

**The Chair:** That was Mr Baird, wasn't it?

**Mr Marchese:** It was Stockwell, then Baird.

**The Chair:** We just want to get the historical context here.

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**Mr Marchese:** But there's a progression here. They would both laugh at us, but Stockwell more so than Baird, in terms of pooh-pooing our predictions about hydro rates. Rates did go up and that's when they capped the rates, because they were afraid; they were getting into an election. You Liberals supported that cap and then you took the cap off when you got elected.

So we're worried about them, and John is right about higher rates: We're going to face higher rates. The reason for this is that you, the Liberal Party, in this case, have brought back the retail sector even though McGuinty said, "The private sector is dead. The market is dead." So you folks are bringing back the retail market and also the spot market. That will increase fees; it's guaranteed.

In relation to this particular motion, the reason I think the government is worried about this is that they don't want the IESO to charge fees that could be alarmist or that could alarm the public in such a negative way that they would turn against the Liberals. You don't turn against the IESO; you turn against the government.

**Mr McMeekin:** There's a plot everywhere.

**Mr Marchese:** It does sound like that; yes. I'm just presenting the case. You don't have to believe it, really.

*Interjections.*

**The Chair:** Mr Marchese, you have the floor. Continue your comments.

**Mr Marchese:** We're engaging. That's OK.

The worry is this: If the fees were to be excessive or exorbitant, the minister would then have to say to the IESO, "You can't do that. You're going to hurt us. Please control that." So they have a little chat with the boss and say, "The fees, a couple of bucks more, it's just not on; 50 cents, 70 cents, OK, we can cope with that, that's fine, whatever the amount may be."

This is designed for oversight indeed and for public perception prevention, ie, Liberals worried about how they're going to be hurt politically, and that's what this section is all about. I thought I would put that on the table, again, for the purposes of Hansard and those who might be watching, and to also give the Liberals an opportunity to redefend the position around this particular section.

**The Chair:** You're very kind. Mr Ramal, please.

**Mr Ramal:** I just want to go back to the beginning of what Mr Marchese was talking about, that we changed our position in terms of putting the cap and lifting the cap etc. I guess if you weren't here at the beginning, when the Minister of Energy opened the session, talking about Bill 100—he acknowledged 100% that our position was wrong and that we changed it in the interests of the people of this province, in terms like "mortgage our future," in terms of hydro and other things.

I want to tell you something about the fee. That's why we opened it up to a partnership with the factories, with the people of this province, with the farmers, with individuals, to come forward and produce hydro and lower the pressure on the main grid in order to help the government and the people of this province to produce more

electricity. Whatever you do in life requires service, and that service requires some cost.

**Mr Marchese:** Do you agree with me in terms of what I was saying, or do you disagree with me? I guess you're disagreeing, eh?

**Mr Ramal:** I disagree in terms of what you're talking about. You're saying that an explanation doesn't exist, because we believe in sustainability and accountability for the people of this province. Therefore, if you want to refurbish or expand, it requires some kind of cost, and that cost has to come from somewhere—I guess from the people who are benefiting from the service.

**Mr McMeekin:** I'm confused.

**Mr Marchese:** Don't say that, because I might agree.

**Mr McMeekin:** No, I'm confused by what you said. We're friends; friends can tell each other. I'm concerned too. You're one of the most articulate elected public officials I know. You're thoughtful. You generally make a lot of sense to me, and when you speak in the House I'm normally mesmerized by what you have to say. I'm often influenced and I've even voted occasionally, on private members' bills at least, based on your persuasive arguments.

I've always struggled, personally, between how interventionist a government should be and how much we should just let the independent market control everything. I would think you'd be racing to have us embrace having some political control here, and not just release everything. I'm fearful of releasing something entirely to an independent market group with no oversight, with no provision that the government can, at some point, intervene if something's completely out of whack. I'm not playing games here. I honestly thought you would stand in support and affirm that particular thrust.

**Mr Marchese:** Quite right; I am sympathetic to that argument, because I do believe in oversight, except, in this particular instance, my worry is that you, the Liberal Party, are going to be very worried about hydro rates in the next little while, and that worry will carry you through the next three years. My concern is not so much that oversight shouldn't happen but why it's happening. I'm putting out a political argument here saying that the reason there's political oversight in this case is that you don't want it to get out of hand, that it might possibly damage you politically. That's the only argument I make; not that I am against oversight, generally speaking, but that I'm anticipating why I think the minister is doing this.

**Ms Wynne:** I think that attributes motives that aren't there. I think the danger of not having ministerial oversight, as I said at the beginning, is greater than what you're talking about. We need that ministerial oversight, and that's why this is in place.

**Mr McMeekin:** I just want to make sure we don't let excellence become the enemy of the good here. This is, frankly, something I was pleased to see included. I was worried it wouldn't be included in the bill. I suspect we can ascribe all kinds of motives to anything. We'll be forged in the fires of this bill, and experience and history

will soon inform us as to what's happening. But I think we need to embrace this, with respect, my friend, and move on.

**The Chair:** Further discussion? Shall this amendment carry? All in favour? Opposed? It's carried.

Mr O'Toole, you're next.

**Mr O'Toole:** I move that section 19 of the Electricity Act, 1998, as set out in section 20 of schedule A to the bill, be amended by adding the following subsection:

"Exception

"(6) Despite subsection (5), the board shall, before exercising its powers under this section, hold a hearing on any matter that will result in increased fees payable by consumers."

Really, it just prolongs the discussion we've just had. The code language of the IESO and the OPA—they have the ability to levy new charges on the consumer. These will be done either through regulation or minister's approval. Really, what I'm asking here is—the Ontario Energy Board is going to be dealing with prices—I need to make certain there will be a review. The annual review of fee setting by the Ontario Energy Board, as I understand it—I was just reading a note here. The energy board will, I believe, set the rate fee twice a year.

Now, it's not the rate fee. In our case, we started to deal with the stranded debt—the 0.07 cents per kilowatt hour, which was right on the bill. It's broken out how much you're paying. It's supposed to go toward displacing the debt over some period of time, like paying off a mortgage. Well, these fees are going to go nowhere but up, and they're not part of the consumption side. In other words, if I conserve, it does nothing to these standard delivery charges and debt-retirement charges. We need to make sure the public is consulted and that it is quite aware that these fees are independent of consumption, that they're new, to pay for these new organizations and the great work they're doing.

I'm advocating here, on behalf of the consumers of Ontario, large and small, so that there is an appropriate process for reviewing these fees—not the electron charge, but these new little add-ons. They're enormous.

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I remember in caucus when we were paying around four cents a kilowatt hour, I said, "Do you realize what we're doing with 0.07 cents? We're increasing the price of electricity by 15% to 20%." Eventually it has nothing to do with the consumer cutting back. We increased it. A lot of members said, "What are you talking about? It's 0.07 cents. It's nothing." I said, "Out of four cents, of course it's a lot. It's a 15% increase." So without getting any benefit in reliability that I've seen from the increase in cost—and we know there's uncertainty for the next decade on this issue because you can't build a nuclear plant for 10 years—it'll take that long—and/or a gas plant, probably five years—three years, minimum. So they're going to pay more. I just want public hearings on these fees, and I hope you support it. I'm somewhat encouraged by Mr Ramal and Mr McMeekin. They seem to be acquiescing to the side of the consumer. I can't say that with any certainty; they haven't voted that way.

**Ms Wynne:** Now it's my turn to be confused, because my understanding is that the Ontario Energy Board already holds hearings on issues such as this. So we don't need this amendment.

**Mr Marchese:** Just for the benefit of Hansard, because there are some people who review these things, it is amusing to hear John speak about wanting to have a hearing before fees increase. It's good to see them in opposition, because it's funny how positioning changes. That's what makes politics sometimes very comical and that's why people believe us less and less. We take different positions in opposition than we do in government, and that's a serious political problem we all have.

When the Conservatives were in government, it took them a long time to pay the stranded debt. We had a good economy since they came in. They claim it was because of their policies; the Liberals at the federal level claim it was because of their policies—they both cut taxes, and so the economy was good. What it means is that the economy helped both Conservatives and Liberals. So we had an economy that was great for eight, nine or 10 years, and it continues to be good. Instead of dealing with the stranded debt immediately in 1995, we held off and held off. They froze prices. They never said that the NDP froze prices in 1994-95, I think, or possibly 1993. There was a reason why we froze them. We froze them because we were—

**Mr O'Toole:** The NDP froze the price. Let's get that on the record. You as a government froze the price.

**Mr Marchese:** Right.

**The Chair:** Mr Marchese, please continue.

**Mr Marchese:** I was just saying that. We froze rates because we had a serious recession and we were worried about poor people and people of modest means not being able to afford those increases. It was a terrible thing not to have revenue coming in in a recession when you needed it, but we were profoundly worried about the effect it would have on modest-income people and very-low-income people.

So the government came into power in 1995 when the economy turned around, and instead of putting money into dealing with our debt—

**Mr McMeekin:** It's a good economy now.

**Mr Marchese:** —in a good economy where the money is rolling in, they didn't do it for years and years. They froze it. Then later they capped prices in their second term. They just think it's comical. They capped prices, and later on, before the election—they were very worried about the effect of higher prices on the consumer and by correlation the consumer saying, "My God, the Tories are doing this. We've got to get rid of them"—and the Liberals supported them, by the way.

**Mr O'Toole:** They voted for it.

**Mr McMeekin:** We were told it was going to be revenue-neutral. Remember that? It wasn't.

**The Chair:** Mr Marchese, you have the floor. Continue.

**Mr Marchese:** Not a problem. There's order here.

It's good to point out that it's farcical in a way, and normally under different circumstances I think it would be wonderful to be able to have a public hearing before prices go up. Obviously no government will ever agree to that. The Tories would never have agreed to that, and I pointed out the comical aspects of it. The Liberals would never agree to that, because, by the way, prices will go up. It is inevitable, and it's a question of how much, and it will be a question of how much the Liberals can control those prices, because they're profoundly worried. If prices skyrocket, they're going to get whacked; they know it. But prices will go up.

So while I have some sympathy for the motion before us, because I think it would be wonderful for people to have an opportunity to speak to possible increases in advance, I don't think the government would ever admit to it, and they obviously just rejected it a few minutes ago. But the concept of a hearing before prices go up, I think, is a good thing, generally speaking.

**Mr O'Toole:** I can't add much to that, except for the sake of using time.

I would say that Mr Marchese should correct some of things he said. I think he knows what he said to be a little bit off the record.

We basically maintained the rate freeze through 1995 and furthered the reflections on the energy market by commissioning the Macdonald commission, which looked at choices and options to deal with what was becoming known as the stranded debt. We segregated all the debt and the assets into three different groups and tried to open the market. At that point we went back to a frozen price. We said the market would open. We delayed that three or four times. I think history shows that, for all the right intentions, they were trying to protect the consumer during a time of severe recession, and in our case we were trying to protect the consumer in a period of volatile price and supply instability. You'll probably end up with the same thing. I see you just recently had a little problem with the Pickering plant.

That's all I'm saying here, that appropriate review—whether we did or did not hold those public meetings, we certainly dealt with the questions in the House that Dalton McGuinty raised and the quote I made from CFRB: “Dalton said you had to freeze prices.” So I'm saying here that to maintain rate relief for consumers—He said, “So we've got to maintain rate relief” for consumers. He said that on November 13, 2002.

So what we've said here is mostly on the small-consumer side and all the various consumer bundles—large industry like forestry, pulp and paper, mining and steel. There are different consumer groups, and adequately picking these sectors and regulating or allowing the market to prevail, getting into what I'd call demand management plans, that's what these hearings are about. What we're advocating is some process—reassure us, Ms Wynne, that there is a process for the public to have a fair understanding of what the rates are; that is, the electron rates as well as these new fees.

In this case, the IESO, these are just going to be brand new fees. These are going to be operating entities that

need revenue to pay all the computer people and the technical experts etc. The only place you're going to get the revenue is either from general revenue—tax—or rate revenue, which is tax. Because this isn't a product where you can say, “I'm not using electricity any more. I'm going off the grid.” Good luck to you. If you don't agree to this, you don't care about the consumer. That's what I hear you saying.

**Mr Ramal:** I think we have to go back to Bill 100, especially subsection 20(19). We're dealing with the hearing and, as Ms Wynne said a couple of minutes ago, we already have it; we have no need to change. Therefore, I'm against the amendment.

**Ms Wynne:** I just wanted to make sure that Mr O'Toole understood that in the Electricity Act the board already has the authority to hold these hearings, does hold hearings on matters such as this, and so that's why this amendment is unnecessary. I don't think more needs to be said than that.

**Mr O'Toole:** Is the OEB going to have intervenor funding for consumers to appear before the board?

**Ms Wynne:** I believe we've got an amendment that deals with—Well, we'll deal with that later actually. If you look through the amendments, you'll see there's something that does speak to that issue. Can we move on?

**Mr Marchese:** I was just curious about the comments. The board has the authority to hold hearings?

**Ms Wynne:** Yes, it already exists in the act.

**Mr Marchese:** You'll remember, in a previous amendment we said—we're just putting down in the legislation what people were telling us, because we basically want to confirm what we heard.

If the board has the authority to do this, you almost suggest that, given that they have the authority, you support the idea of hearings. But you're not really saying that. You're saying they have the authority, but what I believe is that they're not going to use the authority to have hearings prior to increasing fees. They would never do that. Why would the board have hearings to get opinions from people about how high the fees are going to go or how high they should go? That would be almost suicidal. So, although the board has the authority to do so, they're never going to do it—unless I'm wrong. Do you think I'm wrong?

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**Ms Wynne:** The fact is that the board has held hearings on matters such as this, so I think—

**Mr Marchese:** So the answer's yes?

**Ms Wynne:** Yes.

**Mr Marchese:** Prior to increasing fees?

**Ms Wynne:** On matters that would have an impact on the fees, yes, that's my understanding. Yes, I'm getting nods from the ministerial staff. So it's there, it has been done, which is why you'd have intervenors in the first place—there was a question about intervenors—because there are hearings, right? I think Mr Marchese wants to hear it from staff.

*Interjection.*

**Ms Wynne:** I beg your pardon, Mr O'Toole?

**Mr O'Toole:** They write this stuff. You read it; they write it.

**Mr Marchese:** Staff members: Prior to fees increasing, the board has hearings to hear what people have to say?

**Mr McCann:** The way I would answer the question is this: We're talking here about fees of the IESO, which are similar to fees of the existing IMO. This is one component of rates. These are the fees that are charged for operating the market.

The board, I think, has not held hearings under these recently because the IMO fees have effectively been frozen. But prior to that, the board had the power to hold hearings on IMO fees and, I believe, did so. I can't accurately say whether it was before an increase in rates or not, but it was certainly before new fees were put in place.

**Mr Marchese:** Right. OK. So if that is true, then, this motion would not contradict any practice of yours. It would simply confirm it or simply put it on paper, I suppose.

**Ms Lawrence:** I think that the way the act is drafted currently—again, the language is permissive. It says that the board may review fee proposals but is not required to do so, and that has been in place since the Electricity Act first came into force in 1998.

**Mr Marchese:** So how many hearings have we had, again, prior to the caps? Do we know?

**Ms Lawrence:** There was a very extensive one—I don't know the IMO information right off the top; I would have to get back to the committee on that—but there was a month-long hearing, for example, on Hydro One's initial transmission rates. The board held hearings and notified communities locally about local distribution companies coming forward for rate increases.

**Mr Marchese:** So to the member, if they do that—and this simply says "Do it"—does that bother you?

**Ms Wynne:** Well, it changes it from permissive legislation to a mandatory situation, where they would have to do it every single time. What we're saying is that under the permissive legislation, when there wasn't an artificial cap, there were hearings. We think that worked, so let's leave it as permissive legislation.

**Mr Marchese:** So that in the event that you don't want to hold hearings, the minister can say, or the board can say, "We're not going to have them."

**Ms Wynne:** That's what permissive legislation means. It's, again—

**Mr Marchese:** I appreciate it. No, no, no. I'm with you. I understand.

**Ms Lawrence:** It's the board, not the minister.

**Mr Marchese:** We understand that. There's a clear separation of powers, of course.

**Mr O'Toole:** And they're not approved by anybody.

**Mr Marchese:** The point was that they do hold hearings. The point is that the Conservative member says, "Maybe we should do it each time," and the government is saying, "Let's make it permissible so that if

they want to, they can, and if they don't, they don't have to."

**Mr O'Toole:** Just a clarification: I think it's been very beneficial. It's been long and exhaustive, but it has, to this extent—the only real change here is changing it from "may" in subsection (5) to "shall." That's substantively all we're talking about.

It appears you don't want to be fair with the people of Ontario. You're going to hide behind "Well, the IESO didn't do it," and, "The minister doesn't want to intervene in this arm's-length whatever." The ministry legislative counsel has done an admirable job of protecting you here.

**Mr Marchese:** We want to thank the staff members for their—

**The Chair:** We always thank them for their excellent responses and input.

Any further discussion? All in favour of the amendment? Opposed? It's lost.

**The Chair:** Ms Wynne.

**Ms Wynne:** I move that section 19 of the Electricity Act, 1998, as set out in section 20 of schedule A to the bill, be amended by adding the following subsections:

"Transitional, 2005 fiscal year

"(6) Despite subsection (1), the IESO shall submit its proposed expenditure and revenue requirements for its 2005 fiscal year and the fees it proposes to charge during that fiscal year to the board for review not later than 30 days after the minister approves or is deemed to approve the IESO's proposed business plan for the 2005 fiscal year under section 19.1, but shall not do so until after the minister approves or is deemed to approve the proposed business plan.

"Same

"(7) Until the board approves the proposed expenditure and revenue requirements for the IESO's 2005 fiscal year and the fees the IESO proposes to charge during that fiscal year, the expenditure and revenue requirements and fees that applied for the 2004 fiscal year shall apply for the 2005 fiscal year."

What this amendment does is provide flexibility on the 60-day timing requirement for the IESO's application to the OEB for the transitional year 2005 and it recognizes that there are going to be new IESO board members who are coming on. They need to come up to speed. They're going to require orientation and education. So this allows for that to happen.

**Mr Marchese:** I just wanted to point out that as I read subsection (6), "but shall not do so until after the minister approves or is deemed to approve the proposed business plan," again, I understand the oversight. You will pardon me if I again raise the problem of the minister wanting to make sure, in this particular instance, that everything is controlled, because they know this is going to get out of hand. Hydro is a highly explosive problem, very volatile, and it will create problems. While I understand the notion of oversight, this is an attempt to exercise a great deal of control. I just thought I would say that.

**Mr McMeekin:** You know, Mr Chairman, you're damned if you do and you're damned if you don't. I think

the government would say, “We don’t want to be the evil of two lessors. That’s why we’re moving in this direction.”

**The Chair:** Further discussion? I will now put the question. All those in favour of the amendment? Opposed? It’s carried.

Shall schedule A, section 20, as amended, carry? All in favour? Opposed? It’s carried.

Ms Wynne, please.

**Ms Wynne:** I’m reading from a page that the clerk has numbered 22/23. Is that right?

**The Chair:** Correct.

**Ms Wynne:** I move that section 19.1 of the Electricity Act, 1998, as set out in section 21 of schedule A to the bill, be struck out and the following substituted:

“Business plan

“19.1(1) At least 90 days before the beginning of its 2006 and each subsequent fiscal year, the IESO shall submit its proposed business plan for the fiscal year to the minister for approval.

“Minister’s approval

“(2) The minister may approve the proposed business plan or refer it back to the IESO for further consideration.

“Deemed approval

“(3) If the minister does not approve the proposed business plan and does not refer it back to the IESO for further consideration at least 70 days before the beginning of the fiscal year to which it relates, the minister shall be deemed to approve the IESO’s proposed business plan for the fiscal year.

“Transitional, 2005 fiscal year

“(4) The following rules apply in respect of the IESO’s proposed business plan for its 2005 fiscal year:

“1. The IESO shall, within the time period specified by the minister, submit its proposed business plan for its 2005 fiscal year to the minister for approval.

“2. If the minister does not approve the proposed business plan and does not refer it back to the IESO within 20 days after receipt, the minister shall be deemed to approve the proposed business plan.”

Just for clarity, what this amendment does is provide a guideline for the deemed approval of the business plan and also provide flexibility on the 90-day timing, as we spoke to before, for the transitional year 2005, recognizing that the new board members of the IESO have to come on board.

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**Mr Marchese:** Just again for the sake of repetition, and Ted can simply follow me and say the same thing: “At least 90 days before the beginning of its 2006 and each subsequent fiscal year, the IESO shall submit its proposed business plan for the fiscal year to the minister....” Again, the election is in 2007.

**The Chair:** October.

**Mr Marchese:** We know. So in 2006, at the beginning of that year, we want to be sure we have a fiscal plan in our little hands so we can monitor it, have oversight, make sure that everything is going well before the following year, when we go to the polls. Again, this

is about exercising control for political reasons more than the need to have oversight because we’re somehow worried about how they’re doing it. That’s what I suggest to all of you that this is all about.

**Mr McMeekin:** I can say quite honestly that in all the discussions—and Mr Marchese will know that when I preface with the word “honestly,” I’m telling the complete truth—we’ve not had any discussion about the subsequent election, although the future election, 2007, seems to be quite pressing on his mind. Maybe it’s because we’re doing what on a good day my good friend Rosario would call for, and that’s to be straight up, clear, transparent and accountable.

As you’ve said before in the House—and you’re right, you can’t have it both ways; you either want the minister involved, so that that gets hung—he’s going to have what happens hung, come on it one way or the other. This does that in that kind of a way. Ultimately, even if he refuses to act he gets hung, because he’s deemed—talk about covering yourself up. Even that’s deemed as the minister approving the plan. Boy oh boy, we’ve gone out of our way to make sure this is clean, clear, transparent and accountable. I know in your heart of hearts that you’re applauding.

**The Chair:** Further discussion? All in favour of the amendment? Opposed? It’s carried.

Shall schedule A, section 21, as amended, carry? All in favour? Opposed? It’s carried.

Shall schedule A, sections 22, 23, 24, since there are no amendments, carry? In favour? Opposed? They carry.

Mr Marchese, you’re up.

**Mr Marchese:** I move that section 22 of the Electricity Act, 1998, as made by section 25 of schedule A to the bill, be amended by adding the following subsection:

“Orderly shutdown in business plan

“(3) In the first year after this provision comes into force, the IESO’s business plan shall include a plan for shutting down the IESO-administered markets in an orderly fashion.”

The IESO, as part of its business plan, must develop a plan to shut down the spot market. Clearly this is where the NDP differs from Liberals and Tories. We opposed the retail market, the entry of the retail sector into this business, and the Liberals who agreed with us near the end of 2003 have now changed their position. Mr McGuinty said at the time, prior to the election, “The market is dead.” I am assuming he meant that he was opposed to the retail sector getting into this business and that he opposed private sector—ie, spot market—involvement here. He believed, late in the 2003 political process, that the private sector had failed us.

From the very beginning, New Democrats were and still are the only ones who support public power. We do not believe that public power should in any way allow the entry of the private sector or allow the slow sell-off of our public power to the private sector. We believe it’s a mistake. We believe it was a mistake when the Tories did it, and we believe it’s a mistake now that the Liberals are doing it. Their shift away from public power to private

power, or, as they say now, a mix of the two, is a mistake.

We believe that the spot market is going to introduce a great deal of volatility, a word Mr O'Toole used about 10 minutes ago. It introduced volatility when they were in power, and it will continue the volatility now that the Liberals are in power. The spot market depends on the private sector and the markets to determine electricity prices. We believe that we cannot have any level of certainty with a spot market, in terms of how high prices will go.

So New Democrats oppose the private market in electricity. We oppose the spot market being introduced in this sector. We rely a great deal on public power, hydro power, in this province and this country, and we shouldn't be selling it away.

That explains in great part why we've introduced this motion. We realize the government is obviously deep into this and will not reverse itself yet again. But we think they're making a mistake. It will hurt the province and it will hurt consumers, and prices will go up uncontrollably.

**Mr Ramal:** We've heard a lot about public power. It's a nice word and a nice subject. Many people like it. But can you explain to the public how we can get the money? We have a \$38-billion debt, and we're facing refurbishing, basically over the next 10 years, most of the stations we have. It's going to cost about \$40 billion. How can we come up with the money?

**Mr Marchese:** We have a debt because when the Conservatives were in power and they decided to build nuclear power, and when the Liberals came in and decided to continue with Darlington, it cost us a great deal of money. Darlington was a \$14-billion venture—\$14 billion. One way or the other, you have to pay for that. If you didn't have nuclear at the time, you could have gone into other areas that we're now talking about, in terms of conservation—strong conservation—and clean power, in terms of renewable power.

The Pembina report says that through a combination of those two efforts, we could reduce power use by 40% and increase power by 30%—I think the figure is—by getting into renewable energy.

One way or the other, it's going to cost us a lot of money. If you do not do it through the public sector and pay for it down the line, you're going to have to pay somebody else. If the private sector gets involved in the building of—I think the Chair saw you, Ms Wynne. Mr Chair, Ms Wynne is on the list.

**Ms Wynne:** It's OK. Carry on.

**The Chair:** Keep going.

**Mr Marchese:** Mr Ramal, one way or the other, you're going to have to pay. You and your relatives, you and your friends, you and your constituents—one way or the other, you're going to have to pay.

As New Democrats, we argue that if we build, it's cheaper for us to borrow money than the private sector. When the private sector has to go out and borrow, it costs them money. In order to recover or retrieve that money, they have to charge you, Khalil.

1500

**Mr McMeekin:** So you'd raise taxes.

**Mr Marchese:** I'll get to you too, Ted, with all due respect.

**Mr McMeekin:** How much would you raise them?

**Mr Marchese:** Let's talk about that, because we have time. We have plenty of time.

When the private sector borrows, because their borrowing cost is higher, they're going to have to pass it on to you. I suspect you agree with that, Khalil? Someone has to pay, right? That's one way you're going to pay. And the other way you're going to pay is that if they get involved, they need to make money. To make money you've got to charge a higher level of hydro prices, because you don't get into the business to lose money. You understand that, right? So borrowing costs are higher—hold on, Ted—profit-making means that there has to be a level of certainty about how prices have to go to recover that, not only to pay for the province but to make some money, and you're going to pay. You think that you're not going to be paying because the private sector is doing it. So if you are independently wealthy, Khalil, that's great, because you're going to be paying your bills and it's not a big deal. We worry about people who can't pay their bills. We worry about how many consumers are going to be stuck with high bills they cannot afford.

What we're arguing, as New Democrats, is that when governments build they do not build for a profit and they can afford to borrow at cheaper rates. So we borrow at cheaper rates, we build and then we charge the consumer based on the cost of building renewable power and/or making sure we have strong conservation, which the private sector would not get into because they're not in the business of conserving; they're in the business of you consuming as much hydro as possible so they can make money.

I'm not sure you're following the argument here, because Ted said twice in committee, "My constituents don't want to pay." But your constituents, Ted, will have to pay. Let me finish the point. Either they pay through the government producing the power and making sure we're conserving in a very strong way and they pay that modest cost, or they're going to have to pay a hell of a lot of money when the private sector gets in to make the money, ie, profit, and pay for their high borrowing costs.

So the argument is that it's cheaper with us, we control it, it's our asset, people control it and not the private sector.

*Interjection.*

**Mr Marchese:** The past?

**Mr Ramal:** Yes.

**Mr Marchese:** What are you talking about?

**Mr Ramal:** The past—

**Mr Marchese:** Mr Chair, again, Khalil is not—we're not connecting; we're not communicating.

**Mr McMeekin:** Have you ever leased a car?

**Mr Marchese:** Let me get to that question.

**Mr Ramal:** We're talking about—

**Mr Marchese:** He's saying the past didn't prove it. To review a little bit of history about the problem, Darlington was approved by the Liberals. It cost 14 billion bucks. What you've got to do once you've constructed, Khalil, is commit yourself to making sure it gets paid. What we had to do when they built nuclear power was make sure that debt was paid. How do you make sure it gets paid? You charge a fee. If you don't charge a fee and recover that cost, of course you're going to have a debt on your hands. That's why we've got a stranded debt now. Even the Conservatives, while they had a great economy in 1995 with a lot of money, weren't paying down the debt. They would say, "Look at the stranded debt. It's simply crippling our public power. We've got to go to the private sector because we've got a stranded debt." If you don't pay your stranded debt, of course you're going to have a problem on your hands. But either way, you're going to have to pay, and I refer to you as a consumer. You will be paying more money under your rules, as we did under their rules, because you've allowed the retail sector to get in and you've allowed the spot market to happen. So, dear consumers everywhere, if you're watching and all of you are doing research on this matter, you're going to be paying—and you're going to be paying a lot—for private power.

**Ms Wynne:** I want to make a couple of points. The first one is that for decades we've had private involvement in generation of hydroelectricity in this province, and I think Mr Marchese knows that. I think he also knows that we're opposed to subjecting small, low-volume consumers to the spot market. We've gone over some of these arguments before today, but I'll just repeat that there's nothing in this bill that points to the selling of assets that currently are publicly owned.

**Interjection:** The heritage assets.

**Ms Wynne:** Yeah, the heritage assets, exactly. So I think those fears should be allayed.

The other thing is—and Mr Marchese was in Orono with us when we had the final day of the hearing, I believe. What was interesting was that I think just at the end of that day, we actually moved away from this argument about public-private and into an argument about reliability, safety, renewable. What the public is really concerned about is that the electricity that is provided in their lives is reliable, that they have enough of it, that it's not doing damage to people or the environment. Those are the real core issues.

I liken it to different levels of government fighting about assets. Someone walks into a recreation centre, a swimming pool; and the citizen doesn't really care who pays for that swimming pool, they just want it to be there. When a citizen turns a light on, what they want is the light to go on, the bulb to go on, and they want it to go on when they need it. They want to be sure that the source of that electricity isn't damaging the world, isn't damaging other people. So this public-private debate, I believe, is a false debate in terms of what's really on people's minds in the community.

I think what people want is stability in the sector; that's what we're trying to provide. They want clarity in

the sector; that's what we're trying to provide. And they want a government that's going to take leadership on making sure that we don't incur huge amounts of debt going forward, that we don't saddle generations in future with debt, that we pay a realistic price for electricity and that we make sure there's a good mix, and an increasing mix, of clean renewable sources in that energy mix. That's the debate I heard us engaging in with stakeholders, and I think Mr Marchese is trying to take us off in another direction.

I'm not going to be supporting this amendment. What we're trying to do is create a hybrid market that is balanced, that is going to do all those things I have just spoken to, which I think are the things that citizens of this province are really interested in having happen and that haven't happened for many years in this province.

**Mr McMeekin:** Speaking after Ms Wynne is a bit like dancing after Veronica Tennant. She makes her points and she makes them very well, so thank you for that.

**Mr O'Toole:** It is dancing nonetheless.

**Mr McMeekin:** I'm more a ballroom dancer myself, but I'm a bit older than Ms Wynne, so I guess I could be excused for that.

The idea of working in partnership, sharing risk, achieving together what we can't achieve apart, is something that as a former mayor I understand. There were all kinds of times when things happened in my community, frankly, that wouldn't have happened if we hadn't been able to bring creative, entrepreneurial folk to the table who were prepared to walk with us and take the risk.

It may be a bit of a curse. I started out as a social worker and ended up as a businessman, and I learned very quickly, particularly with a family to support, that there was nothing wrong with making money, that profit wasn't a dirty word. Since being involved in government, I've discovered that there is no office beside the Premier's office where the call goes in and says, "Oh, by the way, troops, you get out there and build a nuclear plant today," or "You get out and put up windmills" or whatever. It just doesn't work that way.

You talked earlier, Mr Marchese, about the economy, and about down times and up times in the economy. All the people I know out there in the real world who can't afford to buy a car go out and lease a car. Why? Because that's what they can afford. They get somebody else to put the money up front and they manage the risk. They can't afford to take the risk of going out and dropping \$35,000 or \$40,000 on a new car. That just isn't in the ballpark.

**1510**

I've said before, and you're right, sir, that people I represent aren't lining up at my door saying, "Please, Mr McMeekin, please, go out and borrow another \$10 billion and just slap it on my tax bill so we can solve this energy mess we're in." We got into enough difficulty with the increase in the health care premium to meet pressing needs without going out and inviting that kind of response. I'll tell you something. Honestly, if there were 10 people outside of my constituency office tomorrow

saying, "Please, go out and borrow the money. I want to pay more taxes. That's really where it's at. I want to pay more taxes so I can have the energy supply I need assured," you know what? I'd buy into it in a wink. But it just isn't there. I can tell you.

**Mr Marchese:** Here's the political problem, Ted, because what you and your party are doing is this: You're hiding the real cost, or you're hiding the cost, because one way or another we have to pay. What you're saying is you're not willing to borrow and have to go to your community and say, "Look, we want to borrow because we want to keep it in public hands, but it's going to cost us." You and the Liberal Party are happy to say, "We're going to turn a lot of the building of the generation of new power over to the private sector. They'll construct it; they'll pay." But because they carry the load, we don't have to know about how much it costs the private sector. All I'm saying is it will cost them, because we're going to have to pay the private sector when it bails.

**Mr McMeekin:** I understand the argument.

**Mr Marchese:** Of course you do. We are hiding the problem, because one way or the other we pay for it, either through our own means and in our own way by building and then saying to the consumer, "Look, it's going to cost us down the line and this is how much it will cost," or "The private sector will build it, but you have to pay." So it's politically expedient, I will admit, to have the other—that is, have the private sector build—and then we'll pay whatever the market can bear. We have allowed, through the Conservatives, Bruce Power to get in, which was controlled at the time by a British firm. Now I think they've sold much of their share to somebody else. I don't know who owns it now. A couple of years ago they made \$170 million in profit. I don't know what they made last year.

**Mr Ramal:** That's great.

**Mr Marchese:** Khalil says, "That's great. No problem." The problem is, the \$170 million they made in profit could have been ours. We could have paid down our own debt, we could have been paying for the construction or whatever it is we want to generate by way of power. But that \$170 million went to Bruce Power. We lease it; they make money. After the next 16 years or so—I think it's 16 years—we're going to get it back and we'll probably have to be stuck with the repairs. And we know how expensive it is to repair every unit we own, probably in the order of one billion bucks a pop, so to speak. So we have allowed the private sector, Bruce Power, to get into the field, and what we have done is allowed them to use what we generated out of public expenditures so they can make money.

It's crazy. That kind of leasing arrangement, in my view, is crazy: that we would permit them to use our power so they could make money, money that we could have used for our own provincial needs to deal with our own problems.

We don't agree with the arguments made by Ms Wynne and Mr McMeekin. We think they're profoundly

wrong. We do not agree with the fact that they do not seem to understand that the private sector, through the spot market, will manipulate the market. They have. In the US they do it all the time, and they did it in California. The former Conservative government used to laud California and say, "What a wonderful dream they have down there," until they had problems, and then Jim, the first minister—

**Mr O'Toole:** Wilson.

**Mr Marchese:** —Jim Wilson, never, never talked about California again. I used to sing him the song about California Dreamin', but he pretended not to hear it. Then Stockwell came in, of course, and he pretended not to hear it. But we said, look, the private sector manipulates the market. They do and they will, and they will do it with us as well.

I want to say, yes, you do not appear at the moment to be selling off the generation of power, which, at one point, your party said they would; they would break it up. But at the moment, I don't hear your party saying they're going to do that.

**Mr Ramal:** No, it's clear. Not for sale.

**Mr Marchese:** That's great, Khalil. When the Liberals talk about "clear," it's very confusing on the other side.

Prior to 2003, Mr Sorbara and others, Sean Conway and others, were talking about the sell-off of Ontario Power Generation, the break-up of. But I don't hear your minister at the moment saying that. That's true. So I understand that.

On the other hand, what we have are, at the moment, two proposal calls in progress: for 300 megawatts of green power and 2,500 megawatts of clean power, largely gas-fired generation. The former, which will pay the higher cost of renewables, has drawn major interest, with proposals totalling 4,400 megawatts. So I want to say: We, New Democrats, support the generation of power through green power.

The proposal call is for 300 megawatts of power, and we have 4,400 megawatts of requests. The government does not appear to be interested in that. I think it's a mistake. The other 2,500 megawatts of power that will be clean power, largely gas-fired generation, is controlled by the private sector. It's all private sector generation. That's only a third of the 7,500 megawatts of power you want to construct, which will happen down the line at some point. We don't know when that will happen. We don't even know yet whether the private sector is going to want to get in, in spite of any incentives so far you've given them to lure them to come into the generation of power.

**Mr O'Toole:** Fundraisers, barbecues.

**Mr Marchese:** They raise good money. They had a fundraiser, didn't they?

**Mr O'Toole:** Fifteen hundred.

**Mr Marchese:** God bless. I thought only Tories did that.

So my point about this is that, while at the moment you have put off the sell-off of Ontario Power Gener-

ation, everything that's new is going to be private sector, mostly. My argument as well, in addition, is that when nuclear is in a problem, when we have to retrofit them, my suspicion is that most Liberals will give in to the fact that you might have to get into other lease arrangements, as you did with Bruce Power. That will be with the private sector coming in, investing, making the profit, as Bruce Power is, taking the profit, and leaving eventually, and we're stuck with the problem. So when the nuclear—

**Mr McMeekin:** You want them to own that and be stuck with the problem? Is that what you want?

**Mr Marchese:** No, Ted. We want public power. We are for public power. We're not for private power.

So when nuclear finds itself in a desperate problem and you're going to have to retrofit them, as you are faced with now—and it's going to cost at least \$1 billion to retrofit each unit—you are going to come to me and Ted McMeekin is going to come and say, "Look, we can't saddle my people with this debt. They're not going to like it." So Ted is probably going to go back to his community and say, "We may have to lease it so as to avoid the extra cost that we would have to pass on to the public."

So when Ms Wynne says, "We're not selling anything," I just wanted to build the case. First of all, most of the power that you are engaged in now—a third of it, which hopefully will come in by 2007, if we're lucky, and the rest will come in 2009, if we're lucky, and I'm not sure. I wanted to build a case to suggest that the generation of new power is private, that when nuclear dies, you're probably going to lease it off—and that will be to the private sector—and that's how slowly and incrementally, as is the Liberal way, you're going to sell off those things to the private sector. So that's the case I wanted to make to you Liberal colleagues, with all due respect, and to suggest that reliability, as Ms Wynne talked about, and safety, are more with the retention of power in public hands than with giving it away to the spot market and to the private sector.

1520

**Mr McMeekin:** I want to look through Rosie's crystal ball here, just to see where we're heading.

**Mr Marchese:** It will happen. Guaranteed.

**Mr McMeekin:** You know what? I think tolerance begins at the point of difference, not at the point of sameness. We just are going to have to agree to disagree on some of this stuff, although much of what you've said, particularly around the alternative energy and some of the concerns—I think you know our positions and values that we hold on this side.

**Mr Marchese:** Individually I know where you stand. I don't know where you stand as a party.

**Mr McMeekin:** Presenters came in and spoke to us about the bill. I went down and I checked off, "Are they generally supportive? Do they get an 'I' or an 'N'?" "I" stood for, they want the government to be more interventionist; "N," they want the government to be non-interventionist. The pure free-market folk didn't want the government to be involved at all. The interventionists, of

course, wanted us to be talking about tax credits for whatever. So we're trying to walk that balance. Why? Because we don't want to walk away from the problem and we don't want to hide behind it; we want to try to get it solved. We're honestly looking at trying to move this on, to get new supply generated, a real culture of conservation. It's going to be tough. All three parties have a long history of not making the right decisions. We're trying to make some of the right—and who knows? Not everything we do here may, in the fullness of time, turn out to be perfect. Hopefully, we'll have the courage to revisit it and tune it up.

I do know that Jungle Jim, minister Jim, his idea of solving the air pollution problem was to ban barbecues. That's something we're not prepared to do. But we do want to walk forward. We do want to try to get the problem solved. You know what? There's a lot of expertise around here. We can get it pooled together and work it out together. I think we can make some progress.

Anyhow, we're a long way from this particular amendment, Mr Chairman. So I just draw us back to that.

**The Chair:** We're wandering a wee bit, that's for sure.

Any further discussion?

**Mr Marchese:** I want a recorded vote if there is no further discussion.

**The Chair:** Not a problem at all.

**Ayes**

Marchese.

**Nays**

Craitor, Fonseca, McMeekin, Ramal, Wynne.

**Mr Marchese:** I think I lost that one.

**The Chair:** It's lost.

Shall schedule A, sections 25, 26 and 27, carry? All in favour? Opposed? They're carried.

Section 28: Mr Marchese, please.

**Mr Marchese:** I move that clause 25.2(1)(c) of the Electricity Act, 1998, as made by section 28 of schedule A to the bill, be struck out and the following substituted:

"(c) to engage in activities in support of the goal of ensuring adequate, reliable, environmentally and economically sustainable, safe and secure electricity supply and resources in Ontario."

This would require the Ontario Power Authority, as part of its objects, to ensure environmentally and economically sustainable electricity supply, and, without repeating all the things I said just a few moments ago, to include all those arguments in this.

**Ms Wynne:** We've already proposed that safety and sustainability be inserted into the purposes section, and we believe that that covers the issues that are raised in this amendment.

**The Chair:** Further discussion?

I now put the question. All in favour of the amendment? Opposed? It's lost.

Mr Marchese, please.

**Mr Marchese:** Schedule A, section 28?

**The Chair:** That's correct, sir.

**Mr Marchese:** I move that clauses 25.2(1)(e) and (f) of the Electricity Act, 1998, as made by section 28 of schedule A to the bill, be struck out and the following substituted:

“(e) to engage in activities to support the following goals in the following order of priority, in a manner consistent with the policies of the government of Ontario,

“(i) energy conservation and efficiency and load management,

“(ii) the use of renewable energy resources, and

“(iii) the use of clean energy sources.”

This would ensure that the OPA give priority to conservation and renewables.

**The Chair:** Discussion?

**Ms Wynne:** Yes. We've talked at some length about this issue in another context, and in our own amendments we've already addressed the issue of safety, sustainability, reliability, conservation and cleaner energy sources. So we've dealt with those issues. What happens in our plan is that the minister holds the ultimate authority for setting the targets for conservation and renewables. That's to ensure that those targets are met. So the ministerial role there is to ensure that they're met because the government is ultimately responsible for those targets.

We talked earlier about the problem with the setting of priorities, Mr Marchese. We've talked about it at some length because our concern is that this amendment, as some of your other amendments would have done, would have set one of these important issues over another. What we're saying is, the responsible position is that we have to deal with all of them; we have to balance all of them. That's what our legislation proposes to do, so I won't be supporting the amendment.

**Mr Marchese:** I understand the argument that was just made. I'm not sure it's the responsible position, necessarily, however. I don't believe that what we have done with this bill is to focus as best as we can on energy conservation—I don't. There has been talk of it, there's mention of it, people spoke to this issue, but I do not believe that this government is aggressive on conservation—not based on this bill and not based on the measures that they have proposed. In fact, it's very weak. Based on the Pembina Institute report, where they said that 40%—I think it was 40%, not 30%—could be achieved through conservation, that is huge. We haven't studied that, we haven't talked about the potential for that. There's simply a mention of conservation here, and we'll be talking about it later on. We'll talk about it again, I suppose, but it goes nowhere near the potential for 40% of reduction by conservation measures alone.

I do believe in this hierarchy—I do—because it speaks to controlling consumption rather than simply increasing consumption or allowing it to go on and on as an ob-

jective. The idea on that priority hierarchy to talk about the use of renewable energy sources I think is vitally important. I mentioned that before, where the government is only allowing 300 megawatts of green power, but we have proposals totalling 4,400 megawatts of power. Not once has the minister or the committee, made up of Liberals, talked about why it is that we cannot go the measure, why we can't allow the 4,400 megawatts of power to happen under this rubric “green power.” Not one Liberal member has spoken to that, so I'm not quite sure I understand why.

I am a firm believer in the use of renewable resources, and if we got proposals that would permit us to do that, why wouldn't we do that? Close to 5,000 megawatts of green power is an extraordinary amount of power that could be achieved through that measure alone.

Then we talk about the use of clean energy, and that's third in terms of the priority. I'm not sure that necessarily it would be inconsistent with what the government is trying to do. I don't see that.

You could achieve all the things you would want and still take the responsible position you want to take and achieve all the objectives we want. We believe that should be the priority. We don't see that in this bill.

**1530**

**Ms Wynne:** I just want to make the point that Mr Marchese talks about us mentioning conservation. What we're doing is institutionalizing conservation targets into the electricity sector in this province. That's a very significant departure from what's been happening in the recent past and even in the more distant past. We're setting up the conservation bureau. The minister will be approving a plan. He will be setting targets, first of all. There will then be a plan that comes forward with those conservation targets, with those directives enshrined in the plan. To say that we're just nodding to conservation is a huge understatement of what it is we're doing here.

Yes, we haven't got the specifics on what the supply mix will be in this bill, but that's not what the bill is about. The bill is about setting up the structures that will make sure that the right factors are considered, that the right processes are in place, so that we have a stable supply, that that supply is increasingly clean and that we increasingly engage in conservation initiatives in this province.

I think Mr Marchese, probably intentionally, is underplaying the good direction we're moving in in this bill. I think he knows we're doing far more than nodding at conservation, that we're making it a cornerstone of this legislation. In fact—and we will talk about this later—we're embedding the conservation bureau in the Ontario Power Authority so that it will be integrated into what the Ontario Power Authority's plan dictates.

**Mr O'Toole:** This one here is similar to an earlier motion when Ms Churley was here, and the arguments are similar, of course. I think everyone here agrees with the energy conservation model, and I just say that to reaffirm that our government's position is to recognize that conservation is not just a laudable objective; it's something that's changing the culture of habit.

Adam Beck's principle of power at cost was never true—ever. We never had a project come in on time or on budget, and electricity prices have always been subsidized, either directly or indirectly. Electricity actually is an economic policy discussion and it's up to government to make sure they have a strong economy, which means having adequate, reliable, safe, affordable power to be able to have a productive economy.

The argument Mr Marchese is making on energy, on renewables and clean sources of energy: They're also something that needs to be explored a little further. When you look at the current RFPs and some of the responses by expert panels around the world, actually, on wind power—wind power and the 4,000 megawatts of renewables that was bid into that 300-megawatt RFP is often referred to as an intermittent or inconsistent source of power. As such, what you're really arguing here is the 2,500 megawatts that was the second RFP, which was basically gas. What they're trying to do is replace the 7,500 megawatts of coal, which has basically been used as peaking power capacity—for the most part it has been peaking power—and intermittent power sources like wind and others, although ideally I would like to support them, at this time are often referred to as intermittent power sources. So when you need the peak power and you don't have the wind, good luck; you're out of power. Where are you getting it? You're buying it from other jurisdictions. It's probably a good start to have the 300 megawatts up, doable, measurable, performance and all the rest of it.

I'm just making the point here that, honestly, in many respects I support what the government is doing; not the governance structure so much and the clarity of prices and accountability part of it but moving to allow renewables in like wind and solar, although they're ruling out some too, which would be clean coal technology. They're ruling out things out of hand, technically. They could have models set up or trials set up. Even if you look at gas as part of the solution and even the other part you make, the conservation part, I think if you look at Italy's experience with the smart meters or demand-response programs, we're not there. I'm not sure I've seen anything posted anywhere on these smart meters, if they're hard-wire-connected, where you can expect to get performance responding to price instantly or in some kind of mechanized way. Otherwise, if it's off-peak and on-peak pricing you're going to have, the large consumer should respond to that and there should be prices set which reflect that if you move your steel production or your furnace operation to the off-shift, off-peak.

For the home, this is going to take a huge cultural shift. It's going to take time to get it. In fact, most of the experience in trying to get demand-response—if you look at the blackout last year, none of that load was taken off by the residential side. All the reports said it was all the large businesses. General Motors shut down; the steel plants shut down; the mining and forestry. There was no consumer response, despite what the minister says in public.

It's frightening how little he must have read about who really responded. If he thinks the consumer is going to respond immediately—I support time-of-use metering. It should be implemented through the local distribution companies. They should be able to incent people to buy a meter and get standard or fixed pricing.

There's a lot to this. I can't support the motion. There's inconsistency in this as well. As I said before, trying to replace peaking power with intermittent power is completely not on at this time until they find the reliability factor of putting up 4,000 megawatts of wind. How much are you actually going to get? Are you going to get 4,000? No, you're never getting 4,000 consistently. You might get 1,000 megawatts out of 4,000, wind generation that's up, installed.

In the meantime they have an objective to replace 7,500 megawatts of energy by 2007. Good luck to them. I hope they can do it. I'm still only paying something less than 5.3 cents a kilowatt hour. You can get it if you charge 10 cents. People would just be in the dark. It's that simple, and most of them will be people who are least able to afford it.

I'm frightened that they seem to have no regard to the threshold for price. What is it? Is it going to be 10-cent power? That, by any other name, is a tax. It's public policy that's driving the tax. You don't need to call it a health premium or a health tax. This is an electricity tax. We knew it. Where was a mitigation agreement and you had agreed originally to the price freeze, which was a six-year window to stabilize supply and demand. There were rewards for conservation. There were thresholds for power purchase agreements. There were incentives for more efficient appliances. You've dismantled most of that.

Again, because I haven't spoken to the last several amendments, I'm just getting on the record with some of the thoughts that we have. I can tie them all back to this.

I can't support this, Rosario, because you're demanding priorities that—at this time I think the government is probably on a much more reliable track of conservation. It is tied to price; no question. I think you have the thresholds wrong. Conservation is important but you won't get 3,000 megawatts out of it on-peak. You need to have peak.

Then there are the reserve issues. What's the reserve capacity? What's the spinning reserve? Who's going to own it? That's a stranded asset if you're not utilizing it. If you can't interchange it with other markets, then the electrons are just blowing in the wind. So it's an interesting discussion.

**Mr Marchese:** I just wanted to respond to Ms Wynne in terms of her remarks. I'm not underplaying what I'm saying or what I think the government is saying around conservation. I am intentionally saying what I'm saying not to underplay but to state it as we see it.

As we see it, the conservation plan is very weak and the use of renewables is very weak too. We heard in hearings that Germany was able to produce 14,000 megawatts of power by wind generation alone. So there are serious efforts that can and should be made.

What I mentioned earlier was that there are 4,400 megawatts of proposals on green power alone and we're not considering that. They're there.

**1540**

So we think that what we're proposing is achievable. What we're saying about the conservation bureau is not dissimilar to what many groups came to say in the hearings. Almost all of the environmental groups criticized the conservation bureau in a variety of ways. They said it doesn't have much of a proactive role. It's proposal-making. They used other words which were much weaker than what I'm able to recall. They were able to make suggestions. I forget the words a lot of the groups used, but "It's not terribly proactive" is what they said and what we're saying.

In addition, Ms Wynne says it's embedded in the Ontario Power Authority. Most environmental groups said it should not be embedded; they should be separated, each from the other. It should be independent, with greater powers about what it is they could do with conservation.

What this government dedicated in terms of May's budget was a \$225-million increase to conservation for one year. The money, of course, will be administered, as far as we know, by municipal utilities that would probably otherwise get the money. So we know you've done that, but beyond that, what this conservation bureau is set up to do is not very strong at all.

I don't remember the language about targets, whether they're setting targets or when they're going to set targets, if they're going to set targets and what that is. I don't remember reading that at all. I don't remember people discussing that at all in the hearings. So am I intentionally underplaying this role? Not based on what I heard at all.

The request for proposals for 2,000 megawatts allows firms to propose conservation initiatives that will save at least five megawatts. That's OK. Maybe they will, maybe they won't; I don't know. To ask the private sector to do that seems contradictory, but, God bless, maybe they will do it. Maybe they'll come up with some megawatts of savings through conservation; I don't know. But there are certainly projects aimed at residential conservation which are ineligible. Residential conservation measures are not part of this conservation bureau's mandate. They can't apply for money, which shuts out a complete group of people out there, a lot of people who would otherwise want to get involved in conservation. So I don't see the tremendous, great measures you're taking through this conservation bureau at all.

Then you talk about the idea of shifting power to off-peak times with the smart meters. Again, your government talks about having 800,000 people using these meters. We talked about who's going to buy them. They're very expensive. Are the users going to pay for them? I don't think they will. Is the government going to pay for them? I don't think they will, because it's a very expensive measure. So I don't see a million people buying these things.

In California, on the state's conservation efforts, following the famous blackout, they found that, despite the overall success of the conservation program, peak demand was lowered by only 31 megawatts through the load shifting, compared to 500 megawatts initially planned. So in California, through the load shifting, they thought they were going to get 500 megawatts of savings but they didn't; they only got 31 megawatts of savings.

**Mr Ramal:** From what?

**Mr Marchese:** From a projected 500 megawatts of savings in terms of load shifting, they only got 31 megawatts. Some of you are thinking this is going to be great, that one million people are going to buy these meters and it's going to cost them who knows how much.

**Mr O'Toole:** I think they'll achieve it. They'll shut the economy down, 65% of the market.

**Mr Marchese:** I don't see this initiative as being a tremendous initiative for the investment people are going to have to make. Besides, we argue that in terms of what you can shift at night from things that you need—you need a fridge to stay on and a whole lot of things need to stay on. There are only some things you can shut down or shift. The washing machine and—

**The Chair:** Beer fridge.

**Mr Marchese:** You can't shut the fridge and the freezer down. So there are not a lot of savings. I don't know if you heard me, Kathleen, in terms of California.

**Ms Wynne:** I did.

**Mr Marchese:** OK. I don't know; I just don't see it as big. Am I deliberately underestimating? I'm making a case to suggest that it's not as big as you're putting it out to be and I think we can achieve so much more. That's why we would recommend this hierarchy.

**Ms Wynne:** It's—

**The Chair:** Mr McMeekin is next.

**Ms Wynne:** Oh, I'm sorry.

**Mr McMeekin:** Rosie, I think you make a number of good points, as usual. That said—

**Mr O'Toole:** You're not supporting it.

**Mr McMeekin:** No, no. You weren't here when we talked about this early this morning, about the first one precluding almost by definition, given some of what we were hearing, some of the latter ones. It was the hierarchy that caused some concern, I think, when we chatted, when your colleague Ms Churley was here this morning.

Should we be doing more? I think so. Do you remember that discussion about floors and ceilings? People said, "Don't make the 5% a ceiling; make it 4%. It shouldn't be a max." We're having lots of discussions in the government about that.

I know we talked about the metering experience in Germany, using the savings that were realized to actually pay for the meters. That has some benefits. I know you'll say, "Well, you quote that part of the German experience, but not other parts," but that's interesting.

I think we need to be doing more. I think Mr Marchese is bang on. We have the 5%/10% square plan at the moment: 5% target renewables by 2007; 10% by 2010;

5% conservation by 2007; 10% by 2010. We're looking at the—

*Interjection.*

**Mr McMeekin:** Yes, but he doesn't know that.

Those are some figures. Are they visionary enough? Maybe not.

I just want to end by telling a true story about the 4.3-cent cap. The day we finished debate on that, the word was out that we were going to cap prices at 4.3 cents. My wife, who's a family physician, got called out to deliver a baby, and my 13-year-old was home by herself. It's not my usual practice to go home—normally, I stay in Toronto when the House is sitting—but I did. I got home and it was just turning dark. Every light in the house was on. She may be a little nervous, but every light there—the spotlights were on, you name it. I came in and said, "Whitney, what's going on here? You've got every light in the house on. What a waste." She said, "Well, haven't you heard? Electricity prices have been pegged at 4.3 cents per kilowatt hour." True story. I thought to myself at the time, "Maybe this isn't going to do much for conservation." We know in hindsight it did virtually nothing on the supply side.

You know what? One of my favourite Kennedy lines is, "Good judgment is based on experience, and experience invariably on bad judgment." You learn from experience. You move on and you try to do it better next time. That's what we're trying to do. And I'm telling her to shut the damn lights off, too.

**Ms Wynne:** I just want to make a couple of points. To reiterate, the targets we have set that Mr McMeekin outlined are minimums, although the conservation target we have is 5% for 2007; we haven't made a target going forward from that. So if we can do better than that, that's terrific. Maybe we're being cautious, but it would be terrific to be able to get there.

I think it's interesting; Mr Marchese was arguing on both sides of the fence on some of his points. He said that there aren't many savings to be found for small consumers, for individuals in single-family homes. In fact, many of the environmentalists will tell you there are lots of savings for individuals in terms of conservation initiatives. There are lots of ways to save money in people's homes. That's what groups like Greensaver can demonstrate to a family: how their house is not efficient, the appliances, the light bulbs, all of those things. There are lots of savings to be found there. We recognize that. You can't at the same time then say that we're not being aggressive enough. If there aren't savings to be found, what's the point in being aggressive?

We're setting minimum targets and, if we surpass those, that's great. We've got to work with all those individuals to do just what Mr O'Toole was talking about, which is to shift a culture. It's a huge culture shift that has to happen in order for us to be successful, in order for the province to be on a sustainable footing.

1550

**Mr O'Toole:** It seems to be a very ranging conversation. I guess we'll deal with the amendments in

time. I think it would be important if members of the committee took time to review the alternative fuels committee report, which was unanimously adopted by all parties. I think Marie Bountrogianni was on the committee; I believe Jim Bradley was on it as well. It was actually a very good committee. There was a unanimously adopted report.

One of the key things they had in there is what they called RPS, renewable portfolio standards. Renewable energy, which you're trying to define in regulation, sets a standard. The committee's opinion was that we set a very high standard for renewables. That sets a whole new policy discussion on how, to be blunt, you subsidize the price, by power purchase agreements and other arrangements, which has been done in other jurisdictions, to encourage and incent renewables, which is an economics argument. I think the next wind generation you put up averages the cost down. I think there will come efficiencies of scale. I'm disappointed that there's nothing in here on RPS that I can see.

The other misunderstanding I think is on price at the residential side. Almost without exception, everyone is a price taker. Whether it's 4.3 or 4.8 or whatever the price is, whether or not you turn the lights on or off, Mr McMeekin, makes no difference, because if your neighbour is not responding to something—we pay a blended price, so if I'm conserving and doing all my dishes at night and I've got meters on various things and my next-door neighbour isn't, I'm paying for his or her waste. We pay a blended price. They take all the kilowatts, they average the price and they stick it on every house. That's how it works today. I've not seen anything in the metering technology—there are some utilities that do it; a few of them do it. It's called load management. They have agreements to be able to shut off your hot water heater and stuff like that by a radio signal. I think that would be the first step I would implement. In fact, the alternative fuels committee dealt with that. It was called load management or time-of-rate issues.

If you stick another \$400 on my bill to give me some kind of smart meter that isn't connected through the Internet and it's not smart at all—it's just a bit of load shifting—I'm going to be upset. The way technology changes, I think you should set up a pilot with one, two or three different demand-response kind of instruments, certainly with the large consumers first. If you get into load management agreements with Stelco, Dofasco and General Motors, I think that would be a wise first move—the "low fruit" argument. By the time you get down to the residential side, you should set up things with multi-residential.

I see you're putting meters in every apartment. Who's going to pay for those? Instead of having one meter, you're going to have all the meters. They're going to have to be connected to some infrastructure. Local distribution companies can't handle the billing system they have today, let alone one that's going to have to interpret what I used at my house and what Rosario used at his house, at what time of the day and what was the market price. They haven't got the software in place.

You're going to spend a fortune on some of the small low fruit which is going to be missed, if you follow me.

Go with the large consumers, work through power purchase agreements and other contracted arrangements so they can load-manage at peak times to take General Motors off-line, send the people home, pay GM a certain amount and save 2,000 megawatts so that you don't have to start up a coal plant.

When you get down to the residential side, drive the culture of conservation, continuously drive it, not always through price but certain thresholds. Somebody using over 1,000 kilowatt hours a month probably should have a price penalty, to say, "Look, maybe you shouldn't have all the lights on at McMeekin's house."

That's just advice to the government. It doesn't apply here, but I think the intent of the bill is laudable. I don't support the odious kind of sequence that the NDP are proposing. I think the government needs some latitude here in implementing this. How much new generation could be obtained by conservation? You've got to replace 7,500 megawatts by 2007. That's your goal, and you could do it in a number of different ways. Some of it is renewable, some of it is conservation, and some of it is purely load management, I think. All through that next three years we should all be talking about the residential side; I think you need that much time to switch the culture around. So it's a good discussion.

**The Chair:** Further discussion?

**Mr Marchese:** Recorded vote.

#### Ayes

Marchese.

#### Nays

Craitor, Fonseca, McMeekin, O'Toole, Ramal, Wynne.

**The Chair:** It's lost.

Mr Marchese, continue, please.

**Mr Marchese:** I move that subsection 25.2(1) of the Electricity Act, 1998, as made by section 28 of schedule A to the bill, be amended by adding the following clause:

"(j) to ensure the construction of electricity generation and transmission assets to be held by the government of Ontario on behalf of the public."

This would include ensuring, as one of the Ontario Power Authority's objects, the construction of publicly owned generation and transmission assets.

Just to repeat the argument around this, we New Democrats are strong believers in public power. The way it's organized by this bill and by this Liberal government is that the Ontario Power Authority is not allowed to bid on the green power contracts in any form. As it relates to the 300 megawatts that you're permitting, they can't bid. For the larger clean power process, they may be allowed to be a partner of a proponent but they cannot be in control of that proponent. We think that's a mistake. We

think we should be in this field. We think it's good for Ontarians, we think it's good for the security of our power supply and we think it's good for our ability to be able to control prices through the Ontario Power Authority having an ability to construct, bid etc in new generation.

So I think the government is making a mistake. I don't want to repeat the same arguments as before, but that's the intent of this clause.

**Ms Wynne:** I think we have made these arguments that we're taking a balanced approach and we're going to need new supply, we're going to need increased conservation, we're going to need mechanisms in place for price stability and we need a hybrid market in order to do that, and that's what we're setting up. We're setting up a balanced sector in order to ensure that stability. I think Mr Marchese and the government are going to have to disagree on this.

**Mr Marchese:** Just to remind the Liberal members on this panel that McGuinty did say that the market was dead. I don't know how he could be certain that the market was dead in 2003—

**Mr McMeekin:** What did he mean by that?

**Mr Marchese:** What did he mean by it? I don't know, but maybe John can help me about what McGuinty thought he meant by, "The market is dead." When the market is dead, it means this, in my humble, New Democratic point of view: It means an end to retailing and an end to the spot market. If he didn't mean that, God knows what the Premier was saying, and you shouldn't trust him to say anything because you don't know what he's saying. So if the Premier wasn't saying what I just explained—ie, an end to retailing and an end to the spot market—then your Premier worries me about whatever he might be saying in the future. That's what he said. He said this because the private market, spot market and retailing was a failure under the Conservative plan.

*Interjection.*

**Mr Marchese:** I just remind you—and you might defend the Premier in terms of what you think he might have meant, and I'd be interested to hear any Liberal define to me what you think he meant, because I defined what I think he meant and I'm saying to you, he obviously is changing his view again.

By the way, it doesn't puzzle me, because that's what a Liberal is all about. A Liberal who changes his or her view all of the time, most of the time, before an election, after an election—it doesn't surprise me.

1600

**Mr McMeekin:** Talk to us about public auto insurance.

**Mr Marchese:** OK. Jeff, let me talk about public auto, because—

**The Chair:** No, no. We're not—

**Mr Marchese:** Well, he raised it.

**The Chair:** We'll restrain him.

**Mr Marchese:** I just want to remind the Liberal members and the watchers that McGuinty had one position on capping electricity prices before the election. After the election, immediately after, he didn't waste—

**Mr McMeekin:** Based on being revenue-neutral. You know that, and you'd want the viewers to know that.

**Mr Marchese:** No, no, you can defend it in a second, but McGuinty and the Liberal Party said, "We support the Tories in capping the price," as a result of which we lost approximately \$1 billion. I can't believe that we would allow that. But the Liberals, then, of course, refound themselves after the election. They said, "We can't afford it because the Tories left us with a deficit. What can you do?" They said, "We've got to break a promise." It didn't take them long after the election to break that promise, by the way, and it takes a lot of courage.

*Interjection.*

**Mr Marchese:** What we said is, we can't afford to do that. And besides that, we argued that what they were doing was wrong and was causing those unnecessary spikes and that if we didn't allow the private market, spot market and retailing to be in there, we wouldn't be facing the kinds of problems we were facing. And we were going to fix that.

**Mr McMeekin:** But you voted against protecting consumers with that cap.

**Mr Marchese:** No. So McGuinty voted to protect consumers before the election, and immediately after the election, he said, "We've got to change our mind."

**Mr McMeekin:** A billion-dollar shortfall.

*Interjections.*

**Mr Marchese:** No, no, no. I simply want to make the point, because it's important to remind people that you've got to remember what Liberal politicians tell you before elections, what they do before and what they do after. It surprises me that McGuinty, the Premier now, would simply reinstitute the very private market that the Tories had instituted—the very same thing. We're talking about retailing and—

**Ms Wynne:** It's not the same thing.

*Interjections.*

**The Chair:** Mr Marchese, you have the floor.

**Mr Marchese:** Kathleen is saying, "It's not the same thing." I'm sorry. Allowing the spot market means the private market. That's what it means. And allowing the retail back is exactly what they did, is what you're doing; it's the same thing. There is no diminution of it. There is no qualifier. There is nothing—that's what it is; that's the private market. And that's what you've done. Dalton said it was dead before, and now he's reviving it. He's reviving a dead body. He can't do it. He can't really revive it. It was dead then, and it's going to continue to cause problems for us. It will cause problems for you politically, but it will be a heartache for consumers.

**Mr Ramal:** I don't know why we have to enter this discussion, Mr Marchese. We're dealing right now with Bill 100, with its sections and subsections. We're detailing and regulating hydro in the future, right? We're saying we're not going to sell the heritage assets. We open up for a partnership with the people of this province in order to provide enough electricity. It's simple. Whatever is said and was said before is just irrelevant.

Right now we have the bill that can regulate the future of hydro, so we're either with it or against it. It's simple.

*Interjection.*

**Mr Ramal:** You questioned if we're selling the assets or not. You're pretending we're going to sell them in the future.

**Mr Marchese:** No. You don't want me to repeat the arguments I made earlier, do you?

**Mr Ramal:** I heard what you said. But we're dealing right now with Bill 100—

**Mr Marchese:** If you heard me, you didn't quite understand it.

**Mr Ramal:** We're dealing with Bill 100. We have the sections, right? We're in this section because we thought we dealt with it earlier. We believe we are not going to sell the heritage assets of the province. We also need a partnership in order to have enough electricity to fill the demand, and that's it.

**Mr Marchese:** It's just not quite it. I understand the heritage assets, right? You're not selling them. We're talking about Niagara power generation and the like. We know you said you're not selling them; we understand that. I didn't say you were. What I said is, in relation to Bill 100 and in relation to this amendment that I'm speaking to, the Ontario Power Authority is not allowed to bid on the green power contracts in any form. I'm saying it's a mistake. They can bid on the clean power processes, but they can't be permitted to control. They can be in partnership, but they can't control. But I said that most of those 2,500 megawatts of power you're producing, mostly gas, will be privately generated. So we're saying the Ontario Power Authority could be doing it, and you're saying the private sector could be doing it. I'm saying that we're disagreeing.

I'm also saying to you that the nuclear power plants that will have to be retrofitted—I am suggesting to you that what you will do is lease it to a private firm, like you did with Bruce Power. I'm suggesting you will do that. I am even predicting you will do that, and I'm saying that—

**Mr Ramal:** We're saying we're not going to sell the heritage assets. You said, "You are going to do this and this and this." We're saying, "No." It's a bill, and it's clear and obvious. We are going to do what we set out to do.

**Mr Marchese:** Yes, OK. I'm getting tired, Chair. This amendment will simply permit us to—

**The Chair:** Yes. Your point's well made.

**Mr Marchese:** Thank you.

**The Chair:** Ms Wynne and then Mr O'Toole.

**Ms Wynne:** Thanks. We are setting up a structure, setting up a market situation that will mitigate the vagaries of the open market. That's what we're trying to do. We're trying to mitigate. We're trying to put some mechanisms in place that will introduce stability into this market. So it's not exactly the same thing as a fully open, fully competitive market, which is what Mr O'Toole's party wanted to put in place. We are trying to walk a line that will create stability for the citizens of this province, and I think you know that.

I'd like to just make a process comment, Mr Chair. We're on amendment 27 of 93 amendments. I'm assuming that Mr Marchese and Mr O'Toole want to spend another day at this, because at this rate, we're going to need another day. I guess I just wanted to make that process comment.

What's the process for extending the time? With 27 amendments of 93, I don't know how we're going to get through them. I guess that's my backhanded way of saying, maybe we should get back to the amendment so we can vote on it.

**The Chair:** Mr O'Toole, please? Just to the amendment.

**Mr O'Toole:** That's a good question to leave with the clerk, who could maybe clarify what's going to happen here.

A couple of points: This one here is the public power discussion. I understand Rosario's case here. You've got to look too at a couple of things. Bill 35, which was one of our bills, required divestment of the old Ontario Hydro asset base. Bill 35 said that, over 10 years, I believe—I'm going by memory—OPG, then, would have no more than 35% of the generating capacity of the province. I think that's what it said. Experts could tell me differently.

But in that, there's some need to clarify what you mean by "heritage assets," because there are other plants, and I believe that one is Lennox, which is a co-fuelled plant. I think it's natural gas and oil or coal and oil or something like that. It's cogeneration. I could look it up; it's in my notes. There are a number of those assets that could be hydroelectric, that could be considered as local distribution companies—NUGs, non-utility generators. So "heritage assets" is pretty hard, because the only one that was allowed to put electrons on the system prior to us changing the Power Corporation Act was OPG. It had a virtual monopoly.

Now, I'm not sure, but I believe that many of the consortiums that are being developed are retired or former Ontario Hydro people. They will be the ones will come in with the new corporate structures to have subordinating companies within their organizations designing and building generation facilities, or consulting to build generation facilities, whether they're alternative, renewable, natural gas—whatever. You're going to find out that that was core business. That's why I agree with this part of the bill. I don't want to perpetuate the myth that only OPG knows how to create electrons. That's baloney. In fact, if you look at the whole nuclear experiment—I asked the question of some of the Candu people, how come none of the sophisticated economies of the world, like France, have Candu reactors? Are we mandating more Candus that are inefficient? I asked that to Duncan Hawthorne, actually, if their new proposal to refurbish and maybe even build a new reactor at Bruce requires them to build Candu. Murray Elston was at the same meeting, "liberal" or whatever, telling them, "Sure it's Candu." It's his job to sell them.

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The point I'm making is that I need clarity in what you mean by "heritage assets" because I believe you will be

divesting some assets. I think you'll be co-partnering with new organizations that potentially will refurbish Pickering. Right now, Bruce is going through a review of it's a-side reactors and you've just appointed a person to comment on the plan there. The government will be putting money into that A refurbishment, I'm telling you, through the contract language. If you read the Bruce contract, which was an issue brought up some time ago—it's a very complicated issue; did they get a good deal or not?—there is government money in it. The government money is on the tail end, on decommissioning and taking over the asset as it runs down. How much money is put in to keep it up and how long do they extend the contract? This is a very complicated issue in terms of what is a heritage asset. I'm not sure.

"Heritage" to me is probably Niagara Falls, probably existing and operating nuclear, probably some of the fossil operations. In the future, distributed energy will be a new potential source for power, to avoid loss, line leakage. If you have power generation too far away from its point of consumption, you lose 15% of the power getting it to the point of consumption. So there's a whole series of heritage things here—other generation arrangements, whether it's an LDC, local distribution company, that owns the distribution and the generation, or if it's Cominco or some mining company that's actually operating both. Then there's some relationship with the municipality.

I'm kind of in agreement with the government's position on this going forward, but allowing OPG just to bid, with the same culture and the same redundancies that may be part of some of their processes—it needs to be competed with. That's why in a public forum I say this. I think Bruce Energy is a good example of partnering. It's got the power workers' or potentially the teachers' pension fund, a public sector fund, and other investors as well as British Energy. They're being measured against plants like Darlington, which is in my riding, which is quite an efficient plant. I have to be accountable to the people who work there, as well as my constituents who want to feel safe living there. If I can compare Bruce with Darlington, I'm happy to do that and I'm sure they are too, so they know what the best benchmarks are in the nuclear industry and that they can achieve or exceed those benchmarks, and in every sector.

Water power is a good example of heritage resources. There's all kinds of water power close to the source in the north and it would be a lot cheaper than transmitting electrons up north and losing half the power. If it was done by a mining company that needed those people to live there to help them with mining and forestry, and if they owned the power source, I have no problem with that at all; in fact, I encourage it. It makes good business sense.

**Mr Marchese:** I want to be brief because I don't want to be perceived to be stalling in any way. First, I get the impression John isn't supporting my amendment.

Second, to respond to Kathleen Wynne's comments about the point of the bill is to mitigate or the point of the private sector involvement is to mitigate—

**Ms Wynne:** No, that's not the point. I said the point of the bill was to mitigate the vagaries of private sector involvement.

**Mr Marchese:** The bill—to mitigate?

**Ms Wynne:** You were talking about the spot market.

**Mr Marchese:** Yes.

**Ms Wynne:** We're opposed to people being at the mercy of—we talked about that.

**Mr Marchese:** Yes.

**Ms Wynne:** We agree on that piece.

**Mr Marchese:** What I wanted to disagree with you about is, it won't work.

**Ms Wynne:** You've said that.

**Mr Marchese:** Yes, I know. Allowing the retail to come in and gouge consumers and confuse them will continue and it's wrong. The spot market will not mitigate the problems that you're saying. The spot market will continue to cause the unsteadiness—

**Mr O'Toole:** Uncertainty.

**Mr Marchese:**—the insecurity, the uncertainty of prices and the delivery of electricity. I think you won't be able to mitigate it. Your bill will not mitigate it because of the involvement of the spot market and retailing. I wanted to respond to tell you that.

**The Chair:** Mr McMeekin, quickly, and then Ms Wynne.

**Mr McMeekin:** When I ran for mayor in 1994, the late, great, Sterling Hunt, a farmer up in Lynden, gave me the best political advice I've ever received. He said, "Tell them what's broke and how you're going to fix it."

When the opportunity came to run provincially, I went back to Sterling, because he never steered me wrong. I said, "I'm thinking of moving into the provincial arena." He said, "It's different. You have to understand, it's not like being a mayor." I said, "What do you mean?" He said, "In provincial politics you ride down from the mountains after the battle is over to shoot the wounded." I get the very distinct feeling that no matter what we do, a lot of people, some even within our own party, are riding down from the mountain to shoot the wounded.

So we do need to move on. Einstein said you can't solve the problem created by taking all the same approaches. We don't want to do that. We want to try something different and see if it works. We're optimistic it will. Stay in the mountains a little longer, guys.

**Ms Wynne:** I wanted to just go on the record with the draft regulation that, in fact, you should have a copy of, Mr O'Toole. You had a question about the heritage assets. This draft regulation is in the public realm. It was given to you as part of the package on the committee and prescribes the following hydroelectric generating stations located in the Niagara region: Sir Adam Beck 1, Sir Adam Beck 2, Sir Adam Beck pump generating station, DeCew Falls 1 and 2, the R.H. Saunders hydroelectric generating station on the St Lawrence River, Pickering A and Pickering B nuclear generating stations, and Darlington nuclear generating stations. So the heritage assets are—it's very clear what we're talking about. I just

wanted you to know that is available and you should have it in your package if you check. Thanks.

**The Chair:** Thanks, Ms Wynne.

Mr Marchese has asked for a recorded vote. All in favour of the amendment?

**Ayes**

Marchese.

**Nays**

Craitor, Fonseca, McMeekin, O'Toole, Ramal, Wynne.

**The Chair:** The amendment is lost.

**Mr O'Toole:** I move that clause 25.2(5)(i) of the Electricity Act, 1998, as set out in section 28 of schedule A to the bill, be struck out and the following substituted:

"(i) to borrow on the OPA's credit with the approval of the minister."

This is very important because it just says "to borrow on the OPA's credit." Earlier, I raised this issue of creditworthiness, and Ms Wynne has kindly provided a document dated August 17 by the Dominion Bond Rating Service on OPA, the Ontario Power Authority. I have that. Thank you very much for providing it. But I do think it's important not to just provide it but to read it. I'm going to read into the record—the rating is "A (high)" and the quote here that I'm reading from, this transcript provided by the Liberals, is:

"The rating is based on the rating of the" Ontario provincial government, "... (currently rated AA, with a negative trend),"—note that; probably since October last year—"given that OPA is a creation of the province and will receive its powers through provincial legislation and regulation."

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As such, in my view, the government and the taxpayers of Ontario hold all the risk and all the debt. Let's be clear: The Dominion Bond Rating Service did not underwrite OPA as creditworthy whatsoever. In fact, if you go on:

"The OPA's creditworthiness is supported by ... ('Bill 100'), which provides the OPA with a strong ability to meet its obligations, including contract payments"—basically, the implicit support from the province given to the OPA. In other words, you are the debt holder.

That's the point that I want to be made here: The creditworthiness of the OPA has always, early on, been in question by the presenters, those from the marketplace who want to make certain, in their contract arrangements with the OPA, who's going to pay the debt. Ultimately, it's the taxpayer who's going to pay it through rates or taxes. So I need to be certain that the minister approves the credit rating at the OPA.

What we're doing is giving a third-party, independent—who are they? They're not even being approved by any committee that sits on this, the OPA and

the board of directors. They've just exempted the whole review process here and whether or not they can have conflicts etc. They exempted that in an earlier amendment.

Now these potential persons of Liberal leanings are going to come in, much like the ad scandal in Ottawa, and raid the taxpayers of Ontario by committing us to potentially building a whole bunch of gas-fired plants. If you read the futures prices on gas, get ready. Get ready. They're forecasting a 35% increase in gas prices—35%. That's going to show up in the bill. Now, you're going to have a contract. The OPA is going to make all these agreements out into the future to spend this amount of capital. "We'll guarantee you this much for each electron you produce if you'll come on," or run in spinning reserve, they call it. So you're not really on the grid; you're just blowing electrons. Who's paying for that? You are. You're either paying it in rates or you're paying it in taxes. That's the risk here. I want the minister to stand up in the House and say, "We have some exposure here. The OPA's asset liabilities statement as of this year is \$1 billion," or \$2 billion or whatever it is.

I'm happy with parts of this provision. If I go back a bit earlier, it does say that the Provincial Auditor "may" audit the accounts and transactions of the OPA and the IESO. I think that should be strengthened. I may have been remiss here. I'm too late to put an amendment in—unless, of course, I was a government member; they were late and that was permitted—to change "may" to "shall" audit the public accounts.

Would you not agree with that, Mr McMeekin? It's just a creditworthiness question that needs some time.

Thank you for that copy, Ms Wynne, which clarified that the OPA has no credit at all. It's the province of Ontario.

**Ms Wynne:** I just want to be clear about what Mr O'Toole is suggesting be removed from the bill. My understanding of what he's saying is that the following object of the OPA would be removed:

"To collect and provide to the public and the Ontario Energy Board information relating to medium and long-term electricity needs of Ontario and the adequacy and reliability of the integrated power system to meet those needs."

We really feel it's important that that object remain.

With respect to the OPA's creditworthiness, the OPA doesn't exist yet. It's being set up. It has an A (high) rating, based on what we've laid out in Bill 100, and I think it's clear that the plan is good. That's what the A (high) rating means. So I won't be supporting this amendment.

**Mr O'Toole:** I'm surprised that—

**Mr Marchese:** Can I just ask a question, just to understand it? It says:

"... and the following substituted:

"(i) to borrow on the OPA's credit with the approval of the minister."

This language here—and I don't know what precedes it—would allow the OPA to borrow, obviously. Are you

saying this is not good, or good? I don't quite get it, in terms of how you've written this.

**Mr O'Toole:** If you look at clause (i), which it's actually amending—that's the only section it's amending—it currently reads, "to borrow on the OPA's credit." All it does is add "to borrow on the OPA's credit with the" minister's approval. So all it's doing is saying that. Let's be clear: The OPA in itself is not a crown agency. It's not really defined. In fact, it's not passed, even though we've been given—Dominion Bond Rating must approve or believe it's going to be—

*Interjection.*

**Mr O'Toole:** Do you understand: All it's saying is that the minister has to sign it. The minister should sign it, because ultimately, you and I are elected and the Premier is elected and the minister is elected, and they have to explain to the people why he wouldn't let the OPA pass on certain tariffs.

**Mr Marchese:** John, that's a good point. Let's hear the answer to that.

**Ms Wynne:** I think I've made the point about the credit rating. That was your concern. I think we've answered that question.

**Mr Marchese:** His concern is that it just adds "with the approval of the minister."

**The Chair:** Ms Wynne, you have the floor. Continue.

*Interjection.*

**The Chair:** Mr Marchese, could we wait till Ms Wynne responds?

**Mr Marchese:** I just wanted to help clarify.

**Ms Wynne:** Right, and what we're saying is that we think the creditworthiness of the OPA is in place, so we're not going to support the amendment.

**Mr Marchese:** Chair, what about the whole idea of oversight by the minister in this regard, just to continue the extension of the argument he made earlier about other issues?

**Ms Wynne:** There's ministerial oversight of the processes of the OPA. We've put that in place. You're asking that we attach ministerial oversight to every section. That's not what we're going to do. There's ministerial oversight embedded in the processes that are in this framework.

**Mr O'Toole:** I'm afraid we're into—and I'm not trying to be confrontational here. What I say is this: According to Dominion Bond Rating, as well as experts I've talked to in the financial marketplace, they need certainty before they assess risk. The way the bill is structured, this assessment means that the government is on the hook. That's basically what they say, and that's basically what I've heard.

If that is the case, let's be clear with the people of Ontario. What we're saying is that we have a non-elected authority, an unelected, unaccountable body with no oversight by an all-party agencies, boards and commissions committee, or any oversight. Minister Dwight Duncan can appoint his great big bagpeople to oversee this activity and be the directors. None of us will even know who they are, and you won't either. All of a

sudden, they find out that it's gone off the rails a bit. They've contracted for wind power that couldn't deliver; they've contracted for natural gas and the futures prices go through the wall; and all of a sudden they're saddled with a \$4-billion to \$5-billion debt. The way it's currently structured, that debt is off-book debt. It's going to look like OCWA, the clean water agency under your government a few years ago: Off-book debt was all it was.

This is a transparency issue. I urge you: If you agree with one amendment, I'll support the bill, even though there are parts that I don't like. I can live with a lot of it; it's the same as ours. It's probably written by the same ministry civil servants, actually. They have a pretty good idea of this—much better than ours.

I would say that if the minister could just do this one thing: approve or bring to the House or consult, as we've asked earlier, in some forum on whether or not the OPA should sign a 10-year contract with some fossil plant in the middle of Timbuktu or with Manitoba—the big dam in Manitoba—that is a mistake. Howard Hampton cancelled that contract with Manitoba to build that power line all the way down in 1993 when he was Minister of Natural Resources—did you know that?—because they realized they were going to lose about 15% of the electrons by the time they got to where they would be consumed.

All I say is that you need to be clear with the people of Ontario to allow the minister to approve the borrowing schedule for the OPA. It's that simple. It doesn't mean they can't borrow; in fact, I encourage it. It's an agency that's going to coordinate contracting. If you look at their terms of reference, "OPA has the capacity, rights, powers and privileges of a natural person for the purposes of carrying out its objects ... to enter into contracts relating to the procurement of electricity supply in or outside Ontario; to enter into contracts relating to the procurement of electricity supply and capacity using alternative energy sources ... to enter into contracts relating to the procurement of reductions in electricity ... to take such steps as it considers...." These are all things we should be involved in that you're going to get blamed for. At the end of the day, if they screw up, who are they?

It's sort of like what we did with the transitional board of directors for the new OPG. I stand, in retrospect, to be considered for what Eleanor Clitheroe and all those people got paid. That was unacceptable to me. It was then and it is now. I didn't know anything about it. All I'm saying here is that it gives you an opportunity to do the right thing.

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I'm putting this on the record: I think we did not do the right thing and build enough transparency and accountability when we set up the new structures. I have the greatest respect for the IMO and Dave Goulding. I'm saying that in public. I didn't know Eleanor Clitheroe. By the way, Eleanor Clitheroe was deputy minister to Floyd Laughren when he was Minister of Finance. Did you know that? It was all inside baseball. I haven't got a clue about how she got there.

I can just say to you, if you get through with—the OPA is the biggest deal. They're the ones that are going to put the money out there. Whose money is it? It's your constituents' and mine. It's their money. At least let the minister stand up in the House and say, "We have given approval for \$1 billion or a line of credit of \$50 billion," or whatever it is. I think the number is more like \$10 billion. That seems fair. I passionately implore you to support me on this one. I'll even support some of your amendments, even if I disagree with them.

**The Chair:** Wow. Mr Marchese, please.

**Mr Marchese:** Just briefly, it's so wonderful to get a proud history of Conservative involvement in this hydro file—

**The Chair:** What Mr O'Toole is telling us is that he was never on the yacht with Eleanor. He's telling you that today.

**Mr Marchese:** —about transparency and the appointment of certain individuals and so on. But you admit there was a problem.

I wanted to simply point out a little inconsistency with the Liberal arguments here in this regard. On different occasions they have made oversight by the minister a critical part of this bill. What they're now saying in this regard is that they don't need oversight. I believe it's an inconsistency.

The OPA can borrow—that's OK. What the Conservative member is saying is, "The minister should approve." In my view, it would follow, by the logic that has been applied so far by the Liberals on other matters, that maybe the minister ought to have some oversight in this regard as well. I don't see that as a problem. I'm a bit surprised there is opposition to that. I don't think it's a problem at all, actually, to have the minister approve it. I think it's probably good oversight. I just thought I'd point that out.

**Ms Wynne:** I appreciate the deal that Mr O'Toole is putting forward. I don't think we're going to be able to shake hands on that particular deal. What I'm not clear about is whether Mr O'Toole actually understands what the OPA is doing, which is not building generating stations. What the OPA is doing is building a plan. The OPA is going to be gathering data, providing the public with information, signing contracts and so on, but it's not building.

I'm not sure exactly where the concern comes from. The whole system has ministerial oversight as part of the process, so I think it's not necessary here. As I've said, if creditworthiness is the issue, we've got a good indication already that the bodies that measure creditworthiness think we're on sound footing with the way we've set up the processes in Bill 100.

**Mr Marchese:** When we're dealing with retrofitting a nuclear plant, who borrows the money to pay for that? Is it the new Ontario Power Authority? Wouldn't it be them?

**Ms Wynne:** I'm going to have to ask staff to answer that question.

**Mr Marchese:** That's my point. My point was that it has nothing to do with new generation.

**Ms Wynne:** No, I understand your point, but I'd like to get some clarity.

**The Chair:** Mr Marchese, we have some people from the—

**Ms Wynne:** That would be great. Thanks.

**Mr Marchese:** I'm not trying to delay you.

**Ms Wynne:** No, no.

**The Chair:** Sir, could you just identify yourself for Hansard, please?

**Mr Rick Jennings:** Rick Jennings, director, energy supply and competition, Ministry of Energy.

**Mr Marchese:** What's your title again?

**Mr Jennings:** Director, energy supply and competition.

**Mr Marchese:** "And competition" or "in competition"?

**Mr Jennings:** "And competition."

**Mr Marchese:** Isn't that interesting. Is that a new title?

**Mr Jennings:** It's probably about a year old.

**Mr Marchese:** Since they came in, or before?

**Mr Jennings:** Preceding them.

**Mr Marchese:** It does, eh? We'll have to check that out.

**Mr Jennings:** I didn't really come up to talk about that, though.

**The Chair:** Proceed, sir.

**Mr Jennings:** In terms of nuclear plant refurbishment, if it's an OPG nuclear plant, then OPG would have to finance that—OPG, not the OPA.

If Ontario Power Generation, for instance, have approval to proceed with unit 1 of Pickering A, they will have to finance that. Some of it would come from their cash flow and some of it, depending on their cash flow, they may have to borrow. But the Ontario Power Authority is principally identifying resource requirements. They will then put out, for instance—the RFP that we were talking about—the 2,500 megawatts. Those would result in contracts with generators. Nothing is paid until the generation is actually built and operating, and then there would be monthly payments based on either their production or their available capacity.

**Mr Marchese:** Just to stop you for a second: OPG becomes OPA.

**Mr Jennings:** No. The example of the nuclear plant refurbishment: If Ontario Power Generation did that refurbishment, and the example is the Pickering A unit they've been approved on, they have to finance that themselves and then they have to recover those costs. In this case it would be the regulated rate; if it were someone in the market, it would be through the market price.

The Ontario Power Authority, on the other hand, will be principally contracting with other generators. So their borrowing requirements related to the generation and capacity contracts would be fairly small. They will have monthly operational things, and I think that's principally, in terms of why it's not set out that they would have to get ministerial approval all the time, that it's expected they would have fairly modest borrowing requirements.

**Mr Marchese:** Yes; on the 2,500 megawatts of power, obviously, that we're talking about.

**Mr Jennings:** Yes.

**Mr Marchese:** They would be partners with others and not controlling it, something we talked about earlier, so it's not a lot of money we're talking about.

**Mr Jennings:** Ontario Power Generation could participate in that RFP, but as part of a partnership.

**Mr Marchese:** OK.

**Mr O'Toole:** That's very good. I think that clarifies with OPG's position that they had to issue a bond to get the money to build the plant and they had to establish a cash flow when they started to sell electrons, right?

**Mr Jennings:** Yes.

**Mr O'Toole:** That's it. That's how that works.

**Mr Jennings:** That's for Ontario Power Generation.

**Mr O'Toole:** They carry the debt and they're a crown agency.

**Mr Jennings:** Yes.

**Mr O'Toole:** If they're contracting with—let's say there's a review of Bruce Energy on the A reactor. It's not government; it's the private sector. There would have to be capital expended either through the investment market to refurbish those assets or other contractual agreements made through rate or other—

**Mr Jennings:** Yes.

**Mr O'Toole:** Who is going to be making that agreement? Is it going to be OPA with Bruce? And Bruce could be guaranteed a cash flow to repay the debt or build confidence with their investors.

**Mr Jennings:** Yes. The Ontario Power Authority could contract with Bruce. You referred to the Bruce negotiators. The government is already engaging them in discussions about that. But an example could be that there are two Bruce units that potentially could be refurbished. They could enter into a contract for those. If Bruce Power needed to spend money to refurbish it, they would have to borrow on their behalf or finance it through their cash flow or whatever. Once they were producing power under this contract, they would start getting paid whatever the payment arrangements were under the contract.

**Mr O'Toole:** That's how OPA would make payment arrangements? "We'll pay you so much based on"—

**Mr Jennings:** Yes. So the flow is that when the OPA is making these payments, those payments get flowed through to customers on the month. But they wouldn't be financing the project up front. The proponent would be financing on the basis that they would ultimately have a contact.

**Mr O'Toole:** That clarifies it to some extent. What it says to me is that a third party—I don't criticize it, by the way—is out making these very sophisticated agreements on supply and assurance of supply and all kinds of contract arrangements based on the goals and objectives of this supply and stability act, or whatever it's called, so that they will have no real capital debt liability.

**Mr Jennings:** Very limited. They may have, for operational reasons. The Ontario Power Authority itself is

principally a contracting agent in terms of their financial flows.

The question about the credit rating has come up because independent generators, people who want to build projects, in order to finance their projects, need to know that they're dealing with a creditworthy counterpart. So the Dominion Bond Rating Service, and Moody's as well, has said that, based on the legislation as put forward, they would give it creditworthy rating.

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**Mr O'Toole:** That's where it becomes a bit circuitous. If they make a contract with a supplier who can't deliver, and they've got a contract that says, "We're going to pay you so much based on these agreements," in that respect the province will hold the debt. Let's say that it becomes very inefficient, as you know it has—many of the natural gas plants have not run because the price of the source fuel was too expensive and the contracts they had just didn't permit them—before they had to take a loss as opposed to an exceptional cost.

**Mr Jennings:** Yes.

**Mr O'Toole:** These things will occur, and at the end of the day these contracts that have been made—we may have to go out and repurchase the power based on some third-party supplier, whether it's the US or whatever. This is what I'm talking about. It's such an important issue where it will affect price based on what agreements it made on price independent of the systems operator, the energy board—I know it's a huge, large and important organization. I have a lot of respect for the IMO. I'm not sure why we got that all separated when we've just improved some of its functionality, but we're well beyond that in this bill.

**Mr Jennings:** In terms of the potential liability, an example is that the 300-megawatt renewables RFP will be based on payments based on production. So it would be so many cents per kilowatt hour. So if a producer did not produce power, the Ontario Power Authority wouldn't have any liability to pay them and those costs wouldn't come from the consumers. So part of it is how the contracts get structured. You'd want to put the risk of operating and maintaining availability on the actual generator.

**Mr O'Toole:** This is productive, and I'll tell you why. If you look at the real cost of wind power, it used to be stated as 11 cents; now it's in the order of seven cents per kilowatt. Now, if you're marketing power at 4.3 cents, 4.8 cents and 5.3 cents, whatever the number is, for the actual electron charge, if you're going to subsidize it, is it the OPA that's subsidizing it? Where does that cash flow come from for them—the real cost? If they're only doing a 30-megawatt project and it's going to take them, to get up to stream—they're going to have to be subsidized, directly or indirectly. Directly will be through rate, rate which will be spread by the energy board or rate which will be directly subsidized through government policy, which would be—I don't know; they could do it a number of different ways—through tax strategies.

**Mr Jennings:** The cost of the contracts would be passed through each month to customers in their bill. The

customers who are on a stable rate plan—that's dealt with in the variance accounting; the rate plan would try to forecast that, but there might be some variance. But the idea is that the payments under those renewable contracts get settled that month with the customers on the other side. So there would now be—

**Mr O'Toole:** So it's going to be subsidized by the rest of the rate, really.

**Mr Jennings:** The cost is going to be picked up by the rest of the ratepayers, yes.

**Mr O'Toole:** That's very helpful. I'm thankful that we brought staff to the table. The arguments being made, if I'm correct, the heritage assets—whether they're nuclear and they're costed correctly is a whole debate for another day. But they're actually going to be subsidizing these new renewables, because they're cheaper. They're saying that they can do coal and they can do nuclear at three and four cents, but some of the stuff we're bringing on-line is going to be five-, six- and seven-cent power.

**Mr Jennings:** The system will work so both the regulated price adjustment and the adjustment potentially for the renewables or some others will all happen the same month.

**Mr O'Toole:** So it will all look like it's a blended rate. Is that right?

**Mr Jennings:** Yes. There will be an adjustment that deals with all those—contract and regulated price. It will flow through basically settled on the bills of the month, so there isn't going to be an ongoing fund or something.

**Mr O'Toole:** I thought the OEB could only set the price once a year.

**Mr Jennings:** Well, there is going to be a variance account to deal with the difference between the rate plan—

**Mr O'Toole:** Which will carry forward?

**Mr Jennings:** But when they set the rate plan, they're to look at the expected market price plus the various adjustments. In other words, they would be looking at the sum total of the regulated generation assets, at the contracts for renewables, the other types of arrangements, and the market price, and while they're obviously going to try to forecast so that it will be the same, there will inevitably be some month-to-month difference between what the rate plan customers pay and these, and that will be a variance. The next year, when they settle it and set the new rate, they will clear the variance account.

**Mr O'Toole:** Thank you, Mr Jennings. That was very helpful—to me, anyway.

**The Chair:** Any further discussion? All in favour of the amendment?

**Mr O'Toole:** Recorded vote.

**Ayes**

McMeekin, O'Toole.

**Nays**

Craitor, Fonseca, Ramal, Wynne.

**The Chair:** The amendment is lost.

Mr Marchese, please, number 29?

**Mr Marchese:** Yes, I'm here. I move that section 25.2 of the Electricity Act, 1998, as made by section 28 of schedule A to the bill, be amended by adding the following subsection:

“OPG restrictions

“(6) Ontario Power Generation has the right to bid on all contracts for electricity supply, but its bids must not include adding new capacity for generation by coal or nuclear reaction.”

That's quite self-explanatory. Obviously, this would allow the OPG to bid on all contracts so that Ontarians would have the benefit of public power and not just private power in new generation. I made arguments about this before, and I don't want to belabour the issue, Mr Chair. I'm ready for a vote.

**The Chair:** A recorded vote's been requested. Discussion?

**Mr McMeekin:** Yes, briefly. In the fullness of time, we may come to that conclusion, but I think it's too early at this point to make that determination. If it was just limited to coal, I would support it. But with the nuclear side, which, frankly, I'm still struggling with, I think there are some issues that we need to explore there. The Darlington tour was helpful to me, as were some of the other presenters. I'm having a little difficulty with the nuclear, described in this house as the quintessentially green energy. I'm having a little trouble with that. But I think it's too soon. I think this jury, personally, is still out, and I think many of us feel the same way. I don't want to tie our hands by supporting it at this point.

**Mr Marchese:** Recorded vote.

### Ayes

Marchese.

### Nays

Craitor, Fonseca, Ramal, McMeekin, Wynne.

**The Chair:** It is lost.

The next one—Mr O'Toole has left for a moment. Ms Wynne, then, to keep proceedings going?

**Ms Wynne:** I think we've talked about the need for an expeditious process. This amendment would slow that process down. We need to get moving, so we're not supporting it. I'm not supporting it.

**Mr Marchese:** And we say that people should go through a standing committee process, we really do.

**Mr McMeekin:** We've had this debate already.

**Mr Marchese:** We did. We're just repeating our arguments. We think the Liberals are wrong.

**Mr McMeekin:** I suspect nobody's changed their position on it.

**Mr Marchese:** Does it have to be read in for the record, Mr Arnott?

**The Clerk Pro Tem:** The proposed motion from Mr O'Toole would have to be read.

**Mr Marchese:** It has to be read by him?

**The Clerk Pro Tem:** Yes.

**Mr Marchese:** Could I just read it for the record on his behalf?

**The Chair:** I don't believe we can do that, Mr Marchese.

**Mr Marchese:** OK, then. That's fine.

**The Chair:** We'll just stand down now until he gets back. Ms Wynne, please?

**Ms Wynne:** I move that subsection 25.4(4) of the Electricity Act, 1998, as set out in section 28 of schedule A to the bill, be struck out and the following substituted:

“Directors

“(4) No person who is a member of a class of persons prescribed by the regulations may hold office as a director of the OPA.”

**Mr McMeekin:** It's pretty obvious.

**Ms Wynne:** Yes, I think it's clear what we're doing here. It mirrors what we've done in a previous amendment.

**Mr Marchese:** I'm sorry, could you explain that briefly for me, because I wasn't here then?

**Ms Wynne:** Right now, Bill 100 lays out some very severe restrictions on people who may serve as independent directors. We dealt with this vis-à-vis the IESO. What this amendment does is provide that that enumeration of those restrictions would be done in regulation. We received advice that they were too restrictive and we weren't going to be able to find people to fill the roles. So we need to go back to the drawing board and rewrite those restrictions.

1650

**The Chair:** Any further discussion? All in favour of the amendment? Opposed? It's carried.

The next two are Mr O'Toole, and he's not here. Let's go to 34. Mr Marchese?

**Mr Marchese:** I move that subsections 25.11(1), (2) and (3) of the Electricity Act, 1998, as made by section 28 of schedule A to the bill, be struck out and the following substituted:

“25.11(1) The minister shall establish an office known in English as the Conservation Bureau and in French as Bureau des économies d'énergie to provide leadership in planning and coordination of measures for electricity conservation and load management in Ontario and to engage in such activities as may be prescribed in the regulations.

“Chief energy conservation officer

“(2) The chief energy conservation officer shall be responsible for managing and supervising the management of the business and affairs of the Conservation Bureau.

“Appointment

“(3) The minister shall appoint the chief energy conservation officer.”

This would establish the conservation bureau as an independent entity. The current bill has it as an office within the Ontario Power Authority. This, by the way, agrees with many environmental groups who came before us in virtually all the hearings we held outside of Toronto that said that this conservation bureau ought to

be independent. There wasn't one group that probably disagreed with this. I suspect that most of us will remember that the majority said it should be independent. We agree with that. We think it should have its own objectives without having to be impeded by or responsible to or subsumed under the authority. We think it would have more authority on its own. We put it forth in agreement with so many groups who suggested as much.

**Ms Wynne:** This is an issue that we heard a lot about, as Mr Marchese has said. We have talked about it and have deliberated on this long and hard. The decision is that we believe it is in the best interests of the people of the province that we have an integrated model, that the conservation bureau not be marginalized by being separate from the Ontario Power Authority, but that it be embedded in the Ontario Power Authority. Its role is to provide assessments and forecasts to the power authority. The power authority then builds a plan that it takes forward, and in that plan will be reflected the considerations that have been brought forward by the conservation bureau. What we want is for there to be a seamlessness there. We don't want the conservation bureau to be a body that doesn't have to be attended to. As I say, after much conversation, our position is that this model will provide a more integrated model and will actually give the conservation bureau more status in the creation of the plans that the Ontario Power Authority puts forward.

**Mr Marchese:** Mr Chair, I don't agree with the arguments and I don't remember any one environmental group coming to make the case that the Liberal members have concluded. This is an argument that they're making. We think it's not the case. We think that their independence would make them stronger, not weaker. I just thought I'd say that.

**Mr McMeekin:** There were many groups that spoke to this issue, and some did suggest, enthusiastically, as a matter of fact, that the conservation bureau be spun out separate and distinct. But the more predominant comment—and I've gone over these, made as copious a set of notes as I can—the overwhelming concern that was being expressed wasn't so much about the structure as it was about not seeing conservation marginalized. I think it was Jefferson who said, "On matters of principle, stand like a rock. On matters of taste, swim with the stream." In this regard—we've looked at it, the minister has looked at it and others have looked at it—we feel that the best way to stand on the principle is to make sure the principle of conservation isn't marginalized or ghettoized, that it in fact is integrated and becomes part of the everyday working assumptions. So we believe, in that context, that most of the groups that expressed concern about the conservation principle would in fact embrace that.

**Mr O'Toole:** Generally, I can support the government's intent here as diversification and the supply side. I understand the public power argument. I've heard it several times today and I've read a copy of Public Power as well. So I think I'll be voting against this amendment.

**Mr Marchese:** I just wanted to put a different view from Ted's. His notes are not what I remember, based on what you said. Most groups felt that if they had a conservation bureau that was independent, it would probably be much more engaging and much more focused on what it ought to do by way of conservation. That's what I think they meant. Most of them did say that while it has the power to undertake conservation programs directly, its main role seems to be as an enabler, as a facilitator. A lot of groups spoke to that in terms of its weakness. That's why I believe they were saying an independent bureau would be much more aggressive in its conservation kinds of suggestions and ideas. That's what I remember. I don't remember it like that at all, Ted.

**Mr McMeekin:** I have a slightly different recollection, but you may be right; I don't know, Rosie. I know that many groups articulated that they wanted to see conservation expressed as a distinct and particular value, and I think we've made some efforts to do that.

If I can be so crazy, I suppose, maybe it's the difference between being in caucus and being in cabinet. If you want to advance a case, it's a little easier if you've got some of the key players right there at the table. We want to make the conservation players key people, and we think this is the best way to do it. We may be right, we may be wrong, but at the moment we think that's the best way to go.

**Mr Marchese:** Recorded vote.

**Ayes**

Marchese.

**Nays**

Craitor, Fonseca, McMeekin, O'Toole, Ramal, Wynne.

**The Chair:** It's lost.

Mr O'Toole, in your absence we stood down a couple of your motions, and we'll go back.

**Mr O'Toole:** I appreciate that.

I move that clause 25.4(2)(b) of the Electricity Act, 1998, as set out in section 28 of schedule A to the bill, be struck out and the following substituted:

"(b) 10 additional individuals who are appointed by the Lieutenant Governor in Council and ratified by the standing committee on government agencies."

The previous argument I put forward stands here. It's the issue of transparency and accountability as outlined in the Liberal election document, Government that Works for You. I won't cite that again. But for those who have an interest in Hansard, it seems to me it gives the minister absolute authority to appoint people who, in my view, need to have some oversight for the public good in this commodity area of electricity.

**Mr Marchese:** Recorded vote.

**Ayes**

Marchese, O'Toole.

**Nays**

Craitor, Fonseca, McMeekin, Ramal, Wynne.

**The Chair:** It's lost.

**Mr O'Toole:** I move that subsection 25.6(2) of the Electricity Act, 1998, as set out in section 28 of schedule A to the bill, be struck out and the following substituted:

“Exception

“(2) Despite subsection (1), the appointment of the first chief executive officer of the OPA shall be made by the Lieutenant Governor in Council and ratified by the standing committee on government agencies, but nothing in this subsection prevents the board of directors of the OPA from appointing any subsequent chief executive officer.”

It's the same argument here; it's accountability. If you look at the section, it says that the minister shall appoint them. Again, in the previous amendment the Liberals have moved that they have removed a number of the clear exceptions before where there may be perceived or real conflict. With your indulgence, that's the point I'm making.

**Mr Marchese:** John, the first part says that you've got to refer this appointment through a standing committee, and you're saying that further ones don't have to. What's the logic of that?

**Mr O'Toole:** Once the board is established and these people are appointed by a process, they among themselves could appoint the CEO. I think that's what exists today. It's just the first one that's going to be appointed by the minister. “The board of directors of the OPA shall appoint a chief executive officer of the OPA.” That's 25.6(1).

**Mr Marchese:** That's quite clear.

**The Chair:** Any further discussion? All in favour of the amendment? Opposed? That's lost.

**Mr Marchese:** Mr Chair, the time? I know you would like to finish more business, but we agreed that at 5 we are ending our business.

**The Chair:** Can we just tie up this last one?

**Mr O'Toole:** Yes. I move that section 25.9 of the Electricity Act, 1998, as set out in section 28 of schedule A to the bill, be amended by adding the following subsection:

“Same

“(2) Despite subsection (1), no delegation of powers or duties shall be made to a person who is ineligible to hold office as a director of the OPA by reason of subsection 25.4(4) or to a body that is an entity referred to in that subsection.”

Arguably, there was a previous amendment by the Liberal government that precludes a lot of those restrictions of appointments. I just think there needs to be some oversight into the governance of both the OPA and the IESO. That's really all I'm asking for here, a sense of oversight, not to diminish the power of the government to do as they wish, which they certainly will. That's my argument.

**The Chair:** Discussion?

**Ms Wynne:** We've actually made this argument before. What we're trying to do is not limit input from the people we need to hear from. So I won't be supporting this amendment.

**The Chair:** Any further discussion? All in favour of the amendment? Opposed? It's lost.

This committee stands adjourned until 10 tomorrow morning.

*The committee adjourned at 1703.*

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