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**Official Report  
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(Hansard)**

**Tuesday 29 May 2012**

**Journal  
des débats  
(Hansard)**

**Mardi 29 mai 2012**

**Standing Committee on  
Estimates**

Ministry of Energy

**Comité permanent des  
budgets des dépenses**

Ministère de l'Énergie

Chair: Michael Prue  
Clerk: Valerie Quioc Lim

Président : Michael Prue  
Greffière : Valerie Quioc Lim

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Hansard Reporting and Interpretation Services  
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111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
ESTIMATESCOMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES

Tuesday 29 May 2012

Mardi 29 mai 2012

*The committee met at 0900 in room 151.*

## COMMITTEE BUSINESS

**The Chair (Mr. Michael Prue):** The meeting is called to order. There are a couple of rulings and statements that have to be made first before we get to questions.

At the last meeting, Mrs. Piruzza asked about the time used to debate a motion moved by Mr. Leone. As you will recall, the committee dealt with the motion outside of the 15 hours allotted for the consideration of the estimates of the Ministry of Energy.

It is the practice of the committee that substantive motions be dealt with outside of the time allotted for consideration of a ministry's estimates. With the nature of such motions, it is difficult to assign the time used to a specific party or parties. A motion that is moved by one party may be spoken to by committee members from other parties.

These motions may be dealt with before or after consideration of a ministry's estimates in a meeting.

## MINISTRY OF ENERGY

**The Chair (Mr. Michael Prue):** We will now resume consideration of the estimates of the Ministry of Energy, vote 2901. There is a total of 11 hours and 11 minutes remaining. When the committee adjourned at the last meeting, the government had 15 minutes left of its 20-minute turn, so it is now the turn of the government. Following that, we will go into rotation at 20 minutes per party.

Over to the government. You have 15 minutes.

**Mrs. Teresa Piruzza:** Chair, if I could, just to clarify your ruling on that: So your ruling was with respect to substantive motions? Is that the language I use? Sorry; I couldn't hear that first part. Any substantive motions are outside the 15 hours: Is that what you indicated?

**The Chair (Mr. Michael Prue):** That's correct.

**Mrs. Teresa Piruzza:** Okay. I just wanted to make sure I heard that correctly.

And the time left is 11 hours, 11 minutes?

**The Chair (Mr. Michael Prue):** For this minister and this ministry.

**Mrs. Teresa Piruzza:** Okay, thank you. Thank you for the clarification. I appreciate that.

**Mr. Yasir Naqvi:** Chair, I'll start the questioning this morning.

Good morning, Minister. Good morning, Deputy.

**Hon. Christopher Bentley:** Good morning.

**Mr. Yasir Naqvi:** Very good to see you here today. Thank you very much for your deputation up to this point.

Minister, I wanted to start with asking you questions a little bit about the microFIT program under the Green Energy Act. I have the distinct honour of representing a downtown community, Ottawa Centre, as you know, which is fairly densely populated—a lot of condominiums, a lot of residential homes, quite a few businesses. We've seen tremendous interest in my community for microFIT projects. In fact, it's very interesting to see solar panels just popping up on roofs, literally.

One other area where we have seen quite a bit of interest in the microFIT program, and in solar panels in particular, is in faith communities. So churches, mosques, temples are starting to not only apply for microFIT, but we're also actually seeing panels being installed, which obviously has created a lot of jobs, a lot of opportunities, not to mention the production of solar, clean energy.

I'm continuously being asked by my constituents how to take part in the microFIT program. So the question I have for you, in light of the tremendous success in my community: What is being done from your ministry's point of view, from OPA, to ensure that the program remains strong as we move forward with the FIT review and its implementation?

**Hon. Christopher Bentley:** Well, thank you very much. It's interesting that you mention an interest not only from residents, from those in condos, from apartment owners, but also faith communities. I was in Mississauga just the other day. I was at a United Church, and they have a green sustainability initiative that is very broad, very wide-ranging. Participating in green energy is one of the planks that they have for their community's green initiative. So they have worked very hard. They've obtained a microFIT contract and they have solar panels up on the roof that are generating electricity. It's not only good for the community; it is very much part of who they are as a faith community.

There are thousands of communities, individuals and residents in Ottawa, in eastern Ontario and throughout the province of Ontario, both in urban and rural communities, who are participating in the green energy

program, in particular in the microFIT. MicroFIT are up to 10 kilowatts: relatively small, but there are thousands. We have, up to this point in time, 15,000 connected or ready to connect to the grid already, so a very broad base of participation by rural and urban members.

That was one of the initiatives of the Green Energy Act, in particular, that people would be able to participate in. You didn't have to be the largest utility. You didn't have to be Ontario Power Generation; you didn't have to be one of the very large international utilities to participate in the generation of electricity. It really has brought it back to the ability of individuals or communities or collectives or co-ops to participate in the generation of electricity: enormously successful. Lots of people want to participate.

So the first question is: When we started the review, did we want that to continue? And the answer very clearly is yes. We want to enable people, both urban and rural, to participate in green energy, participate in cleaning up our environment, participate in the generation of electricity.

The next question is: How, through the review, can we make sure that they are able to participate?

One of the things that we heard during the course of the review—and it was an enormously extensive review—was, “Do whatever you can to simplify the approach, the application process through the Ontario Power Authority and the local distribution company. Do whatever you can to simplify that.” People would rather have an answer early, even if that answer is no, than try and work through a process for many months or longer and not get an answer or get the no at the end of a long period of time. So the first step was to make it as simple as possible.

Then determine very quickly, as early as you can, whether there is the ability of that very good project to connect up. Every community is different—urban, rural; everyone's different—and the ability to actually not only put the project up on a roof, for example, but actually connect it into the grid so you can actually participate and generate electricity differs all around the province. It doesn't instinctively or always mean that an urban community is more difficult to connect in than a rural community. That distinction is not correct, but every community is different. So give people the understanding, the information, very early on as to whether they can connect or not connect so they know whether they should pursue their application.

So streamlining the process; giving them a better knowledge as to whether they can connect or not very early in the process.

Let them know what is expected of them as early as possible—that's what we're doing; work very closely with the local distribution companies—that's what we're doing; let them know what the price is going to be. And, of course, one of the things that we took a look at through this review is what the price should be. We want to encourage people to participate. We also want the return and the price to be fair not only to the participant, not

only to the installers, the manufacturers, but it needs to be reasonable and fair to the ratepayers and taxpayers of the province of Ontario. Through the review, we determined that a price reduction for these projects was appropriate, and that's what we've conducted. At the top end, the price reduction is about 30%, a very substantial reduction, but that was appropriate because the cost of materials has come down substantially.

There are many thousands of applications, lots of people quite anxious to go, and the Ontario Power Authority is now in a position—or soon will be, once the new rules are posted—to be able to assess these applications according to the new rules and the new prices. But as I say—you hit the nail on the head at the beginning—people are very excited about the ability to participate.

**Mr. Yasir Naqvi:** Yes, absolutely, Minister. I can tell you that even with the review and the reduction in prices, I have not seen interest subsiding, at least on the part of my constituents. I have now posted two information sessions on microFIT, how to apply and the process to go through, with a lot of suppliers, because there are a lot of local jobs that are involved. As well, I participated in a third one.

In fact, I would love to participate, but apparently I don't have the perfect south-facing roof, so I've recently joined a co-op, OREC, Ottawa Renewable Energy Co-op, which is very active in looking for projects within the Ottawa community and who have a very good following, to see how to participate in FIT or microFIT projects.

Let me talk about and get your views on the impact on the economy of the microFIT program. I have seen, as I mentioned earlier, some direct impact in my community in terms of people being employed, companies who are small business operators—local companies, reputable—who have gone from maybe three or four employees, and who existed for a long, long time, since the Green Energy Act have gone to 50-plus employees, almost up to 100 employees, because of the volume of business that they're doing. These are good-paying jobs that are being invested right back in our local economy, in my case in Ottawa.

**0910**

In your view, how is the microFIT program helping Ontario's clean energy economy—some facts, some statistics, some data that you may have to share with the committee members.

**Hon. Christopher Bentley:** Thank you very much. You're absolutely right: Our approach to the green energy program in the province of Ontario has been very much not only to encourage the production of green energy, renewable energy, in the province of Ontario, but also to encourage it in a way that supports new jobs, job creation and the local economy. We've done that by requiring that every green energy project in the province have an Ontario content. Parts, labour, materials—a substantial proportion of those have to be produced and made in the province of Ontario. That makes our feed-in tariff program different than in many other jurisdictions around the world. Because of that requirement, we have

30 manufacturing facilities that have either established or are committed to establishing in the province of Ontario. Because of that, a substantial part of the \$27-billion-plus in investment that has already flowed into the province Ontario is committed here because they know they actually have to produce the materials here in the province. Because of that, we've been able to generate—it's over 20,000 jobs, and we're on track to 50,000 jobs through this Green Energy and Economy Act.

Because of that, when you see panels going up on a roof or a ground mount—even the smallest—what you know as soon as you look at it is that a substantial part of those panels has been produced in the province of Ontario—the system on which the panels are installed and the materials of which they're made. That's the same for solar and for wind. You look at a wind turbine: The steel might have come from Algoma in Sault Ste. Marie. The tower might have been constructed at CS Wind, down in Windsor. The blade might have been constructed at Siemens in Tillsonburg. You are seeing a substantial Ontario component, made by Ontario workers, that's part of every one of these projects.

But it doesn't end there, because, of course, producing a blade in Tillsonburg or producing the tower at CS Wind or taking the steel from Algoma—you think of all the workers who are involved in that. Somebody's transporting that steel. When you get the tower, the tower is moving from its location to where it's going to end up. You're having a base. You'll have the engineering and the design study. You've got, of course, the legal work, if I can put that in there. You've got all the related technical and other work. And much of that will be local—either the community or the surrounding area. You've got the people who are involved in constructing the base and preparing the site. You've got the electrical and related companies that are actually installing, whether it's a tower or a solar panel on a roof. Those would be local companies. It might not be all they do. Many of these companies don't just have one client that they work for. Many of them work for a whole range of clients. But if they're not doing that work, they may or may not be able to substitute other work in for it. So it's a very substantial contribution to the income of these companies, which might not look like green energy companies, but they are benefiting very substantially from it—a huge amount of income.

Where does the income go that the electrical company gets for putting up an array or even a single series of panels on a roof, whether it's a condominium, a residence, a faith-based community centre or school—where does that income go? Well, of course, it stays in the community, and so you get the spinoffs from there, because most people—they're earning income and are turning it back into the community—a very, very substantial contribution to the local economy. I think that's a message that we haven't told as often or maybe as well as we could and should. This money is flowing into a community because local community residents wish to participate. It's flowing into a community because those

residents have said, "We want to participate"—you mentioned a co-op—through the solar, wind, or, in some cases, biogas project. It's not just the landowner or the residence owner or the co-operative; it's all of those related businesses locally that are participating. You're generating jobs—full- or part-time jobs—but you're generating income from the community for the community, that stays in the community and helps the community continue to prosper and thrive.

In farming communities, for example, one of the messages that I've heard, whether it's a solar participation on a rooftop, whether it's a ground mount, whether it's some wind turbines—the income from that is helping, in many cases, farms be more sustainable.

**The Chair (Mr. Michael Prue):** At that, I'm going to have to stop you. The 15 minutes has now expired.

Over to the Conservatives: You have 20 minutes.

**Ms. Lisa M. Thompson:** Thank you very much. It's a pleasure to be here this morning.

Minister Bentley, I have a variety of questions for you. You touched off this morning speaking about microFIT contracts; that 15,000 microFIT projects have been connected or are ready to connect. I have a question for you, and I want specific numbers, and if you can't answer, maybe your support folks can. How many microFIT contracts have expired since the green energy initiative was started by your company?

**Hon. Christopher Bentley:** Sorry? How many microFIT contracts—

**Ms. Lisa M. Thompson:** Have expired.

**Hon. Christopher Bentley:** Expired in what way?

**Ms. Lisa M. Thompson:** That their contracts are no longer honoured, even though they've invested their life savings, upwards of \$500,000 in one instance; they've invested a lot of money and built a business plan based on a return of 80 cents a kilowatt, only to be told, "I'm sorry, your microFIT contracts have expired." How many do you have on record in that regard?

**Hon. Christopher Bentley:** It sounds like you're speaking about a specific case. Does the estimate of \$500,000 relate to a specific—

**Ms. Lisa M. Thompson:** No, I'm talking generally. That was just one example. How many microFIT contracts have expired?

**Hon. Christopher Bentley:** That would be a very substantial investment for a microFIT contract. Are you actually talking about microFIT—

**Ms. Lisa M. Thompson:** I'm talking about microFIT contracts, yes.

**Hon. Christopher Bentley:** When you say "expired," are these applicants who have invested before they had a contract? Are these applicants who have received a contract under the initial start but found that their contract was going to be constrained? Are these applicants that received a contract and have not connected that contract within the timelines that they were given?

**Ms. Lisa M. Thompson:** Bingo, right there.

**Hon. Christopher Bentley:** So the latter?

**Ms. Lisa M. Thompson:** Yes.

**Hon. Christopher Bentley:** How long ago would they have been given the contract? The dates are sort of important, given the initiatives that have been taken.

**Ms. Lisa M. Thompson:** I will take it this way. Do you recall how many letters I've sent to you to date from, specifically, folks from the riding of Huron-Bruce, with issues concerning their microFIT contracts?

**Hon. Christopher Bentley:** Off the top of my head, no. Again, I think what's important is to make sure that we understand the dates for the specific contracts and whether they were contracts or applications.

For example, under the initial launch of the microFIT program, there was a great rush of interest—many, many people wanted to participate—but it turned out that in a number of parts of the province, even though very substantial efforts were being made by Hydro One to upgrade either wires, poles, capacity, transformer stations—a number of contracts for projects were not going to be able to be connected. They were constrained. And some of those individuals had proceeded along on the basis that they would be connected. So with those constrained projects—and I'll just identify that as a class of project for the moment. There may be others—

**Ms. Lisa M. Thompson:** How many constrained projects are there?

0920

**Hon. Christopher Bentley:** There may be others. We'll just grab that number for you.

What the minister did last August was indicate that we would give these constrained projects several options so that they could continue to participate if they wished. Those options included moving the project to another location or moving the contract to another location that was eligible—

**Ms. Lisa M. Thompson:** Micro or solar gardens etc.?

**Hon. Christopher Bentley:** —joining up in a co-operative so that they could participate with a number of others that would be aggregated together to participate, deciding they did not wish to participate, or transferring their contract to somebody else so that they could participate indirectly if they wished. So that process is going on at the moment, and there was a previous call in—I believe it was in August of last year—for people to indicate whether they wished to continue. The Ontario Power Authority is putting out another call that, at the moment, I believe lasts till the end of May. I'll just get confirmation on the date. So people can exercise one of these options.

Many will not have invested any money or done anything; others will have. There may be people in different states, but the Ontario Power Authority is determining at the moment which of those wish to participate or relocate or assign or combine or participate in a project that's already being built through other means.

So that's one of the classes potentially of what you were asking me, and we're just going to get the total number of constrained projects.

**Ms. Lisa M. Thompson:** Very good. That number's going to be important, because there are a number of

constraints specifically who built their business plan upon a return of 80 cents a kilowatt, and, unfortunately, now they're being told, "Your contract has expired, and by all means we're still supporting you. But guess what? You have to reapply at 44 cents a kilowatt," or 50 cents or less. So based on those broken promises, how many lawsuits do you expect?

**Hon. Christopher Bentley:** The constrained projects that I was speaking of—they have contracts. Their price is protected at the—

**Ms. Lisa M. Thompson:** At what level?

**Hon. Christopher Bentley:** At the 80 cents a kilowatt. This is the class of constrained projects that I was speaking of. That's why I asked what types of projects specifically, when was the contract issued and how are they participating? That's important, because the contracting date is important in assessing whether they are affected or not affected by rules or rule changes, or whether they even have a contract.

You see, the constrained projects that I was speaking of had contracts. The minister had issued the directive last August—I believe August 19. Their contract price is protected, and so this whole series of constrained projects—within that class we're working to get how many wish to exercise one of the options, so we don't have a final number just yet, and won't until they make their decision by May 31. But there are a lot of different—with all of these contracts, we're talking about thousands of applications. I think that's—

**Ms. Lisa M. Thompson:** I'm speaking about contracts specifically.

**Hon. Christopher Bentley:** Yeah, but—

**Ms. Lisa M. Thompson:** Expired contracts.

**Hon. Christopher Bentley:** Well, I want to be very clear, and I take it that you're speaking about expired contracts, because a lot of people, especially in the early stages, were thinking that as soon as they issued or as soon as they made an application, that was suddenly a contract, or it was a completed contract without conditions. Most of them are applications. The ones that are contracts: Many of them have conditions, and some of the conditions involve taking certain steps by certain dates. Those are important conditions, and if people didn't take the steps by the dates, they may lose their right to the contract. I'm not speaking as a lawyer, but it was a contract with certain conditions that are important to the ability of the Ontario Power Authority and the local distribution company to hook up. So if there are some specific issues, I can refer them on to the Ontario Power Authority for their consideration, but I just want to be careful, in giving you an answer, that I am framing the answer for the appropriate set of facts, because the facts are different and they are important.

**Ms. Lisa M. Thompson:** Based on the appropriate facts, again, how many lawsuits does your ministry anticipate because of broken promises?

**Hon. Christopher Bentley:** Well, look, we're working in very good faith with all proponents. You're asking me something to speculate on. We work in good faith,

and the history of this program, with the great enthusiasm, has shown that good faith.

Just talking about the constrained projects alone, we're dealing with many, many individuals who would not otherwise have had the ability to participate in the green energy and economy act, the microFIT project. What's happened there is that a lot of steps are being taken by the Ontario Power Authority to make sure they can continue to participate at the original contract price. They're participating today at the original contract price, which shows just one of many instances of substantial good faith.

**Ms. Lisa M. Thompson:** Interesting. With all due respect, if you were up to date on the letters that I sent upwards of a month ago, you'd have a sense of some of the lawsuits that could be entertained. But we'll move on and talk about jobs right now.

**Hon. Christopher Bentley:** Just in answer to that, it probably would have been helpful to know that you wished to talk about the letters. We can find the letters, and we can certainly bring them to the next session, which, if memory serves me correctly, is this afternoon, so that we can have a further discussion about some of the specifics of the letters. You will probably appreciate that a lot of the details of the letters will be subject to the purview of the Ontario Power Authority, which is actually managing the day-to-day information about any letters that you have sent. And, as I say, the specifics of the letters do depend on the facts.

**Ms. Lisa M. Thompson:** Okay. Thank you very much for that.

You mentioned the Ontario Power Authority. Let's segue back to jobs. Specifically, the London Free Press, your home paper, on May 15 quoted you as saying that "the government has been doing it"—referring to your energy policies—"in a way that supports good jobs and good investment." But Siliken Canada in Windsor at one point had employed 120 people at their solar plant. As of early May, mid-May, they had laid off 53 workers, and it's not the first solar company that has shut its doors in Ontario. To take it further, Siliken Canada in Windsor blames your ministry and OPA for not approving solar projects in a timely manner.

So who's to blame here: your ministry, OPA, Siliken? What has happened to these jobs and, essentially, the business plan for realizing alternative energy through solar?

**Hon. Christopher Bentley:** Well, in fact, the business plan is very robust and expanding rapidly. This is a very young industry that has gone from virtually nothing just two and a half years ago to one of the leaders in the world today. In any young industry in its early years—it doesn't matter what it is; it doesn't matter if it's the early years of auto, electronics, other types of manufacture, even service industries—you are going to have a huge coming and going of business enterprises.

My concern and sympathy always go out, first and foremost, to the workers and to the families. We would always like to see everybody remain, but in any business,

particularly one dynamic in its early stages, you're going to have many come in. We've got 30-plus manufacturing outfits that have either located or decided they're about to locate in the province of Ontario. Every week I get more interest and inquiry from others in green energy to set up a manufacturing facility of some sort, more international investors interested in investing in the province of Ontario.

There are, quite unfortunately, from time to time going to be those who decide that their best future lies elsewhere. As a party that does not support business supports—and that's been your stated position quite often—you would appreciate that some businesses will come, and, from time to time, others will decide that they need to go elsewhere. That's the movement of a very dynamic market. But over the next couple of years we're going to see more wind, solar and bio projects hooked up in the province of Ontario by Ontario workers with made-in-Ontario parts than ever in our entire history. That's the proof of a very dynamic industry in the province of Ontario.

**0930**

**Ms. Lisa M. Thompson:** Going back to Siliken specifically, are they right in assessing blame to the OPA for their demise?

**Hon. Christopher Bentley:** You know, it's always difficult and challenging when a business decides that it's going to take a business decision like that. As I say, in any line of business there are businesses that come, they expand, they plant, they stay; there are others that make decisions, and they're in a position to make those business decisions.

One of the things we have done through the green energy review is to take a review process, an approvals process, and we want to make sure that we have the strongest environmental protections. We want to make sure that we get good input locally. We want to make sure that all the necessary regulations are being complied with. We want to make sure that the siting is what it should be.

One of the things we've done with this process is to find ways of streamlining it so we can give answers faster. That's one of the goals of this review, and we've been able to accomplish that through a number of these recommendations. The Ontario Power Authority right now is just taking a look at the input they've had from manufacturers, other participants, residents and communities just to finalize the rules. We'll be able to streamline the yes/no process, give people an answer faster. We'll be able to streamline that to make sure we get out faster.

We're going to see a lot more parts, components and panels of all sorts manufactured over the next two years than cumulatively ever in Ontario's history. It is going to be a very robust time in the next couple of years. But I wouldn't want to say for a second that there aren't going to be those outfits that decide their best efforts are elsewhere. We see that in every industry.

**Ms. Lisa M. Thompson:** Okay. You were speaking specifically about manufacturing here, but let's talk about

the mom-and-pop shops and industry like in northern Ontario. My colleagues from Nipissing and Lambton–Kent–Middlesex have talked about, and even I have experienced in my own riding, the relocation of manufacturing into the United States because of lower operating costs.

I'm sure your ministry is doing a great job tracking and trending. I have a specific question to ask: Because of the high cost of energy that we're now experiencing in Ontario due to your green energy ideals and projects, how many jobs has Ontario lost because of high energy costs?

**Hon. Christopher Bentley:** Well, you know, energy is an important input component. We've taken quite a number of initiatives in the last several years to make sure that business is competitive. One of the most significant initiatives we have taken, particularly for manufacturers, is the HST. The HST, which your party supported the day before we introduced it and decided not to support when we introduced it, substantially reduces the tax structure for those businesses, gives them a huge competitive advantage, particularly when they seek to export, as so many Ontario businesses do in southwestern Ontario where our home is and in northern Ontario—they export around the world. It gives them a huge competitive advantage.

But it wasn't just the tax structure. The related tax changes include cutting in half the cost of new investment in manufacturing machinery, combining the collection of sales taxes by the two—

**Ms. Lisa M. Thompson:** Excuse me, Minister—

**Hon. Christopher Bentley:** I'm answering your question—by the two levels of government, which has saved business half a billion dollars. That was on top of the combination of corporate tax collection three or four years ago, which is also saving.

What have we done specifically in energy costs? You mentioned northern Ontario. We have a northern industrial electricity rate program which cuts the cost of energy in the north substantially by \$20 a megawatt. We have a demand-response initiative for the 150 largest producers in the province of Ontario, which allows them to reduce their overall cost very substantially. We are taking costs out of the system by combining agencies, by looking at Hydro One, OPG.

Most of the cost increase we've seen so far is not as a result of what you allege. It is, in fact, a result of the investment that we needed to make in the poles, the wires, the technology, the new generation. That investment had not been made by the previous government, and that's expensive. Anybody who has done a new build around their house or apartment, or a renovation, knows that building things today is not as cheap as it might have been 20 or 30 years ago. So those costs come onto the system as the lines, the poles and wires are hooked up. They're not real time. You build it up over five or so years. As soon as you're ready to connect, those costs are onto the system. Those are most of the costs that we're incurring. There will be costs in the future as a result of

green energy, but most of them right now are the basic infrastructure and making sure we don't have the brown-outs that we did before.

**Ms. Lisa M. Thompson:** You don't know how many jobs have been lost, so we'll just leave it at that. I'll turn it over to my colleague from Cambridge.

**The Chair (Mr. Michael Prue):** I'm sorry; there's less than 20 seconds. We can't start another question.

Mr. Tabuns, on to you.

**Mr. Peter Tabuns:** Good morning, Minister.

**Hon. Christopher Bentley:** Good morning.

**Mr. Peter Tabuns:** Minister, last fall, I think it was September, you announced the feed-in tariff review. On March 22 of this year, you held a media conference—I was there—to announce the results.

**Hon. Christopher Bentley:** You were. I acknowledged your presence.

**Mr. Peter Tabuns:** You did, sir.

May 7 was supposed to be the date when everything was relaunched. I was contacted last week and told that the May 7 date hadn't been met. I phoned the OPA hotline and I was told, "We have no idea when it will be launched. No one tells us anything." I'd like to know why the May 7 launch date wasn't met and when it will be met.

**Hon. Christopher Bentley:** You ask an important question. We launched a very extensive review on October 31. I know we talked about this before. I believe there were 2,900 submissions, there was a webinar with 1,700 participants, there were about 100 meetings, there were about 130 submissions that were too big for the website. We moved very quickly. There were a lot of people with a lot to say. We wanted to make sure that we had the benefit of all of that good advice.

We were there together at Ryerson, in their energy centre, and took a look at some of their very interesting projects in storage and generation and smart grid. It's a great centre. I know—

**Mr. Peter Tabuns:** You actually could go to the heart of the answer, Minister. I remember too, so go to the heart of the answer.

**Hon. Christopher Bentley:** It was very good.

As soon as the review was received, I believe within a matter of days—it might have been two days, it might have been three, but it was the same week—I sent a letter to the Ontario Power Authority with the subject of the review, and they drafted up some rules, and those rules were posted for a consultation period.

It would have probably been my hope that at the end of the 30-day consultation period—we did a very short consultation period. You've been around long enough to know that consultations can go on for a considerable period of time and people like to have their say, and I know you would support that. It might have been my hope that as soon as the consultation period was ended, we would quickly post the final rules.

There were a number of submissions received during that period of time. I think, in fairness, some of those

submissions have caused us to take a hard look at them and ask, “Have we got everything right in the rules?”

The heart of the answer you’re looking for is: very, very soon. We’re making decisions on these as we speak. I want to post the rules and get on with it.

I do say, in fairness, there is no reason for the extra couple of weeks, other than we received some input that has caused us to step back and say, “All right. Should we adjust these things at all? Let’s get on with it.”

This was a very extensive review. Future reviews I expect to be streamlined, but this was a very extensive one.

0940

**Mr. Peter Tabuns:** That’s fine. You’re saying that within the next few weeks we can expect that it would be launched and people will be able to get back to work.

**Hon. Christopher Bentley:** Yes.

**Mr. Peter Tabuns:** Why is Ontario’s renewable energy target so modest?

**Hon. Christopher Bentley:** Gosh, you know, when we launched our 10,700 megawatts of renewable energy—and that’s quite apart from the additional hydro-electric power we’re bringing on—a whole lot of people said, “That’s huge. That is a huge amount of generation. You’ll never hit it. Not a chance. You’ve launched this target in the middle of a worldwide recession. No money is going to move anywhere. We’ll be talking to you in 2018. Forget it.” Well, lo and behold, we’re now sitting in 2012; we believe that we’re going to hit our target three years early, by 2015. What we’ve committed to do—of interest to all but I know particularly to you—is take a look at the target in 2013 and determine whether it’s the appropriate target.

So I would say—I think I would take issue with you only on this—that it was in fact an extremely ambitious target, given that we did not have a renewable energy industry in the province of Ontario, given that we were determined, as we launched the renewable energy industry in the province, that we didn’t just want to import somebody else’s work. We actually wanted to set up the industry here: Ontario jobs, Ontario manufacture, Ontario parts, Ontario components as well as Ontario installers, developers, planners and engineers.

So I think it’s enormously ambitious, those \$27-plus billion worth committed. It has given us the ability to bring that completed target forward to 2015, and so we’re going to take a look at it in 2013.

At the end of the day, we have to make sure that what we’re doing is in the best interests of Ontario families and businesses. That’s what we always do, and that’s what we’ll continue to do as we take another look at it.

**Mr. Peter Tabuns:** Minister, could you please provide this committee with the backup analysis that led to the target and the timeline?

**Hon. Christopher Bentley:** We’ll take a look at that, and I’ll come back and address that.

**Mr. Peter Tabuns:** Okay. The government has set that target—

**Hon. Christopher Bentley:** Just to add: That’s the target in the long-term energy plan.

**Mr. Peter Tabuns:** Correct.

**Hon. Christopher Bentley:** So I think a substantial part of my answer is probably—and you were here when that was being discussed, debated. I would be surprised, although I haven’t checked Hansard, if you hadn’t asked one or two or three questions about that in the House.

**Mr. Peter Tabuns:** Quite likely.

**Hon. Christopher Bentley:** I suspect at least three, and maybe more. There were public consultations, as I recall. Once the plan was launched, there were a lot of comments on it. It has been a very public document for the past couple of years. So I suspect that most of my answer will involve the very public discussions, the numerous reports. At the break, I’ll make an inquiry to see if there’s some additional information that we can provide to you.

**Mr. Peter Tabuns:** It would be useful to have the analysis upon which you based the target for the total number of megawatts and the timeline for installation.

Has the ministry assessed the economic impact on Ontario of the halting of further green energy investment—I assume by 2015—and can you provide us with that analysis?

**Hon. Christopher Bentley:** Well, I think there’s no analysis with respect to that because there’s no halting. What we have in the province of Ontario is the ability, through the green energy and economy act, to participate in a feed-in tariff program; everybody is entitled to participate, eligible for the feed-in tariff project. We have transparent guidelines, requirements.

What we have done, through that feed-in tariff program, is set a number of megawatts that we wish to achieve: 10,700 by 2018. Now we’re going to hit that in 2015. What we’re going to do in 2013 is decide where we should go in the province of Ontario with the feed-in tariff program, with that ability to participate in green energy.

I don’t ever want anyone to think that they can’t put panels on their roof and participate in the project themselves outside the feed-in tariff project, okay?

We’re going to take a look at that. I think we have to assess that in terms of needs, in terms of the appropriate mix of energy in the province of Ontario, in terms of, obviously, its economic benefit, but one of the things that you’ll remember—I don’t believe you were in London when Minister Duguid and I launched the export strategy for the province of Ontario. One of the things that we’re already seeing from our manufacturers is that they’re not only producing for the province of Ontario but they’re looking to export. CS Wind, I mentioned, in Windsor, exported a series of towers to the States. Canadian Solar—I believe there might even be an article today that you might ask me about in question period—indicated that they’re producing panels here in the province of Ontario and they’re exporting to Germany, of all places. Of all places, Germany, one of the largest solar producers in the world, is getting panels manufactured in Ontario

by Canadian Solar in Guelph. So, go figure. When people tell me that we can't feed the world from manufacturing facilities right here in the province of Ontario—here, as I recall the article, we're manufacturing, in the province of Ontario, in a plant that didn't exist too many years ago, with Ontario workers, Ontario parts, Ontario technology, Ontario innovation, and where are we selling this stuff? We're selling it back to the place that's the number one solar place in the world, and that's Germany. I believe it's a place called Hesse, but I'm not necessarily—

**Mr. Peter Tabuns:** So, Minister, I'm going to go back then—

**Hon. Christopher Bentley:** My point was, it's very robust.

**Mr. Peter Tabuns:** I've listened to your arguments on other technological investment. If we stop purchasing in 2015, if you fulfill your targets, those manufacturers (a) will have lost the domestic market, and (b) will be in a position—and you've cited this with other technologies: If we don't buy it ourselves, why would anyone else buy it? I would say, if we stop buying, in quantity, renewable energy technologies, it will affect the credibility of our export marketing. So I want to know: Have you done an analysis of the economic impact of topping out the targets on the feed-in tariff program in 2015?

**Hon. Christopher Bentley:** No, not to my knowledge. Nobody said we're stopping; nobody said we're continuing. What we've said is, we're going to hit the target we had in 2018 three years early, in 2015. When it comes around to 2013, we're going to start taking a look. I'm sure the issues that you have raised will be among the issues that we want to take a look at in 2013. We want to make sure that families and businesses in the province of Ontario are in the position that we all want them to be in. We want reliable energy. We want affordable energy. We want a good, strong economy in the province of Ontario, and we want jobs. So we'll be taking a look in 2013, two years before we hit the target, as to where we should go with the target. I suspect there will be many, many developments in the industry between now and then. I suspect that the international competitiveness—we won't just be seeing Canadian Solar exporting; we'll be seeing many others export. I expect that we're going to see other developments, whether they be storage, whether they be smart-grid developments, whether they be others, that will be greatly beneficial. I'm sure that all of those will feed in to the conversation.

Remember: That's a target in 2015. I'm in 2012. I'm working as hard as I can right now to get the contracts that have been allocated, to make sure that those that should be are through the approval process. As I say, over the next two years we're going to see more solar, wind and bio projects hooked up in Ontario—with made-in-Ontario parts, by Ontario workers—than cumulatively ever in the history of this province. That's a pretty strong statement of that robust and vibrant industry.

**Mr. Peter Tabuns:** So you see no threat to our domestic industry in coming to the end of those targets, and you've done no analysis to show what the economic

impact will be when we've hit and completed those targets? Is that correct?

**Hon. Christopher Bentley:** In fact, we're quite robust and optimistic about not only the green energy economy in the province of Ontario, as this Canadian Solar article would indicate, but the clean technology economy in the province of Ontario as well. As you know, clean technology, which is not just wind, solar and bio projects but the related technology around energy, but also beyond that, whether it's water—we've got a couple of great outfits in the city of London, Purifics and Trojan, and other outfits in other parts of the province.

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We participate in clean technology substantially in the province of Ontario. That market is going to be a trillion-plus by 2020, and so we believe we can grab a substantial part of it. I see those as jobs of the future. So we're not planning for the end of it; we're planning for a robust continuation of a strong economy in the province of Ontario, and we're going to contract the type of power and the amount of power in the way and at the price that works for families and businesses in the province of Ontario. Our obligation, our number one obligation, our first and last obligation, is always the families and businesses in the province of Ontario, and that's what we're going to do. Part of that are the great opportunities, economic opportunities, that these green energy manufacturers and related workers provide for families, communities and businesses in the province of Ontario. It's a very exciting time, so I look forward to a lot more work in that area.

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

How much time do I have left?

**The Chair (Mr. Michael Prue):** Five minutes.

**Mr. Peter Tabuns:** When we were talking last week, I asked you about the potential impact of nuclear investment on the credit rating for the province of Ontario, and if I understand it, your ministry has not done an assessment and your government has not done an assessment of the nuclear risk to Ontario's credit rating; you've left the matter of assessing risk to OPG. Is that correct?

**Hon. Christopher Bentley:** Well, OPG is the corporation where the province of Ontario is the shareholder, and it's their job to make sure that they manage their corporate issues and enterprises in the appropriate fashion. As I recall part of the answer given last week, they are a public company. They file public reports, and those public reports are there for analysis, and they do a business case analysis all the time on the different projects that they're involved in, some of which involve either refurbishing or, they hope, new build in nuclear. That's what they do as part of the business enterprise, all the time.

**Mr. Peter Tabuns:** So are you aware that in 2009, Moody's Investor Service downgraded the debt rating for the province of New Brunswick, in part because of the risk with the Point Lepreau refurbishment? Do you not take into account the risk to Ontario's credit when you review and approve these nuclear projects?

**Hon. Christopher Bentley:** Thank you for the question, and it's a serious question; it's an important question. I'll tell you, I wasn't aware that Moody's had adjusted the credit rating of New Brunswick—

**Mr. Peter Tabuns:** Downgraded. That's the word they use.

**Hon. Christopher Bentley:** I wasn't aware that they had downgraded. I wouldn't necessarily be aware that they'd upgrade or do anything else with the credit rating of New Brunswick. I'm concerned very much with issues here in the province of Ontario.

It's interesting that you mention Point Lepreau, because I know that that is a project that New Brunswick Power has been working on for many years. It had encountered some challenges, probably related to—although I have not seen any of the filings or the public commentary or the commentary of Moody's or other credit rating agencies—probably related to, as you say in your question, the refurbishment of Point Lepreau. But it is interesting that when Point Lepreau was having some challenges, they reached out, and who did they reach out to? They reached out to Ontario Power Generation. And what did they ask? They asked that Ontario Power Generation go to Point Lepreau and see if they could be of assistance, and Ontario Power Generation, in fact, has been of substantial assistance, has been able to get that project—I'll use the wrong term; sorry for anybody out there listening if I am—on track, and get it delivered within acceptable and appropriate parameters. I know that New Brunswick Power has been very supportive and very thankful for the expertise and the knowledge that was provided by the technical experts at OPG. In fact, as you would know, we have some of the best in the world here.

**Mr. Peter Tabuns:** Were those same experts made available to Bruce energy when it went dramatically over budget in its refurbishment of Bruce?

**Hon. Christopher Bentley:** I think you make an important point. Bruce Power, of course, is a separate corporation.

**Mr. Peter Tabuns:** I understand entirely. But they'd have even greater access to OPG expertise.

**Hon. Christopher Bentley:** I think you make an important point: that a number of projects around the world—and I'd like to say it's just specific to nuclear, but a lot of large projects, construction-related around the world, Canada, Ontario, North America, start out and, later on, they're going to cost more or they're going to take more time. This seems to be a not unnatural characteristic of very large construction projects.

You and I might focus specifically on nuclear refurbishment. You can look around the world at different construction projects, and you can sort of step back and ask yourself, "What happened there?" So I stepped back when I started as Minister of Energy and said, "All right. We've got a number of refurbishments we've done in Ontario." In the Bruce Power one, we worked very hard to make sure that ratepayers and taxpayers were protected, that the risk was substantially borne by Bruce Power, but whoever bears the risk, what can we do with

any future contracts that these corporations wish to enter into that will make sure that were closer to on-time and on-budget than we've ever been or anybody else has been before?

**Mr. Peter Tabuns:** Well, that's an interesting point that you make—

**The Chair (Mr. Michael Prue):** Right there, I have to cut you off. That's the end of the 20 minutes.

**Mr. Peter Tabuns:** So much more to ask.

**Hon. Christopher Bentley:** And so much more to say.

**The Chair (Mr. Michael Prue):** It is now the government's turn.

**Mr. Yasir Naqvi:** Thank you very much, Chair. Thank you, Minister. I don't know if you need a glass of water or not. You've been talking non-stop for the last little bit—

**Mr. Peter Tabuns:** Yeah, we noticed.

**Mr. Yasir Naqvi:** Just at the humanistic level, I think it's—

**Hon. Christopher Bentley:** Wait a minute. Is this the friendly part?

**Mr. Yasir Naqvi:** I just want to give you a break. It's not easy to just be at it.

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

**Mr. Yasir Naqvi:** I want to go back to—we were talking about microFIT earlier. I want to continue with the conversation around FIT and particularly FIT review when—I think it was either in response to Mr. Tabuns's question or Ms. Thompson's question—you were talking about the extent of the FIT review that was undertaken and you said that it was an expensive review. It was quite broad in scope, a lot of consultation was done, and it was important, given that it was the first review after the enactment of the Green Energy Act and the launch of the FIT program back in 2009.

I was hoping you could outline to the members of the committee: What was the review? What steps did you take in the review? Particularly what I'd like to hear from you is: Who did you hear from? What types of groups, people, organizations did you reach out to or reached out to you in terms of their point of view on the Green Energy Act and the FIT program as it existed before FIT 2.0?

**Hon. Christopher Bentley:** Thank you very much. You know what? I'm going to pass that to the deputy.

**Mr. Serge Imbrogno:** And I'm going to ask ADM Sue Lo to come up. She led the review, along with Deputy Amin.

**Mr. Yasir Naqvi:** Okay.

**Ms. Sue Lo:** Thank you for the question. In terms of conducting the FIT review, the ministry of course had launched the review on October 31 of last year. The first six weeks of the review entailed extensive consultations with stakeholders who wanted to come forward and meet with us.

For instance, you asked about the types of groups that came forward, the stakeholders that came forward. There were certainly individuals: farmers; there were small businesses. There were industry associations as well, like

AMO, CanWEA, CanSIA, APPrO. There were also not-for-profit entities that came forward, and community groups and co-ops as well. There were individual LDCs that came forward. Of course there were government ministries and agencies who also came forward and had something to say.

There were other groups, like the consumer protection groups, who had something to say. The Power Workers' Union was another entity that came forward.

#### 1000

In total, what had happened was that we received online—I think I said this previously—2,900 Internet responses, through the Web, through eight questions that we had posted. In addition, in the first six weeks of the review, we took some 80 face-to-face meetings with interested groups. All interested groups who requested a meeting were afforded the opportunity and did come to meet with us. As well, some industry associations met with us multiple times. For instance, CanSIA, CanWEA and AMO met with us multiple times.

We received more than 200 submissions. We set up in the order of six internal working groups, together with the OPA—some of them, of course, co-chaired with the OPA—and had extensive input from agencies like Hydro One and the OEB, for example. The working groups had to do with things like, “How do we improve community and aboriginal participation? What other technologies should we be looking at and establishing a feed-in tariff rate for?” We wanted, of course, to sustain the clean and green manufacturing industry.

Land use and siting was one of the other key things that we looked at because we wanted to improve land use siting and municipal receptivity of projects. Working with municipalities was another area we took a good look at. Pricing, of course, was one of the things that I spoke about last time. More technical issues involved areas like the connection issues and technical issues with the grid.

All in all, it was solid working groups from the beginning until we launched the results of the review in April.

**Mr. Yasir Naqvi:** I'm trying to get a sense beyond these conversations. You said that with some groups, you had multiple conversations—what kind of process you undertook. I mean, are there any precedents that you followed from other jurisdictions? The kind of review you did, Minister: Was that a unique thing, when you look at the global renewable energy market, or you had something to rely on?

**Hon. Christopher Bentley:** That's a good question. There are feed-in tariff approaches in countries throughout the world, and a number of these jurisdictions have been involved quite extensively for many years and had a great deal of experience for many years around the world. From my perspective, I'm obviously interested in what is going on in different countries around the world. I'm obviously interested in their experience: What have they done that works? What have they done that doesn't work? One of the features of ours is a requirement that a substantial part of the projects be made in Ontario—

made-in-Ontario parts. So there is a distinguishing feature there.

I believe most other jurisdictions accomplish the same end. They just might have different means. It wasn't long ago that the then president of France was talking about giving preference to European Union parts, components and manufacturers in their renewable energy industry, an intention to do that.

I just thought maybe I would tag on to what Sue Lo was talking about before and ask if you'd pick up and maybe give an indication of whether we actually looked through the review—the experience of other jurisdictions and provide some of that information in answer to the question.

**Ms. Sue Lo:** Sure. Thanks for the question. When we did the FIT review, we looked of course at all the jurisdictions, and there are some 88 jurisdictions around the world that have FIT programs. In the various jurisdictions around the world, some of them started their FIT programs years ago.

So we took a careful look at many jurisdictions and learned from them. There are some best-performing jurisdictions in terms of FIT programs, and there were some jurisdictions that didn't do so well, and we also learned from those.

For instance, people know that Germany is a leading FIT jurisdiction. They started their FIT programs way back in 1991. That's more than 20 years ago. So they have among the most stable FIT programs in the world and some of the most aggressive renewable energy targets in the world.

All FIT programs have some features in common. Really, FIT programs are programs that are based on project costs and a reasonable rate of return. Over time, usually the input costs become lower, as in the case of solar. Solar modules, for instance, have come down in price, and that has afforded us the opportunity to lower prices.

The minister talked about domestic content, for instance. A unique feature in the way we do it in Ontario is requiring a 60% made-in-Ontario domestic content requirement for all of Ontario's solar projects. For wind, the domestic content requirement is 50%. Other jurisdictions around the world don't exactly do it in the same way. For instance, Italy has a feature where they will place a premium on the order of 10% on EU-made solar components. That's the way they do it, and France was talking about doing the same thing.

We looked at Germany, a very stable jurisdiction; we looked at the UK; we looked at France; we looked at Italy. France, interestingly enough, tried to have a renewables program through a competitive program and it didn't work. So they gave up on that and then switched over to a feed-in tariff—a wind tariff in 2001 and solar in 2006. Italy has been doing their feed-in tariff program since 2005.

One of the Canadian jurisdictions that does a feed-in tariff is Nova Scotia. They launched theirs at the beginning of the year, so they're fairly new in the area. We

talked extensively to them to see how they do it. One of the very interesting features they've built in is something that's similar to ours in terms of promoting community participation in projects. That's what Germany has been doing too. Many projects have strong community equity participation, and that works very well. That's one of the learning lessons.

**Mr. Yasir Naqvi:** I learned something new today: There are 88 jurisdictions around the world that have feed-in tariff programs.

**Ms. Sue Lo:** Eighty-eight jurisdictions going strong.

**Mr. Yasir Naqvi:** Wow. That's incredible. I did not know that.

I've read the report you're just going through right now, Minister, and one of the things—

**Hon. Christopher Bentley:** Page 12 has a number of those jurisdictions, actually.

**Mr. Yasir Naqvi:** Okay. Maybe I forgot, because I've gone through the report—

**Hon. Christopher Bentley:** Just as a reminder.

**Mr. Yasir Naqvi:** Maybe I focused too much on what I'm going to ask you about, because it's something, again, that's important to my community, and that's the point system you outlined. I had to sort of learn about it and make sure I'm able to answer questions from my constituents.

I'd like to sort of get your views on the point system, the reason behind the point system and how the point system would work. In the end, Minister, my particular interest is, could you or the deputy or the ADM address how the point system is going to ensure that more municipal and community projects move forward?

1010

**Hon. Christopher Bentley:** You ask a very important question. We conducted this very extensive review, of which Sue was a very able leader, along with Deputy Minister Fareed Amin and a team. A number of the things that they heard, and I'll turn it over to Sue in a minute or two, was that community participation, community support, was enormously important. Community support was important in determining where these projects went. Community support and participation was important to make sure that the people in a community had the ability to participate—not just supportive, but financially in projects. This was one of the original hopes of the feed-in tariff approach, that there would be substantial community participation.

I think in your first question today you were asking about co-operatives, co-ops. Lots of co-ops really wanted to be able to participate. Of course, it takes a lot longer to get a whole group of people together so that they understand what's involved, so that they can agree on a governance structure and so they can understand what their obligations are, what the co-operative's obligations are. These projects naturally take a long period of time to get going.

So the message that we heard both in terms of siting the projects and about which ones should receive approval was broad-based participation. And that's on top

of the fact that there's already participation, because you need the landowner or the property owner to participate by giving approval. So when you see wind projects in rural Ontario, those landowners are participating. Solar projects: Those landowners are participating very substantially and benefiting very directly. So we heard that as a message.

We also heard that municipalities wanted to be able to express their view. The Legislature rejected a view that said that every municipality in the province of Ontario would be able to decide for itself, because then you'd have 440-odd different rules. The Legislature rejected that back in December. But what we came up with was this idea—the review team came up with this idea that if there was municipal support for a project, you could use a points system to give that project some priority. We also heard that if you had broad-based participation through a co-op or a community, you could give that type of project priority through a points system.

So we have this points system out there, and we're doing the consultation through the Ontario Power Authority right now, and that's one of the issues that people are commenting on. We have a points system out there that will ensure—it won't absolutely guarantee, but will ensure—that projects where there is community participation and community support are more likely to go to those communities. That, for me, has a very good, intuitive attractiveness about it.

I'm wondering if I could turn it over to Sue and just ask Sue—there are a couple of different levels of community participation, so maybe you can just speak to some of the different details with respect to that.

**Ms. Sue Lo:** Sure. In the points system that's been developed, the maximum number of points that one could get for a project is 10. When the project originates from a community with people who actually live in that municipality who will own equity in that project, that's worth the most points. That's worth three points. It's the same with a project where an aboriginal community has equity share in that project; that's worth three points.

Next, what happens is that for public schools, colleges, universities, hospitals and long-term-care facilities where there's a minimum of at least 15% equity or they're the host, that's worth two points.

So what this will drive is partnerships with communities where people actually live in that municipality. What it will also drive is fantastic projects where, for instance, you'll see rooftop solar built on schools, where there's also learning for the kids in terms of energy use and conserving energy; and hospitals, where hospitals will have solar roofs and long-term-care facilities will have solar roofs.

The other part is that where there's a municipal council resolution or aboriginal community support in terms of a resolution, there are two points applicable—so the municipality gets to have a say in terms of supporting a project and helping to propel it forward—and points in terms of project readiness, in terms of whether the land issues have been sorted out for the long term, and the

systems benefit in terms of water and bioenergy. This will help drive joint ventures and partnerships, and perhaps some projects will come forward in the form of co-operatives that represent 100% community ownership. That's also one of the learnings, actually, from Germany, that does really well with community projects.

**Mr. Yasir Naqvi:** Very interesting. Chair, how much time have I got?

**The Chair (Mr. Michael Prue):** There's about half a minute.

**Mr. Yasir Naqvi:** Half a minute. I will cede my half a minute.

**The Chair (Mr. Michael Prue):** Okay. I think, then, that's appropriate. I don't think it's opportune to start the next one because there's so little time left.

Before I recess for this afternoon at approximately 3:45, one thing I want to draw to the minister and the ministry's attention is that a motion was made by Mr. Leone on May 16, asking for production of materials within a fortnight. My understanding is, that will be tomorrow. Just so that the ministry is aware, that was the motion passed by the committee.

All right. That being the case, we will recess until approximately 3:45 this afternoon. This committee stands recessed.

*The committee recessed from 1017 to 1548.*

**The Chair (Mr. Michael Prue):** Meeting resumed. We are now resuming consideration of the estimates of the Ministry of Energy, vote 2901. There is a total of nine hours and 56 minutes remaining. When the committee recessed this morning, all three parties had completed another round of questioning. We will now start a new round, with 20 minutes allocated to each party, starting with the official opposition.

Mr. Leone, I understand that you have the questions. The floor is yours for the next 20 minutes.

**Mr. Rob Leone:** Mr. Nicholls?

**Mr. Rick Nicholls:** Thank you very much, Mr. Chair.

*Interjection.*

**Mr. Rick Nicholls:** We deferred. That's fine.

Minister, I have a couple of questions for you here. First of all, I wonder if you could clarify for us. We hear a lot about green jobs. I wonder if you could define for us, perhaps in 25 words or less, the definition of a green job, if that would be possible.

**Hon. Christopher Bentley:** Thanks very much. You're quite right: I've used it in a number of different contexts. I think in the morning session I spoke of the opportunities for green technology and the related green jobs in a worldwide market—maybe that's where your question was starting—and I spoke of the trillion-dollar market by 2020. Those would be jobs related in part to renewable energy, in part to energy issues generally, in part to the technology that relates to those, but also, as I think I mentioned this morning, related to the green technology for water and other initiatives like that. So there's a very large market.

The 20,000 jobs that I referred to, on the road to 50,000 jobs, are related to our getting out of coal and our

clean, green initiatives through the green energy and economy act and related initiatives. For example, when a wind farm or a solar establishment is set up, there would be jobs related to the manufacture of either the turbines or the panels.

**Mr. Rick Nicholls:** Yes, okay.

**Hon. Christopher Bentley:** There would be jobs related to the transportation of the materials. There would be jobs related to the construction and preparation of the site. There would be jobs related to the electricians and the actual establishment of the issue. Some of these are full-time jobs; some of those are part-time jobs—

**Mr. Rick Nicholls:** Part-time, temporary jobs.

**Hon. Christopher Bentley:** A construction job is, for the most part, a job that has many temporary, short-term or fixed-term contracts that are all pieced together. That is much of what construction is. They're all good jobs—high-paying.

The methodology for calculating the jobs is very much the methodology that, for example, the federal government has used traditionally, including during its stimulus funding programs. We count over 20,000 jobs already, and we're on the road to 50,000, through the green energy and economy act and some related green initiatives.

**Mr. Rick Nicholls:** Maybe I could perhaps add a little clarity. From personal observation, driving down the 401, I would see a police escort, one at the beginning, one at the end, and you have someone driving the trailer, hauling a portion of a wind turbine. Assuming that there were three people involved in that—one in the truck and one at the beginning and one at the end in the police cruisers—would you describe that as three jobs?

**Hon. Christopher Bentley:** That's an interesting question. I don't believe we ever counted the police jobs as jobs related to the green energy and economy act. But certainly the transportation of the materials, where the materials were constructed, the development of the site, the electrification of the site—all of those are specifically related because they would not exist but for that project.

You may say that there'd be another project to take them up—you could say that. But then—

**Mr. Rick Nicholls:** Would that then be double? For example, for one wind turbine—

**Hon. Christopher Bentley:** I'll just finish this.

**Mr. Rick Nicholls:** Okay.

**Hon. Christopher Bentley:** But if those workers are working on the—let's say it's a wind farm. If they're working on the wind farm, they're not working on this second project that might otherwise occupy their time. So somebody else is working there. So you're not—

**Mr. Rick Nicholls:** Perhaps.

**Hon. Christopher Bentley:** You've not got the same people working at the same projects. It's like most construction jobs. You're not permanently employed building a new plant, an interchange, putting in piping, sewerage or a subdivision. You're employed for a certain period of time, probably for a series of specific jobs, and then you move on to the next job. If there's no job to

move on to, then you're a construction worker without a job.

**Mr. Rick Nicholls:** Yes.

**Hon. Christopher Bentley:** If there is a job to move on to that pays real money, then you're earning an income, and that becomes part of your employment. It's entirely legitimate to count construction jobs as jobs that are directly related to whether it's stimulus funding, whether it's a specific initiative by a private business or whether it's the green energy and economy act.

**Mr. Rick Nicholls:** So it would include full-time, part-time, temporary, as well. It would be all part of that numbers count?

**Hon. Christopher Bentley:** It would be all part—using the same methodology, as I understand, that has been used by the federal government before, by the provincial government, through traditional economic modelling programs, including, as I understand, by the federal government when it was calculating the jobs that came out of the stimulus funding that was provided. In the depths of the recession, we worked closely with the federal government to try and make sure there was stimulus funding so the recession wouldn't get worse.

**Mr. Rick Nicholls:** Okay. Let's say, for example, it takes 50 people—as an example; okay?—to erect one of these wind turbines, and that's everything from the manufacturing to the transportation to ground preparation, cement—all of that. It takes 50 people.

Let's say there are 100 wind turbines. So would you take that 100 wind turbines and multiply that by 50 and come up with, "These are the number of jobs we've created"?

**Hon. Christopher Bentley:** No, because, given the number of wind turbines, we'd probably be in the hundreds of thousands of jobs already in the province of Ontario.

**Mr. Rick Nicholls:** You would really like that, wouldn't you?

**Hon. Christopher Bentley:** I don't pretend to be an expert on the calculation that the federal government and the economic modellers have used. As I understand, there is a calculation that is applied, a modelling that's provided through different types of investments, and it calculates how much of a job it really is. It depends on how long it lasts, what kind it is, as I understand. That's how they calculate out these job equivalents.

**Mr. Rick Nicholls:** So it's a fairly detailed or somewhat complex calculation?

**Hon. Christopher Bentley:** Sure it is. The federal minister of economic development, Gary Goodyear, was in London not long ago—in fact, I think he was in London last week—and he was announcing a federal government investment in the Dr. Oetker facility. It's a food facility that is established to make pizzas. It was a good announcement. This is a good-news story. We had announced an investment to attract them over last spring, and that was good. In their press release, they spoke about the number of direct jobs—and they probably took credit for the direct jobs that we took credit for, but that's

okay; that's entirely legitimate—but also spoke about a number of construction jobs. I can't remember the number; it might have been 600. Those jobs would not necessarily have meant that 600 people, or whatever the number was, were working from January 1 to December 31 full-time on the same site. There would be a number of different trades. There would be the ones involved in excavating the site, there would be the ones involved in preparing the site, and the concrete formers, and then the steel erectors and then the outside finishers and the inside finishers and whatever else. However you calculated that, you'd come up with the equivalent of the 600 jobs. It wouldn't be for me to question that job calculation, because they have a pretty standard methodology, as I understand, and I think we use pretty much exactly the same.

I do think it's important to acknowledge that whether you're a construction worker who has a series of jobs that form a full-time year's employment, whether you're an engineer who has a series of contracts that form a full-time work, whether you're a site planner who has a series of contracts that form a full-time work, or whether you're someone who actually is constructing a series of turbines that go to different locations, it's entirely legitimate to say that some part of their year's work was created by that employment, because without that employment, they may have a hole in their schedule of two months, three months, six months, and a corresponding hole in the income.

**Mr. Rick Nicholls:** I want to change the channel just slightly. I wanted to ask you a question—again, it's still job-related. What is the government's procedure before offering grants to green technology companies to set up shop in Ontario?

**Hon. Christopher Bentley:** It would probably be wise of me to ask, in what sense? As you know, there are a number of different government programs that exist that support, in a different way, shape or form, green technology.

There was an announcement made by my predecessor, Brad Duguid, about a year ago, with respect to the GE smart grid innovation centre that's up in Markham—GE, one of the larger companies in the world, investing a substantial amount of money, I believe \$18 million, in a smart grid innovation centre. That would potentially qualify as green technology.

There is invariably in most government programs—I believe all—an independent assessment and application process, and then a determination as to whether the particular project was appropriate or not.

Why don't I, with that as a preface, just ask you: Is there a specific program or a specific project that you can direct my attention to so I have a better sense of what the criteria or application might actually have been?

**Mr. Rick Nicholls:** I'd be happy to do that, but I would also like to ask, just before I ask that question, could you perhaps table those assessment documents to help us along in the process of this? That will help us further understand the procedure in terms of offering of

grants to green technology. In other words, we're looking for the criteria, Minister, in terms of selection.

That leads me to this next question: Why was this government able to shell out \$2.7 million in taxpayers' money to WindTronics without realizing that the venture was doomed—\$2.7 million in taxpayers' money went there and then they're gone.

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**Hon. Christopher Bentley:** Well, thank you for that.

**Mr. Rick Nicholls:** You're welcome.

**Hon. Christopher Bentley:** With respect to the tabling question, again it would be helpful to know what I was being asked to table. There are quite a number of programs where the Ontario government is prepared to assist businesses in different ways: sometimes through apprenticeship grants or credits; sometimes through different tax initiatives; sometimes through different infrastructure investments; sometimes through different granting opportunities, and the question for all of those, I believe, there would be objective, easily findable criteria that are posted either through the ministry, through the program directly or through the agency that provides the grants, and those would be the criteria which govern the issuing of the grants.

**Mr. Rick Nicholls:** Perhaps those could be the documents that could be tabled.

**Hon. Christopher Bentley:** I think a little more detail would be somewhat helpful in narrowing the scope; otherwise I suppose I would direct you to the websites of the government of Ontario. They would all be posted there and easily findable.

I think you've asked me about one in particular, and that was a grant with respect to WindTronics.

**Mr. Rick Nicholls:** Yes.

**Hon. Christopher Bentley:** That, as you will know, was a grant made by the Ministry of Economic Development and Innovation, not the Ministry of Energy. So it was not our ministry that actually made the grant.

If you're asking me generally, "Is it from time to time the unfortunate circumstance that companies that have been supported in some way by the government of Ontario decide not to continue in business?", you will know and your party will know from its experience in power that that is an unfortunate circumstance that happens from time to time and has happened as long as the government of Ontario has been in existence and happens through all parties. One is not necessarily clairvoyant and one is not necessarily able to foresee every circumstance that occurs in the future.

We do take steps within the ministry to make sure that—there's an application process. We take steps to make sure that protections are in force for the taxpayer of the province of Ontario, and that there is as independent an application process and assessment as possible.

**Mr. Rick Nicholls:** Just before I turn it over to my colleague Mr. Leone, I would just suggest that perhaps unfortunate situations like that do not bode well for all parties, as well as the taxpayer. That's unfortunate, but those things do happen, and so safeguards—

**Hon. Christopher Bentley:** That's a fair comment, and I think it's for us to learn from those and to build into future criteria whatever additional measures are considered appropriate in light of the experience. I know that the people who assess these applications—and there are many, many applications. We've all been at tables, and they all sound good. I know that the proposals are given a lot of attention and a lot of assessment by ministry officials, throughout the years, of all governments who have taken a look at these. All governments of all stripes have had different types of programs, at the provincial, federal and even, in different ways, assessments at the municipal level, although they are somewhat constrained in doing things. The challenge that we all have is, it is always difficult to predict with certainty what the future will hold.

**Mr. Rick Nicholls:** Thank you. I'd like to turn it over to my colleague Mr. Leone.

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

**The Chair (Mr. Michael Prue):** There are four minutes remaining.

**Mr. Rob Leone:** All right. I just wanted to touch upon a few things that you've talked about, one being this grant to WindTronics. I acknowledge that you suggest that there are some difficulties sometimes projecting the future success of companies when you're awarding these grants, but doesn't that in essence condemn the whole nature of getting involved in projects where you're trying to essentially pick winners and losers with business?

**Mrs. Teresa Piruzza:** Just on that, notwithstanding the question, I believe the minister indicated that the grants are provided through the Ministry of Economic Development and Innovation. So I'm not sure how that question relates to the estimates and budget and service plan of the Ministry of Energy.

**The Chair (Mr. Michael Prue):** You may, in fact, be correct, but the member has every right to ask the question. I would assume the minister may respond exactly as you just have, but that is his prerogative as well. So I'm going to allow the question, and the minister can answer if it belongs in another ministry.

**Hon. Christopher Bentley:** With respect to the specifics of a grant given by another ministry, I think it would be for the other ministry to provide the information.

**Mr. Rob Leone:** What's your personal opinion?

**Hon. Christopher Bentley:** My personal opinion is that it would be best to get the answer from the ministry that actually provided the grant. I think their perspective on it would be enormously helpful.

Government participates in the lives of the families and businesses in the province of Ontario in a thousand different ways, don't they? When you build a road that a particular municipality has been asking for, or upgrade a road that a municipality has been asking for because they say it will spur economic activity, it's because you've made an assessment to some degree that their hope, wish and dream of the road or the road improvement will

actually result in spurring economic activity. Very few of us stand on that road five or 10 years later and actually count the number of vehicles and count the assessment and determine whether that actually succeeded.

When you talk about changing corporate tax structure—and there has been lots of discussion about corporate taxes, everyone with a slightly different perspective—that, to some extent, is an indication, depending on your position, that adjusting corporate tax structure will either have a positive effect, possibly, on economic activity or not a positive effect on economic activity. That, to some extent, is making an assessment of whether a particular initiative that the government would participate in would be of assistance, or not of assistance, or would be neutral, depending on what your perspective is.

If you have a particular grant program or loan program or hybrid program or apprenticeship support program or whatever you do, that, again, is a program that you would design with a particular goal in mind, and you would make an assessment as to whether it would be successful.

You can go down the list of all of the different—the Progressive Conservative Party has spoken from time to time about changing ratios when it comes to apprenticeships. Again, you're making an assessment about the utility of a particular legislative initiative—

**Mr. Rick Nicholls:** Were you part of that particular decision-making, Minister, with regard to this grant that was given by economic development? Was your ministry part of the decision process—

**Hon. Christopher Bentley:** No, of course not. I'm just indicating that these types of assessments—

**The Chair (Mr. Michael Prue):** With that answer, the 20 minutes is now up.

**Hon. Christopher Bentley:** Oh, sorry about that.

**The Chair (Mr. Michael Prue):** All right. On to the NDP.

**Ms. Cindy Forster:** Minister, Tom Mitchell, the CEO, made \$495,000 more this year over last year, bringing his total compensation to \$1.8 million. There's a private rumour out there that OPG and Hydro One kind of prop each other up, thereby justifying each others' salaries, and that part of his pay was for getting rid of 500 employees in 2011. OPG also paid \$30,000 for consultants, Towers Watson, to tell the company that Mr. Mitchell should be paid more.

My question is, does a half-a-million-dollar raise really make sense in an era of belt-tightening, when we're here as a government and we're talking about our \$16-billion deficit and how everyday folks have to tighten their belts? How does this happen?

**Hon. Christopher Bentley:** I believe there are several parts to the answer, if you will. My information is—acting on information received—that the change in compensation may reflect his first full year as the CEO.

I think your broader point is, it's a significant amount of money. I think that was your broader point. I take the broader point, and let me take the question in that sense, if I could.

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Ontario Power Generation, our publicly owned utility, enormously important in the lives of the people of the province of Ontario—and I know your party has spoken about that; your leader has on a number of occasions—have an obligation, and I trust it's an obligation that we would all share, to make sure they deliver the services that they need to deliver, making sure that they generate power for us, in the most cost-effective way possible. That's what families and businesses would expect.

The jobs at OPG and the workforce at OPG are very highly trained, very highly skilled, do very important work for the people of the province of Ontario—a great deal of respect and admiration for the work that they do. It is always important for those involved in an enterprise such as OPG, a publicly owned enterprise, to make sure they can deliver the service in the most cost-effective way possible.

We have a number of initiatives under way right now with respect to OPG specifically that ask them to keep looking for ways to reduce costs, because again, I know your party has and your leader has asked from time to time about the cost of the electricity, for example, that's delivered. The cost of electricity is very much a creature of its production, transmission and delivery, and your party has asked about how we can continue to look for ways to manage the cost.

So it is incumbent upon us, taking the spirit of those questions, to continually look for ways, and if there are ways where what OPG has traditionally, historically done can be done more effectively, can be done more cost-effectively, those cost savings are passed on to families and businesses. So it is part of the obligation of the leadership of that enterprise to take a look at ways—and they work very closely with labour, with the union—of doing the work that they have to do as cost-effectively as possible to meet the challenges of the future.

The cost of bringing on new generation—and OPG itself has huge projects down in Niagara Falls with the third tunnel and up in the Lower Mattagami, just to name a couple, not even to mention the refurbishment at Darlington that's about to be started. Those are enormously important projects. Doing anything today is more costly than it was 20, 40, 60 years ago.

So OPG, Ontario Power Generation, always has an obligation, an obligation we would expect they discharge, to look for ways of doing things cost-effectively. I would expect the administration, working with labour, would look for ways of doing things cost-effectively. That's one of the ways that we can continue to make the strong case for public ownership of these enormously important utilities, that they are kept as strong and competitive as absolutely possible.

**Ms. Cindy Forster:** Well, the comparator group for Mr. Mitchell includes public entities such as AECL and hospitals like Sunnybrook, Sick Kids' and the University Health Network, and he makes three times more than many of them. Is his job more important than those who are running our hospitals and actually saving the lives of

people who live here in the province? Doesn't that kind of make a mockery out of using those entities as his comparators?

**Hon. Christopher Bentley:** There are a number of initiatives in the budget that address very specifically the salaries of those who make significant amounts of money. One of those initiatives, the surtax, is an initiative that the Liberals and NDP have agreed to as a result of some very extensive, very long discussions related to the budget and which led, I understand, to our being able to pass the support for the budget resolution several weeks ago and hopefully will result in our being able to continue that agreement and pass the budget itself so we can implement the spirit as well as the fact of that agreement. That surtax, 2%, will apply to those making more than \$500,000 a year, wherever they happen to work.

There are also initiatives in the budget that relate specifically to whether any salaries can increase. In fact, we're asking that they not; we're suggesting very strongly that they not increase. That will apply to everybody. We are in a much different reality in all levels than we ever have been in before.

Although it's tempting, I'm not going to reach back over the decades into history and try to justify or undo or explain every salary from every government for every agency of every sort. I can speak to where we are now and where we intend to proceed in the future. I think that would be the most fruitful thing to do. And as I say, we've worked together, the Liberals and the NDP, on a number of initiatives that are specifically addressing those whose wage is substantial—so more than \$500,000—with the surtax, and the statements in the budget reflecting that there should not be any increases.

**Ms. Cindy Forster:** Well, Hugh MacDiarmid, who's the CEO of AECL, in 2010 was actually making only \$400,000, which is a quarter of what Mr. Mitchell makes and is less than what we believe Mr. Mitchell's raise was this year over last year. How can that make sense?

**Hon. Christopher Bentley:** Well, as I say, I may resist the temptation to try to explain from this chair all that has happened in the past with every agency through every government. They're all substantial amounts of money, and I think we have taken some significant initiatives in the budget with respect to making sure that the more significant salaries that are paid directly or through boards, agencies and commissions do not increase. And we have taken additional steps as a result of the very extensive budget discussions that occurred, before the budget resolution was passed by the House, between the NDP and the Liberals.

Of course, none of those additional measures or discussions will actually come into force unless the budget is actually passed. I believe it needs to be passed by July 1, so we're involved in the legislative process—

*Interruption.*

**Hon. Christopher Bentley:** —and I hear the ringing of bells. It reminds me of the old song: Someone's knocking at the door / Somebody's ringing the bell.

We're quite hopeful that we can actually pass the budget so that we can bring those measures into force that specifically address the people who are making a significant amount of money.

**Ms. Cindy Forster:** Do you think that Mr. Mitchell actually does a better job or works harder because he's making \$1.8 million instead of \$1.3 million?

**Hon. Christopher Bentley:** I actually believe that people, regardless of their title or position or what they're paid, work hard, that they try to do the best job possible, that that's almost a universal truth. I have a great deal of faith in people, so I would hope and expect that people at all levels would do that.

What we're asking of Ontario Power Generation—and you addressed this in your earlier question—is to do things that they've not traditionally been asked to do, and that is to think even more creatively than they have in the past about how we can take costs out of the system. So we've asked that at Ontario Power Generation, how they can deliver the same for less, more for less, because that will be reflected through to families and businesses that pay for the power, the energy that's produced.

As I say, the NDP have asked a number of different questions on the steps that we're taking or the cost of electricity and how we can better manage electricity, how we can reduce the cost of electricity. One of the ways is to make sure that we're producing it as cost-effectively as possible. I know that Tom Mitchell and the crew at OPG are involved in a very extensive exercise. I mentioned that they have already taken hundreds of millions of dollars of costs out of the system by finding more effective ways of doing things, working with the union and the other members of the workforce in the administration there.

They're involved in an international benchmarking exercise where they compare how they do different initiatives, conduct different initiatives; they're involved in that exercise that compares them to other generators of electricity throughout the world, not just North America but throughout the world to see if there are other approaches that can be taken that can be more cost-effective. We've taken a different approach to the refurbishment at Darlington—I've been asked a number of times about that—which involves a very extensive planning and preparatory approach, breaking the traditional contract into multiple parts, competitively procured so that we can make sure that we have a better idea of scope and size for a particular contract.

In fact, the first contract is actually going to involve planning work down to 30-minute increments. So everybody will see—if it takes 32 minutes, we'll know what's going on. The more you measure, the better you can manage. I really like that approach; it's a different one. That, I believe, is the first time in the world that this approach has been taken to a refurbishment project.

As I spoke this morning with your colleague Mr. Tabuns, construction projects—whether they're nuclear, whether they're energy-related, whether they're just general construction projects—throughout the world have

sometimes, the larger they get, had some challenges with time and budget. So the more we can do up front—that's one of the lessons—the more we can do by breaking it down and better scoping the projects, the more we can do by planning down to smaller increments, the better we have to manage. That's some of the work that Tom Mitchell and the people at OPG have been doing. And as I say—

**The Chair (Mr. Michael Prue):** I'm going to stop you there, because we can continue—

**Hon. Christopher Bentley:** Time?

**The Chair (Mr. Michael Prue):** It's now four minutes and 52 seconds to go to the vote. We have to recess in accordance with the rules of the House. We will stand recessed and return in approximately 10 minutes—five minutes after the vote. Thank you. Meeting recessed for about 10 minutes.

*The committee recessed from 1623 to 1634.*

**The Chair (Mr. Michael Prue):** The meeting is resumed. The floor is back to Ms. Forster.

**Ms. Cindy Forster:** Thank you. Minister, one of the NDP proposals, actually, when we were talking about the budget motion—way back when, it seems like so long ago now—was the need for a hard cap on CEO salaries. Don't you think that this is an example of why we need a hard cap on CEO salaries, that Mr. Mitchell would be making so much more than his comparator group?

**Hon. Christopher Bentley:** Thank you very much for the question. When I was speaking about the proposals, I was referring to the proposals which were the subject of the what I understood to be concluded negotiations between the NDP and the Liberals. I try very hard to make it a practice not to talk about negotiations, particularly those discussed in private. I know there were a lot of very extensive discussions, some of which were public, some of which were not—

**Ms. Cindy Forster:** Well, ours was public.

**Hon. Christopher Bentley:** As a result of those very extensive discussions that took place over however many weeks that was—four or five weeks—I understood that there was a concluded set of proposals between Premier McGuinty and leader Andrea Horwath. Those are the proposals that I was speaking to and addressing; not any others that might have been floated either in public or in private that had not been the subject of a conclusion.

My point simply being that advancing the concluded proposals, the agreed-upon proposals, between the NDP and the Liberals requires that the budget actually pass. If it doesn't pass, that includes the 2% surtax for those who have \$500,000 or more. That means that would not be imposed; that will not be part of it. So it is important that we pass the budget, even as we hear the bells ring again through the walls of the Legislature. That's what I was referring to when I spoke about proposals.

**Ms. Cindy Forster:** Now, the employees who actually work for OPG and Hydro One are public sector employees as well. Is that the case? Broader public sector employees?

**Hon. Christopher Bentley:** Well, they are workers who work for publicly owned corporations, members of a

number of different unions, professional associations. Then your question was?

**Ms. Cindy Forster:** Then my question is: Are they going to be expected to take a public sector freeze, as is being proposed for hospital workers and teachers and doctors and—

**Hon. Christopher Bentley:** I don't want to get—everybody has those things that they try not to do. I try never to get ahead of the Premier. Second, I try never to get ahead of the Minister of Finance.

We have that budget document in front of us, which speaks quite articulately of the challenge that we're in fiscally; the importance of making sure that we get to balance in 2017-18; how half of the budget that is paid by the people of Ontario, the taxpayers of the province of Ontario, is actually in wages and salaries; how we are doing what we need to do to make sure that we can get to balance; and how we'll be looking for people in a number of different situations to take—respect—a wage freeze while we get there. I know the Minister of Finance will be looking for the opportunity to speak about this, about the implications and what that means, in some other detail, so I will choose not to get ahead of that. There are also some negotiations going on in some of the agencies at the moment, so I'll try not to get ahead of those discussions and negotiations.

I think in the not-too-distant future that the Minister of Finance will be seeking the opportunity to speak in somewhat more detail about what is laid out in the budget, in fairly great detail itself.

I think it would be fair to say that we'll be looking for every Ontarian to do their part, however that's defined, as we all come to balance. If we all do our part, if we all do what is necessary, then we can get to balance. We'll be able to continue to protect and preserve the education, health care and related social services that we all hold so dear and make sure that we continue to build a strong and vibrant economy to help families in the province of Ontario.

**Ms. Cindy Forster:** So do you think it would be fair and reasonable and just to expect these hydro employees to actually take a wage freeze or a zero increase when their boss is getting a \$500,000 increase? That's something like a 35% increase. Do you think it would be fair and reasonable to even ask those employees to do that?

**Hon. Christopher Bentley:** As I think I addressed in the previous answer, the increase you referred to actually reflects a full year. It doesn't make the amount of money any less, but it actually reflects a full year rather than part.

But I also would say that what we've seen in the budget is the outline of an approach and a march to balance with some specific markers that need to be hit. We're being watched by the international monetary community, and we have an obligation to make sure we hit the markers, an obligation to make sure we get the balance, and an obligation to make sure that all of the pieces that are in the budget can be passed so that there's not a fiscal sliding, a backsliding, from the markers that

need to be met. So when we address what different wage changes might or might not look like from here on, that'll be from this point forward. I can't change what has happened in the past. The budget was quite clear—

**The Chair (Mr. Michael Prue):** I'm going to have to stop you there. We will now go to the Liberals, but I see that we have 18 minutes and 33 seconds until the next vote, so the 20 minutes you have will have to be split in two at about the 13-minute mark.

To the Liberals.

1640

**Mr. Reza Moridi:** Thank you, Minister, and welcome to the committee.

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

**Mr. Reza Moridi:** Minister, your ministry is one of the key ministries in the government, a ministry with a number of agencies and a couple of crown corporations and so on and so forth. Could you please tell us about the budget of your ministry and its components?

**Hon. Christopher Bentley:** Well, thank you very much. That's a great question and gives us a chance to talk about the results-based plan that is before us, which might notionally have been the subject of some of the 15 hours of estimates. Although I would very much like to take the opportunity to speak about those pages, I thought I'd give the deputy an opportunity to take us a little bit through the estimates book.

**Mr. Serge Imbrogno:** I was going to ask John Whitehead, the CAO of the ministry, to come up and talk about the results-based plan.

**Mr. John Whitehead:** Good afternoon. The members will have the results-based plan book. I think I can draw your attention to page 38, where there is a summary table containing some of the information. But let me just start by saying that the ministry is approximately a \$1.4-billion ministry in 2012-13. The vast bulk of the ministry's expense is actually devoted to programs that will help consumers to manage the price of electricity.

The ministry's own allocation, the ministry's own operational spending, is approximately \$56 million out of the \$1.4 billion. Of that, about \$17 million is devoted to ministry administration and \$39 million to the energy development and management program. The ministry employs approximately 215 staff; that number has been consistent, and it operates a number of transfer-payment programs. Most of our ministry administrative expense is for payroll, and we also have HR, audit legal functions, things like that—and, as you mentioned, sir, the oversight of five major energy entities. So that is the overview of how the ministry spends its—

**Mr. Reza Moridi:** Yes. Could you take us into a little bit more detail on the budget, please?

**Mr. John Whitehead:** Absolutely. Of the \$1.4 billion, approximately \$1.1 billion, or almost 80%, is directed towards the Ontario clean energy benefit. This is a benefit that provides eligible consumers with a 10% reduction on their electricity bill.

We also have the northern Ontario energy credit program, which was added in the last round of the budget

as a result of a change in accounting policy. We have a number of consolidation adjustments in respect of the Independent Electricity System Operator, the Ontario Power Authority and the Ontario Energy Board.

After we get through those major expenses, about 4%—so we've got about 78% for consumers for the price of their electricity, about 18% for consolidation adjustments, and about 4% for ministry administration.

**Mr. Reza Moridi:** Thank you very much.

Minister, I realize that there are a number of programs in your ministry. Could you explain to the committee what those major programs are and how much the budget is for each one of those major programs within the ministry?

**Hon. Christopher Bentley:** Well, thank you very much. I'm going to turn it back over to ADM Whitehead in just two seconds, but it's an interesting ministry because when you reflect on the estimates, what you really have is a very large budget for the Ontario clean energy benefit, another part of the budget for the northern energy tax credit, and then a relatively modest series of estimates with a relatively small number of hard-working employees who are directly involved in the ministry business.

As you have correctly indicated in the preamble to your question, we are responsible for a number of very important and large agencies or commercial enterprises, such as Ontario Power Generation, such as Hydro One, such as the Ontario Energy Board—it's independent, but we're responsible for that—the OPA, Ontario Power Authority, and the IESO, the Independent Electricity System Operator. So we're responsible for those, even though not all of the facts and figures are actually reflected through the estimates of the ministry.

I wonder, John, if we could maybe take it down to the next level with some of the programs that you mentioned—where they appear, what they are—maybe beginning with the Ontario clean energy benefit. You might want to help us out and, if you can, direct us to the page where it might appear.

**Mr. John Whitehead:** I'll do my best.

The minister's overview was a good one. The Ontario clean energy benefit does dominate the ministry's spending. Approximately \$1.07 billion for 2012-13 is what we are estimating. It is a program of the ministry; it's a transfer payment. We work with our partners in the Ministry of Revenue, who will be our statutory auditor, as well as local distribution companies and the Independent Electricity System Operator for the delivery of that program.

I mentioned briefly before that the northern Ontario clean energy benefit is a program that recently came under the purview of the ministry through a change in accounting policy. This is an income tax credit program. It is a \$39-million program directed towards northern Ontario residents. It forms part of the tax benefit programs that people would apply for on their income tax returns, and so the Ministry of Finance has a significant interest in that particular area.

Agency consolidations account for approximately \$267 million. So again, I'm on the table on page 38; you

can see the \$266.868 million listed there. I should note that those consolidation adjustments arise because of Ontario's adherence to Public Sector Accounting Board principles and policies, and so the ministry does consolidate those impacts onto its books—

**Hon. Christopher Bentley:** Would you mind if I just stopped you there? Sorry to interrupt, but for consolidations, maybe it might help just to talk a little bit about—

**Mr. Reza Moridi:** Actually, this was my question, about what “consolidation” means. I know that's an accounting and a finance term, but maybe you would explain to us: What does that mean?

**Hon. Christopher Bentley:** And I will pass that over to John Whitehead to explain fully what that actually is.

**Mr. Reza Moridi:** Give us a full explanation. My knowledge in accounting and finance is zero, so fill me in, please.

**Mr. John Whitehead:** As a matter of accounting policy, it is normal practice for us to bring onto the province's books—it's not just a Ministry of Energy decision; it's a government-wide process that's used to bring onto the government's books those activities and those entities that have received financial resources or support from the province of Ontario. There are actually a number of criteria that are used to determine how and when consolidations will happen.

In this particular case, the purpose of the consolidation is simply to ensure that when people look at the estimates of the ministry, the book of the ministry, they can see our financial relationship with the OEB, the IESO and the OPA. What we are trying to do is capture those activities that are happening outside the consolidated revenue fund but within the government's reporting entity as it's understood for accounting purposes.

**Hon. Christopher Bentley:** When you indicated words to the effect that “we” made the decision, did the Auditor General have something to do with how this happens, or—

**Mr. John Whitehead:** Absolutely. I probably didn't say that clearly, but it's not a government accounting policy decision. There is a Public Sector Accounting Board, independent, which makes policy in respect of the accounting treatment of various transactions. The government adopts those policies, and, as part of our audited financial work with the Auditor General, we follow those policies. So the minister is quite right: The Auditor General does look for those kinds of transactions.

In this case, the province's agencies are consolidated if the agency has annual revenues or expenses, assets or liabilities of \$50 million or more, if the agency has annual revenue of \$10 million or more from sources outside of the provincial reporting entity, or if the agency has an annual surplus or deficit greater than \$10 million. So there's a standard set of rules that apply, and our agencies are captured by those.

**Hon. Christopher Bentley:** And so, of course, one of the challenges in consolidation is that if there is an agency that's being consolidated onto the books and it

runs a deficit, for example, that very much reflects on the books of the province of Ontario.

**Mr. John Whitehead:** It does indeed.

**Hon. Christopher Bentley:** And you'll see on page 39 that it's broken down into operating consolidation and capital consolidation, reflecting the different accounting principles to the two.

Now, I might just turn it over to John, because I can't answer this question. Hydro One and OPG are not directly consolidated onto these books, but there's an accounting treatment that we spoke to the other day, and maybe, Deputy, I could ask you to address that.

**Mr. Serge Imbrogno:** Sure. For OPG and Hydro One, they're government business enterprises, so they have a special treatment called a modified equity treatment. Basically the province picks up the net income of OPG and Hydro One on a one-line basis, but also, through the consolidation that John talked about, both companies make payments in lieu of taxes. Those payments in lieu of taxes go to the Ontario Electricity Financial Corp. to pay down the debt and liabilities of the old Ontario Hydro, and the OEFC is consolidated onto the government's books, as the OPA and other agencies are as well. So that's kind of a consolidation of the OEFC but a special treatment of Hydro One and OPG, because they're commercial entities and they have a different accounting treatment.

**Mr. Reza Moridi:** So OPG and Hydro One are operated as a commercial business, like a private company, basically, owned by the government, so the government is the sole shareholder of those companies?

**Mr. Serge Imbrogno:** That's correct.

**Mr. Reza Moridi:** And the companies are run as a business, so whatever profit they make, the profit goes into a separate account to pay the stranded debt or debt retirement charge or whatever?

**Mr. Serge Imbrogno:** That's correct.

**Mr. Reza Moridi:** Is that correct?

**Mr. Serge Imbrogno:** Yes, so all the net income—

**The Chair (Mr. Michael Prue):** I want you to think about your answer, because we have exactly five minutes left before the vote.

Please return in about 10 minutes, following the vote. The committee is recessed for about 10 minutes.

*The committee recessed from 1654 to 1707.*

**The Chair (Mr. Michael Prue):** Meeting resumed. There are approximately seven minutes left.

**Mr. Reza Moridi:** Minister, I understand that the budget of the ministry is \$56 million. Would this include the budget for agencies such as OPA, OEB and the Independent Electricity System Operator? They're also included within this budget?

**Hon. Christopher Bentley:** Why don't I turn it over to John Whitehead, and he can take us through the details.

**Mr. John Whitehead:** We pick up the financial effects of the agencies through consolidation on our books. The deputy, in his answer, covered the treatment of Hydro One and OPG, but for the Independent Electricity System Operator, the Ontario Power Authority and the Ontario

Energy Board, the operating principle is to pick up the full nature and extent of our financial affairs and the work that the agencies do through government. So the revenue, expense, assets and liabilities of the OEB, IESO and OPA are consolidated—I'm just looking at my own note here—on a line-by-line basis with the accounts of the ministry after the elimination of significant inter-organizational transfers and balances and adjustments necessary to present the accounts of these agencies on a basis consistent with the accounting policies of the province. It's a long way of saying that what we try to do is take the financial results of the agencies into account on exactly the same basis as we do our own accounting.

I should note that because each of these agencies is self-supporting through revenues generated through the rate base, the consolidation adjustments are without fiscal impact for the province. While we see, for clarity and transparency and completeness, the financial relationship between the province and the agencies, the fiscal impact is not there because of the revenue offsets that the agencies have.

**Mr. Reza Moridi:** So these agencies are basically providing service for a fee? Is that how they operate? They don't consume any financial resources from the government.

**Mr. John Whitehead:** We don't transfer financial resources to any of those—

**Mr. Reza Moridi:** It's self-supporting, basically.

**Mr. John Whitehead:** Yes. The Ontario Clean Energy Benefit is a transfer payment program that we work through the IESO. But for their own operations and day-to-day work, no, we do not issue transfers.

**Mr. Reza Moridi:** You spoke about consolidation, basically saying that this is the kind of accounting and the financial measures which you take. Why are we consolidating the accounts of OEB and OPA and Independent Electricity System Operator? Is there a particular reason for doing that? Could you elaborate on the reasons?

**Hon. Christopher Bentley:** I'm going to let John Whitehead continue.

**Mr. John Whitehead:** I think the minister alluded to it earlier in his comments. This is a government-wide policy, to adopt the policies and practices of the Public Sector Accounting Board's standards for accounting for the province. This is something that all ministries, all entities within the government, work with. The government is compliant with our accounting requirements. This forms part of our financial statements. The public accounts are, of course, reviewed by the Auditor General for completeness and for compliance with audit standards.

**Mr. Reza Moridi:** Is it fair to say that if these agencies, any of them or all of them, come up at the end of the financial year with a certain amount of deficit, that that deficit would be transferred to the government? In other words, is the government responsible for paying for their deficit?

**Mr. John Whitehead:** The short answer is no. For completeness we show the financial relationship between

the province and the agencies in our public accounts, but again, it is without fiscal impact to the province, because these are balance sheet adjustments. Each of these entities has revenues that they can generate through the electricity rate base to fund and support their operations. So the short answer is no, these entities do not add to our deficit.

**Hon. Christopher Bentley:** The three agencies that we're speaking about now are the Independent Electricity System Operator, the Ontario Energy Board and the Ontario Power Authority.

I'm wondering, Deputy: With respect to OPG, Ontario Power Generation, and Hydro One, is it a little more complicated than that?

**Mr. Serge Imbrogno:** Yes. For OPG and Hydro One, the province is the 100% sole shareholder, but they are commercial companies. They operate in a market. Hydro One is rate-regulated, but its revenues are subject to demand, subject to availability of electricity. For OPG, its revenues are also subject to the market. It's subject to the price in the market, so their revenues will fluctuate up and down.

What the province does is, it picks up and consolidates on a one-line basis as opposed to a line-by-line for these other entities. So all the debt remains off-book for OPG and Hydro One. What the province picks up is the single line, which is the net income of OPG and Hydro One, and that net income can be positive or negative. Usually the combined net income of those two companies is \$500 million to \$1 billion on average, so it's usually a positive number that we pick up. That money comes into the province; we then dedicate that to the OEFC in one form or another. We dedicate it over, and it goes towards paying down the debt and liabilities of the OEFC.

The payments in lieu of taxes that these companies make: They're 100% owned by the province, and we impose this payment-in-lieu-of-tax regime, which basically mimics what a commercial entity would pay. But instead of that money coming directly to the province, it's dedicated directly to the Ontario Electricity Financial Corp., and the OEFC uses that money exclusively to pay down the debt and liabilities of the old Ontario Hydro. So that's basically a closed system that we've put in place.

**The Chair (Mr. Michael Prue):** I'm going to have to stop you right there. The next 20 minutes is to the Conservatives.

**Mr. Rob Leone:** Thank you very much. Minister, we want to go back to the green jobs you mentioned earlier. When you're talking about green jobs, you come up with some pretty big numbers in terms of the kinds of jobs that you're creating. In your previous answers to our questions in our last PC round, you mentioned that some of these jobs included things like transporting green energy parts to their place of destination using diesel trucks and so on and so forth, which may not be green jobs.

You also mentioned, with respect to the green jobs, that there's a calculation based on how many jobs are going to be created based on investment. With respect to the green jobs that have been created, are these actual

jobs created or are they simply an estimation based on a calculation?

**Hon. Christopher Bentley:** Thank you very much for the question. Any form of economic activity—and you'll know this—creates jobs of some description and in some sense, and when estimates or figures are provided by the federal government, the provincial government and other governments about the jobs that a particular initiative or investment will create, there is a standard methodology calculation, as I understand. The one used by the federal government, including today's Conservative federal government, is a similar one used by the province of Ontario and a similar one that was used in calculating the job. What they calculate are the jobs that are being created, given economic modelling, from a certain degree of economic activity, investment and other initiatives.

**Mr. Rob Leone:** So do we have an estimation of how many actual jobs have been created?

**Hon. Christopher Bentley:** Well, those are the estimates of the actual jobs. So when we talk about more than 20,000 jobs being created, those are the estimates of the actual number of jobs that have been created because of green initiatives in the province of Ontario.

**Mr. Rob Leone:** So there's nowhere in government whereby you'd have a spreadsheet based on how many jobs were created in X company and another 100 jobs created in another company. You wouldn't have a figure of actual jobs, simply just an estimated number based on a calculation?

**Hon. Christopher Bentley:** Well, you'll know, from time to time, in answer to questions in the House, that I have provided numbers of jobs related to specific investments, economic initiatives, manufacturing plants or other economic activity. I've mentioned specifically those. As I understand it—and I'm not a professional economic statistician or a modeller—but as I understand the approach, the methodology is to combine different sources of information into a modelling approach so that you can best estimate what type of jobs will be produced by a particular initiative and economic activity.

For example, when the PC caucus talks about different economic activity resulting from the creation of thousands of apprenticeship spots being created by a particular initiative, you, I suspect, have used a certain amount of modelling or borrowed the modelling from others which generates that number, that economic activity. It, of course, can be the subject of commentary, one way or the other, by different parties.

The modelling that I understand has gone into the green jobs numbers and estimates is the same approach, the same modelling and the same analysis that the federal government has used. I mentioned the Gary Goodyear good-news announcement in London, Ontario, with Dr. Oetker. We thank the minister very much for that. I always believe in applauding good news, and we thank him for that—just as we'd announced an investment in Dr. Oetker about a year ago. It's the same approach the federal government has used. And you will remember, or you'll remember from my answer, in any event, that that

approach speaks to the actual, full-time, continuous jobs in the production facility—I don't actually remember the number that was used—as well as the number of jobs created through construction, which obviously won't be, year on year, permanent, but they will be the number of equivalents that are created through the construction process.

**Mr. Rob Leone:** So do we have a general understanding of the number of direct green jobs created versus indirect green jobs? Do you have numbers that you could provide for us there?

**Hon. Christopher Bentley:** I don't have a breakdown of that. I know it's tempting to consider a breakdown between direct and indirect. I think what we want to make sure that we don't do is exclude jobs such as construction jobs—direct, indirect, full-time, part-time, continuous, non-continuous. A construction job, for example, is by and large not a lifetime period of employment on one site, but people are construction workers for a lifetime. It's a very good job—a lot of skill. It provides a very good income, and is extremely important and necessary to the economy of any jurisdiction, including the province of Ontario. But those workers will move from project to project.

One of the things that the stimulus activity that the federal government and provincial government here worked very closely on, along with the municipal governments, was to make sure that investments were made in infrastructure, over the years following the great recession, and to make sure that those workers who would otherwise be without work were engaged in work. So they weren't lifetime jobs, but they were very real forms of—

**Mr. Rob Leone:** So there's basically no way of breaking down or parsing out the job numbers to understand how many permanent jobs we have? I know you mentioned in previous answers to questions that if someone perhaps got involved—maybe they're a trucker; they may have transported a blade to a windmill. That might have constituted 5% of their overall job; that, for you, would be classified as a green job. So there's no way of understanding how many of those green jobs were full-time, permanent jobs or how many are part-time jobs; how many of those jobs are fragmented portions of jobs that already existed?

**1720**

We're trying to get a sense of the authenticity of the number, the 50,000 jobs that you say you're going to create. How do we get a sense of confidence that that's the actual number of jobs that are created, versus another run for someone else in the trucking industry, say, bringing a blade to a windmill?

**Hon. Christopher Bentley:** As I say, the modelling that's been used, as I understand it, is the modelling used by the federal government, including the existing federal government, and by the provincial government for some period of time.

You speak about a wind turbine. We know, for example, that blades are being made by the Siemens oper-

ation in Tillsonburg. We are told that when that's at full production, that will be at least 300 permanent jobs there. We know that CS Wind in Windsor builds the towers, and we know that there will be quite a number of permanent jobs there. We're also told and we know that the steel for the towers in CS Wind in Windsor comes from the Algoma mill up in Sault Ste. Marie. Those workers have a part of the wind turbine that goes up in a particular community; it might be in the Chatham-Kent area.

When the wind turbine is put together and transported, it doesn't just get put on a field; the field has to be prepared. Where the location is prepared, there's a base. I'm not a wind turbine installer, and thank goodness for that or they wouldn't be operating very well, but obviously there would be people who plan the site, design the site, prepare the site, pour the concrete for it, any access roads, do the electricians and then maintain them from time to time, because you don't just put it up and turn it on. There are systems operators and then there are other people. All of those are complete or part of jobs—entirely legitimate to trace to the green energy and economy act because they wouldn't exist but for the act. They may be able to find other things, but the fact that they're working on this means other workers can find the other things that these workers would otherwise have found.

**Mr. Rob Leone:** You use the word and terminology when you reference this as “50,000 jobs created,” but I think in your answers today you've stated that these aren't 50,000 jobs created necessarily; some of these jobs were created in the past and they're just another business line for these businesses. Do I understand you correctly when I say that? This isn't a new 50,000 jobs; it's just 50,000 jobs associated with the industry.

**Hon. Christopher Bentley:** No, no. These are 50,000 jobs that trace their lineage to the green energy initiative in the province of Ontario.

**Mr. Rob Leone:** It's not a creation of new jobs, though.

**Hon. Christopher Bentley:** Let's be very clear that in any line of business—and I don't know which one you wish to choose, but in lines of private business it's not every business operation that simply has one client. I practised law for 25 years; I didn't have one client; I had a whole series of them. Engineers in an engineering design firm: They won't simply have one client; they'll have a whole series of them. An electrical outfit in a particular community, whether it's Chatham-Kent or another community, will have a whole series of clients.

If you don't have the work, then you're not working. So what we're identifying is the work that generates economic activity income, employment for the people employed by a particular outfit in that community or in the province of Ontario, and that returns income, through taxes, through property taxes, through increased economic activity which isn't counted—that's not counted—in a particular community. You have 10,000 construction jobs in the province of Ontario for the course of a year; you're generating \$500 million, I believe the figure is, in economic activity for different communities in the

province of Ontario. That's not counted in the analysis of the jobs. I don't know that it would be accurate to suggest that it's only the jobs that are 100% full-time, connected with a particular activity that you could actually count—

**Mr. Rob Leone:** I'm asking about creation, though; right? These are new jobs. This has been the claim by the government, that 50,000 new jobs are going to be created. I think your answers today suggested that these aren't 50,000 new jobs; these are just 50,000 green jobs.

**Hon. Christopher Bentley:** I think it's 50,000 jobs that trace their existence to the economic activity generated by the green energy and economy act.

Now, you're right, that if the electrical outfit in Chatham-Kent is not working on the establishment of the solar farm, they might be working on something else. But the fact is that while they're working on the solar farm, a different electrical outfit can work on the something else. So you've got an additional economic outlay that is generated by this type of economic activity.

**Mr. Rob Leone:** Now, the Auditor General stated and cited some European studies that said for every green job created there were two to four jobs in other industries, in other sectors, that we would lose, in terms of the negative job output.

One of the reasons why I've been asking questions in terms of trying to understand exactly how many new jobs were created was to see whether the government could actually refute that claim, in the sense that if you could come up with some statistics in terms of tabulating the actual jobs created. Can you somehow refute that by saying that other jobs haven't been lost as a result of high energy prices? We know over the last several years that we've lost 300,000 manufacturing jobs in the province of Ontario, some of which is linked to the fact that manufacturers pay exorbitant parts of their budgets devoted to energy.

Can the government in any way refute that claim that the Auditor General himself had stated in his report?

**Hon. Christopher Bentley:** I'd say, respectfully, you've intertwined about 10 different issues in one question. So let me try and step back—

**Mr. Rob Leone:** I don't think I've intertwined—

**Hon. Christopher Bentley:** I think, to be fair, the world economic recession which struck the province of Ontario was not particular to us, was not peculiar to us. In fact, it affected a vast number of economies around the western world and saw economic activity in every one of those economies fall precipitously.

Ours, in the province of Ontario, has recovered faster and stronger than most. One doesn't need to look very far on this continent, on the European continent or other places to see that that's absolutely correct.

Those other economies, some of them, such as economies in the United States, have energy costs; far lower than ours, because they like to burn coal and they don't count the adverse health and environmental and other effects from burning coal as a cost of doing business as it relates to energy.

But let me sort of take that and come around to say that as the economy recovers—as any economy participates and recovers—energy is an input cost. For some businesses it's a significant input cost, for other businesses it is not a significant part of their business model; it'll all depend on the particular business.

What we've looked at in the province of Ontario and what we've worked very hard on is to find ways of making businesses in the province of Ontario, particularly in the manufacturing sector, as competitive as possible. That is why, as I mentioned earlier today, we launched the HST. The HST, as you know, is a particular boon for manufacturers because instead of having what was the old sales tax levied at every step of the manufacturing process, it's not levied through the manufacturing, through the production process. It's not levied unless and until the product is completed, and if it's exported, we get a benefit that way. We brought that in specifically to improve and increase the competitiveness of businesses in the province of Ontario. It's something that your party had stood for—long stood for, actually, until the day we introduced it—but had long stood for.

Allied with that, we took steps—and I'm saying this because energy sits within a context and it's important to understand the context. We also, at the same time we introduced the HS, obviously, we combined the collection of the old sales tax and the GST—

**Mr. Rob Leone:** Minister, we are talking about energy. I just want—

**Hon. Christopher Bentley:** But it's an input cost, and you asked me about studies, about input costs, and it's enormously important—

**Mr. Rob Leone:** I simply asked you if you had an ability to refute it, and I don't think I got an answer to that.

1730

**Hon. Christopher Bentley:** Well, in fact, I am in the process of refuting it, and the refutation, if you will—

**Mr. Rob Leone:** Well, you're not in the process of refuting it. You're in the process of taking up a lot of time, Minister.

**Hon. Christopher Bentley:** These are obviously complicated issues, and you would appreciate a full and complete answer, because I rather suspect that if I only gave a partial answer, you might test me on that answer either outside or in the House a little later on, so—

**Mr. Rob Leone:** You might be tested anyway, whether it's a long answer or a short answer.

**Hon. Christopher Bentley:** I do want to make sure that you have the benefit of a complete answer, because you deserve that. But as an input cost, you take a look at the taxation—

*Interjection.*

**Hon. Christopher Bentley:** You take a look at the cost of the machinery and the plant. You take a look at the cost of energy, and I'll come back to that in just a second. You take a look at the issues relating to labour and labour mobility, among other things.

The various studies that exist—and some have been cited that are adverse; some have been cited that are not,

or some exist that are not—really, what they focus on are input costs. What we've done in the province of Ontario is look to reduce the overall costs for businesses to make sure that they're competitive, and on top of that—

**Mr. Rob Leone:** Well, that's not really what businesses have told us.

**Hon. Christopher Bentley:** But on top of that, we layer additional initiatives, such as the northern industrial electricity rate program to reduce the cost of doing business in the north, particularly for those involved in the mining and the pulp.

What we have is a specific demand-response initiative for the 150 top users of electricity in the province which enables them, by reducing their peak demand on the highest-use days, to benefit rather significantly in a reduction in their overall energy use. We have an additional conservation program that has enabled businesses, where they wish, to improve their energy efficiency.

We'll continually look for ways to make sure that businesses, through all of their input costs, are as competitive as they can be in the province of Ontario.

**Mr. Rob Leone:** Thanks.

**The Chair (Mr. Michael Prue):** We have about a minute and a half left.

**Mr. Rob Leone:** I'll hand it over to Ms. Thompson.

**Ms. Lisa M. Thompson:** Thank you so much. With all due respect, we're talking jobs here, and so I'm going to have some simple, straightforward questions.

Based on the auditor's report that within other jurisdictions, two to four jobs are lost for every green job created, do you agree or disagree with the Auditor General? Just a simple yes or no.

**Hon. Christopher Bentley:** In fact, we—

**Ms. Lisa M. Thompson:** Just a simple yes or no, Minister.

**Hon. Christopher Bentley:** Thank you very much. I appreciate you asking the question, but you'll appreciate that some things require a complete answer as opposed to a word—

**Ms. Lisa M. Thompson:** Just a yes or a no.

**Hon. Christopher Bentley:** What we—

*Interjections.*

**The Chair (Mr. Michael Prue):** The minister does not have to answer a question with a yes or no. You can ask for a yes or no, but he is entitled to answer it how he wants to answer it.

**Hon. Christopher Bentley:** In fact, the evidence with respect to green jobs in the province of Ontario is that we've got tens of thousands, including, I might say, a number of manufacturing facilities that have already located in your members' ridings. I mean—

**Ms. Lisa M. Thompson:** Okay, thank you for that. Let's talk about—

**Hon. Christopher Bentley:** But I do appreciate—for example, Siemens has set up a blade facility in Tillsonburg that is going to be employing—I understand the number is 300 people in Tillsonburg, which is very clearly in the riding of Oxford. I think it's a good facility; I think it's a good initiative. Those are real jobs—they're real blades—and that's just one of many, many examples

of how the green energy and economy act has in fact created jobs in the province of Ontario and will continue to create jobs in the province—

**Ms. Lisa M. Thompson:** Okay, thank you very much for that.

**The Chair (Mr. Michael Prue):** I'm going to stop you there. The time is up.

Before I go on to the next person—for all members—the members are entitled to ask questions. They are entitled to interject if they think they're not getting an answer. But at the same time, the minister is not compelled to answer a question with a yes or no. So, please, have some decorum in here, for all involved. It's sometimes a difficult process, but the minister, it has been my experience, is a pretty capable guy in answering the questions. He knows how to skate around when he wants to.

**Mr. Rick Nicholls:** Mr. Chair, I just want to—  
*Interjections.*

**Mr. Rick Nicholls:** A point of order.

**The Chair (Mr. Michael Prue):** A point of order.

**Mr. Rick Nicholls:** Mr. Chair, I guess my question would be, when we ask, "What's the time?", we don't necessarily need to know how his watch was made, and that's the reason why we're trying to get some pointed questions to that.

**The Chair (Mr. Michael Prue):** And I understand that, but the minister cannot be compelled to answer the question the way you want the answer. Unfortunately, that's—

**Ms. Lisa M. Thompson:** And therein lies the truth.

**The Chair (Mr. Michael Prue):** And therein lies part of the process. If you ask the question, I would ask that you keep it very brief, very simple, and I will admonish whoever is sitting in that chair, whether this minister or a subsequent one, if they are not answering the question.

But this is pretty complex and I have to be fair to all parties, including those asking the questions and those answering them. So I'd just ask please to try to do that.

On to the next: We have 20 minutes and then we'll have a vote; four minutes to go at that point. We have an option of either going to the government at that point or I would suggest not doing so, inasmuch as at 6 o'clock there is a very formal ceremony outside and I don't want us to be walking out after that has begun. So with the consent of everyone, we will have the last set of questions from the NDP and recess about four minutes or five minutes to 6 in order not to disturb the firefighters' memorial.

Is that agreed? Okay.

The last 20 minutes goes to the NDP.

**Ms. Cindy Forster:** Thank you. Minister, when we were talking about Tom Mitchell in the last round, you said that he had undertaken a number of initiatives to save money or improve outcomes, improve the system, generally speaking. Could you undertake to kind of provide us with some documents to support some of those initiatives and cost savings, both positive outcomes and negative outcomes, the negative outcomes perhaps being the number of employees and managers laid off,

terminated, severed; the positive outcomes perhaps being improvements in costs or improvements in programs? Would you be able to provide some documentation around that?

**Hon. Christopher Bentley:** I know that Ontario Power Generation publicly reports its results every year; in fact, I believe your colleague Mr. Tabuns was quoting from a press release with respect to that. Ultimately the public scrutiny with respect to those issues and their related statements—that was the press release; their related statements are public—and they would speak quite extensively to Ontario Power Generation's performance over the course of a year. Basic employment and other levels, I suspect, are spoken to in the documents; we'll check to see.

The initiatives I spoke of, I have addressed to some extent in the House. One of the things that was spoken of in the budget, as I recall, is—as a statement of fact, not a budget initiative—the fact that OPG and Hydro One are involved in an international benchmarking approach. What that means essentially is that they are going to be comparing their performance criteria against similarly situated enterprises throughout the world to make sure that their approach is matching up, or at least their results are matching up. There aren't a lot of further details to provide you with at the moment, because we're just starting the process of determining how that benchmarking is going to be undertaken.

One of the things that OPG is doing is trying to find ways of always more effectively managing its business and its business operations. I know that they work very extensively with the labour organizations, such as the power workers and other labour organizations in the enterprise across the board, and look for ways to run things more efficiently and more effectively, obviously at less cost for the enterprise, because that reflects and benefits the ratepayers, families and businesses throughout the province of Ontario.

With respect to the various cost-cutting and cost-saving initiatives, we'll see if some of those were spoken to in the financial statements. I suspect they were, because they are usually highlighted in notes or otherwise. I can tell you that OPG has reduced its operations and maintenance administration costs by 8% over the last year; reduced staff by 500. They're in the midst of a business transformation that will help the company prepare for the future, and they anticipate further layoffs—it's not specified by a labour organization or whether these are management or non-management individuals—of about 1,000 workers.

**1740**

I know that it's always difficult when an enterprise reduces the number of its workers—always challenging and difficult—but it's part of the approach that businesses make almost universally, or need to make, and that OPG makes because of the types of questions that we get asked by you and your colleagues and your leader from time to time about what we are doing to help manage the cost of electricity at our homes and businesses in the province of Ontario.

**Ms. Cindy Forster:** I'd like to move on to smart meters now.

**Hon. Christopher Bentley:** Sure.

**Ms. Cindy Forster:** I'm assuming, and you can clarify it, that all but a handful of smart meters are installed across the province and hooked up, so I want to ask some questions about that. What is the total cost to date of setting up the smart meter program, including installation, hook-up, central data processing, local utility customer information system changes etc.?

**Hon. Christopher Bentley:** The local distribution companies are responsible for the smart meter implementation, and they've done a remarkably good job. They have procured, as I understand, and obtained the smart meters. They have installed the smart meters. They have taken some similar approaches and some different approaches in certain areas.

You're right: Almost every one of the, I believe, 4.7 million smart meters are installed in the province of Ontario, and almost every one of the 4.7 million or so customers are hooked up to smart meters—they're going to correct me if I've got the number wrong in about two seconds. And I think over the course of the next number of months, by the end of the year, we'll have every eligible household hooked up and running on the time-of-use smart meter approach.

The local distribution companies have made application through the Ontario Energy Board to recover the cost of implementation; it has varied between the distribution companies. We now have 78; I think we had, in the not-too-distant past, many more than that. There have been some consolidations.

I'm really excited about what the smart meter really is and really does. I know it has saved substantially funds that were paid by local distribution companies for the individual meter reading. It has provided some very good information with respect to use, time of use, place of use—I'm going to come right back to the number; I'll shorten this and come right back to the number—and it's also provided a database of information. The next step, really, is how to turn that information that has been collected, to the benefit of the families and the businesses throughout the province of Ontario. I've said before that it's a bit like having a hand-held telephone device without the instruction manual.

You asked me about the cost. The Ontario Energy Board has reported 94% deployment, and total smart metering expenditures were consistent with the original estimate of \$1 billion.

**Ms. Cindy Forster:** Okay. So what are the initial results from the program? Specifically, what percentage of all those hooked up are seeing their rates go down and what percentage have seen their rates go up?

**Hon. Christopher Bentley:** What the smart meter does is enable a time-of-use approach to cost to be administered. The generation that we have doesn't cost the same during the day; we pay extra at certain points, particularly in the days when we had to import electricity. You would pay a premium at the time you needed to import electricity, because the chances are, if Ontario

needs to import it, a lot of other jurisdictions to the south of us were looking for it at the same time, so you paid a premium for that. So what the time of use did was to reflect the cost of obtaining the power for homes, the cost of its generation, and to try to encourage people, where they could, not to use power at the highest demand times of day—reduce stress on the system, reduce the cost of the generation, flatten it out.

What the system also does is ask individuals to pay more accurately the cost of their own production. Now, what it provides is an opportunity, and you've alluded to this in your question, that quite a number of people have found—and it's very early days yet, so I don't have the accumulated data—very early days yet. Toronto Hydro, I understand, has reported that the early results were that people were able to save money and shift their use.

A number of discretionary uses of power provide people with the opportunity to shift from a high cost of time of use—the middle of the afternoon—to a low cost—say, 7 o'clock in the evening and beyond. It cuts the cost right now almost in half for that particular use—almost in half—not quite but almost. That's what the time of use does for the individual family and homeowner.

Now, there's a lot more that can be done there. I referred to the aggregated data, all the data that has been collected by these smart meters all across the province. That is a huge amount of information, and I see that as a great opportunity. As I say, it's the smart phone without the instruction manual.

How do you use the patterns of use, the time of use, and combine it with simple technology like thermostats and timers and empower either the homeowner, the community or businesses to use that information to either shift their use or reduce their use so that they minimize the bill? That's what you're going to be seeing over the next number of months. I'd say in the next six to eight months we're going to see a lot more information come out about that, and that will really accelerate or enhance the ability of the homeowner or business to start saving money by using the data and the time of use.

Already you'll probably know that there are some outfits out there that will help you track your use. As I recall, Lowfoot is an outfit that will go in, doesn't charge the homeowner anything, and will enable the homeowner to track their use, minimize their use and actually provide a little reward to the homeowner if they're reducing their use. It's an interesting incentive program. I'm quite confident that this information, use through the smart meters, is going to help the individual homeowners.

I won't speak just yet because you're anxious to ask me another question, I know, but I won't speak specifically about the system benefit that managing the power use through smart meters is giving to local distribution companies or the system itself. They avoid hot spots. They can identify breaks in the line better with the smart meters plus some smart grid technology, so those system benefits are huge. Lots of savings coming, and a better ability to manage the system so it doesn't wear out or have stress points.

**Ms. Cindy Forster:** Just to clarify: So there isn't any data collection at this point with respect to rates going up, rates going down percentage-wise?

**Hon. Christopher Bentley:** Across the province of Ontario, I don't have that. I know Toronto Hydro was—because they were one of the first ones in and hooked up. My community in London just hooked up about three months ago or so.

**Ms. Cindy Forster:** And have we seen any kind of shift out of peak hours because of the program?

**Hon. Christopher Bentley:** As I say, I don't have aggregated data, but the early reports are that people are shifting their use where they're able to, and why wouldn't you? If you have a discretionary use in the middle of the afternoon, whether it's dishwashing or laundry, and you're able to shift it to 7 in the evening, you're paying just about half the cost. So you should shift, and that's where the use of thermostats and timers—timers, sorry, not thermostats—will be particularly helpful in helping homeowners, and businesses, I think. It's the next great opportunity to better manage or shift their use.

**Ms. Cindy Forster:** Are there any reports available from the ministry at this point on some of the questions that I've asked that you could make available to the committee?

**Hon. Christopher Bentley:** I'll take a look at that. I'm not aware of them, but I'll take a look about reports.

**Ms. Cindy Forster:** Electricity demand: The North American Electric Reliability Corp. says electricity demand is expected to continue falling until at least 2022 and the government's LTE plan assumes electricity demand will start increasing post-2020. The OPA's original supply mix advice and IPSP are also seriously over-estimating demand trends—up, not down. Committing to big, expensive nuclear projects at the same time that demand is falling will also contribute to an increase in the global adjustment costs, and even unneeded baseload supply.

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Can the government provide to the committee its latest long-term demand projections?

**Hon. Christopher Bentley:** Thank you for that. There are just one or two simple concepts in the question. I appreciate that.

One of the things that our bill to amalgamate the Ontario Power Authority and the IESO was designed to address is embedded in the question that you ask. Bringing together the planning capacity and the forecasting capacity of the Ontario Power Authority with the IESO I think will enable us to better match and better forecast supply and demand in an economy, in a market, that is ever-changing. It is true that demand after the worldwide recession did not come back as quickly or in the same pattern as was forecast. Part of that, given, is related to the ability of business enterprises, larger users in particular, to use conservation initiatives to reduce their use or shift their use. So there is some of that. But trying to match and forecast supply and demand is going to require the best, and that's one of the reasons that we brought the different strands of planning authority together.

The next part of your question I think addressed, "Where are we going to be in 2020 or 2022, and what type of steps should we take today in order to make sure we are where we need to be?" Being where we need to be is important—really, really important.

I'll give you a little example. One of the challenges that we have from time to time is—we have enough generation. I'd say it's not a challenge; it's a good thing. We have enough generation because we worked very, very hard to make sure that we have enough generation, to make sure that we don't have brownouts, to make sure that we're not, at crucial periods, reliant on imports. In Texas, on August 22, 2010, they were paying \$1,000 a megawatt hour—a thousand bucks—to the deregulated producers of electricity. That's within Texas. In New York state today, I understand that the hourly price of the extra bit of electricity they needed—because it's pretty hot down there, just like it is up here—was \$1,650 a megawatt hour. That's what you defend yourself against when you make sure you have enough generation to meet the demand and you have the 20% buffer that's seen as an international reliability standard that we adhere to in North America.

So I know we're always being asked, "Don't forecast down the road. Don't take a look too far down the road to see whether you're going to need this," or, "Don't invest in a refurbishment of Darlington," or, "Don't bring this and that on," but nobody in this room wants to be paying \$1,650 per megawatt hour for the power we have to import. We'd be very poor very quickly. So the power forecasters have to make sure that we have enough, plus the 20% reliability factor.

What's the power consumption going to be in 2020 or 2024? Those are the questions we're asking now, because if we're going to have the generation, whether it's hydro, whether it's gas, whether it's renewables, whether it's nuclear, we have to make decisions today, or over the next several years. It's tricky to match, but if you don't match right, \$1,000, \$1,650—that's what happens on a hot day, and nobody can tell me we're not going to have another hot day between now and the end of the summer. That's the challenge that the forecasters are faced with. So putting these two forecasting groups together is going to help us.

We are confident that we're going to have enough power. We don't want to have a shortage. We're confident that we're going to have enough, and we're working very hard to make sure that we don't have so much that we have to get rid of it in some way. And we're going to be making these big decisions about further refurbishments and about new nuclear and other over the course of the next little while. I have no doubt that that might form the subject of a future question.

**The Chair (Mr. Michael Prue):** I don't have any doubts either, but it's not going to be today. The time, with the agreement of everyone—we're going to end in a minute or two. I can hear the music outside.

We are adjourned until tomorrow at approximately 3:45. We'll see everybody tomorrow. Meeting adjourned.

*The committee adjourned at 1756.*







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